IDEXX LABORATORIES INC /DE
Form DEF 14A
April 03, 2006

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:
[ ] Preliminary Proxy Statement
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[**X**] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to §240.14a-12

IDEXX Laboratories, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

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1) Amount previously paid: _____
2) Form, Schedule or Registration Statement No.: _____
3) Filing Party: _____
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One IDEXX Drive
Westbrook, Maine 04092

April 3, 2006

Dear Stockholder:

We invite you to attend our annual meeting of stockholders on Wednesday, May 10, 2006, beginning at 10:00 a.m., at the Portland Marriott Hotel in South Portland, Maine. At the annual meeting, we will conduct the business described in the attached notice and proxy statement. In addition, we will report on our business and introduce you to our directors and executive officers.

Whether you own few or many shares of stock, it is important that your shares be represented and voted at the annual meeting. Stockholders can vote their shares by telephone or via the Internet. Instructions for using these convenient services are provided in the proxy statement. You also can vote your shares by completing, signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope. However, if you previously have consented to vote and receive the notice and proxy statement via the Internet, you will not receive a paper proxy card. If you decide to attend the annual meeting, you will be able to vote in person, even if you previously have voted by another means.

If you are unable to attend the annual meeting, you can listen to a live Webcast of the meeting on the Internet. You can access the Webcast from the home page of our Web site, idexx.com. However, since you cannot vote your shares via the Webcast, it is important that you timely vote your shares in advance, using one of the procedures mentioned above and as more fully described in the enclosed proxy statement.

We look forward to your participation in the annual meeting.

Sincerely,

Jonathan W. Ayers
President, Chief Executive Officer and
Chariman of the Board of Directors

One IDEXX Drive
Westbrook, Maine 04092

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of IDEXX Laboratories, Inc., will be held on Wednesday, May 10, 2006, at 10:00 a.m. at the Portland Marriott Hotel, 200 Sable Oaks Drive, South Portland, Maine 04106, for the following purposes:

1. *Election of Directors*. To elect three Class I directors for three-year terms (Proposal One);

2. *Amendment to Restated Certificate of Incorporation.* To approve an amendment to the company s Restated Certificate of Incorporation increasing the number of authorized shares of common stock from 60,000,000 to 120,000,000 shares (Proposal Two);

3. *Ratification of Appointment of Independent Registered Public Accounting Firm*. To ratify the selection by the audit committee of the board of directors of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year (Proposal Three); and

4. *Other Business*. To conduct such other business as may properly come before the annual meeting.

Pursuant to the company s amended and restated bylaws, the board of directors has fixed the close of business on March 20, 2006 as the record date for the determination of stockholders entitled to notice of and to vote at the annual meeting. A copy of our 2005 annual report is enclosed with this notice and proxy statement.

By order of the board of directors,

Conan R. Deady, *Secretary*

Westbrook, Maine
April 3, 2006

It is important that your shares be represented and voted at the annual meeting. You can submit a proxy by telephone, Internet or mail as described in the proxy statement.

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS
May 10, 2006

This proxy statement and the accompanying materials are being delivered to you in connection with the solicitation by the board of directors of IDEXX Laboratories, Inc. of proxies to be voted at our 2006 annual meeting of stockholders and at any adjournment or postponement thereof. References in this proxy statement to we , us , the company or IDEXX should refer to IDEXX Laboratories, Inc. and its consolidated subsidiaries.

We are a Delaware corporation and were incorporated in 1983. Our principal executive offices are located at One IDEXX Drive, Westbrook, Maine 04092. References to our Web site in this notice and proxy statement are inactive textual references only and the contents of our Web site should not be deemed incorporated by reference into this notice or proxy statement for any purpose.

Our annual report for the year ended December 31, 2005 is being mailed to our stockholders with this proxy statement on or about April 12, 2006.

GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

How Proxies Work

IDEXX s board of directors is asking for your proxy. Giving us your proxy means that you authorize us to vote your shares at the annual meeting in the manner that you direct, or if you do not direct us, in the manner as recommended by the board of directors in this proxy statement. You can vote for the director nominees or withhold your vote for one or all nominees. You also can vote for or against the other proposals or abstain from voting. If you sign and return your proxy card, but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the board of directors.

Who Can Vote

Holders of IDEXX common stock at the close of business on March 20, 2006 are entitled to receive notice of and to vote their shares at the annual meeting. As of March 20, 2006, there were 31,628,701 shares of common stock outstanding. Each share of common stock is entitled to one vote on each matter properly brought before the annual meeting.

How to Vote

You can vote in person at the annual meeting or by proxy. We recommend that you vote by proxy even if you plan to attend the annual meeting. You can change your vote at the annual meeting in one of the ways described below. All shares represented by proxies that have been properly voted and not revoked will be voted at the annual meeting.

Vote by Telephone

If your shares are registered in your name, you can vote by calling the toll-free telephone number noted on your proxy card. **Telephone voting is available 24 hours a day and will be accessible until 11:59 p.m. ET on May 9, 2006.** Our telephone procedures are designed to authenticate the identity of stockholders, allow stockholders to vote their shares and confirm that their voting instructions have been recorded properly. **If you vote by telephone, you do not need to return your proxy card.**

If your shares are held of record by a bank, broker or other holder of record (i.e., in street name), please refer to the telephone voting instructions contained in the voting instruction form that has been provided to you by the holder of record together with these proxy materials.

Vote by the Internet

If your shares are registered in your name, go to the Web site indicated on your proxy card. **Internet voting is available 24 hours a day and will be accessible until 11:59 p.m. ET on May 9, 2006**. As with telephone voting, you can confirm that your instructions have been properly recorded. **If you vote on the Internet, you do not need to return your proxy card.**

If your shares are held of record by a bank, broker or other holder of record, please refer to the Internet voting instructions contained in the voting instruction form that has been provided to you by the holder of record together with these proxy materials.

Vote by Mail

If you choose to vote by mail, simply mark your proxy, date and sign it, and return it in the enclosed postage-paid envelope. If your shares are held by a bank, broker or other holder of record, please refer to the vote-by-mail instructions contained in the voting instruction form that has been provided to you by the holder of record together with these proxy materials.

Vote at the Annual Meeting

If you attend the annual meeting, you will be able to vote your shares, even if you already voted by telephone, Internet or mail. If your shares are held of record in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the annual meeting.

Revoking a Proxy

You can revoke your proxy, whether it was given by telephone, Internet or mail, before it is voted by:

Providing written notice to the corporate secretary of IDEXX before or at the annual meeting prior to the voting on any proposal;

Submitting a new proxy with a later date, including a proxy given by telephone or via the Internet; or

Voting by ballot at the annual meeting.

The last vote you submit chronologically (by any means) will supersede your prior vote(s). Your attendance at the annual meeting will not, by itself, revoke your proxy.

Quorum

In order to transact business at the annual meeting, we must have a quorum. This means that at least a majority of the outstanding shares eligible to vote must be represented at the annual meeting, either by proxy or in person. Abstentions and broker nonvotes are counted as present and entitled to vote for purposes of determining a quorum. Broker nonvotes occur when a broker returns a proxy, but indicates that it does not have authority to vote on a particular proposal. Treasury shares, which are shares owned by IDEXX itself, are not voted and do not count towards establishing a quorum.

Votes Needed

The director nominees who receive the most votes at the meeting will be elected to fill the seats on the board. The affirmative vote at the meeting of the holders of a majority of the outstanding shares of common stock is required for approval of the proposed amendment to our restated certificate of incorporation. The favorable vote of a majority of the votes cast is required for ratification of appointment of our independent registered public accounting firm. Only votes for or against a proposal count as votes cast. Abstentions and broker nonvotes are not counted as votes cast and, therefore, will have no effect on the outcome of the matters to be voted on at the annual meeting.

Conduct of the Annual Meeting

Rules for the conduct of the annual meeting will be available at the annual meeting. Under our amended and restated bylaws, the chairman may adopt rules and procedures that he believes are appropriate to ensure that the annual meeting is conducted properly.

Webcast of Annual Meeting

Our annual meeting will be Webcast live on the Internet at 10:00 a.m. ET on May 10, 2006. The Webcast will include consideration of the proposals and our chief executive officer s presentation regarding our business, and will provide audio and the accompanying graphic presentation, but will not include the question-and-answer session that follows the presentation. People accessing the Webcast will not be able to ask questions or otherwise participate during the meeting. You can access the Webcast from the home page of our Web site, idexx.com. Since you cannot vote your shares via the Webcast, it is important that you vote your shares in advance of the annual meeting, using one of the procedures described above.

Voting on Other Matters

If other matters are properly presented at the annual meeting for consideration, the persons named in the proxy will have the discretion to vote on those matters for you. At the date that this proxy statement went to press, we did not know of any other matters to be raised at the annual meeting and, pursuant to our amended and restated bylaws, the date by which other matters must have been submitted by our stockholders has passed.

Solicitation of Proxies

IDEXX will pay the expenses of the board of directors solicitation of proxies. Proxies can be solicited on our behalf by directors, officers or employees, without additional remuneration, in person or by telephone, by mail, electronic transmission and facsimile transmission. We have hired MacKenzie Partners, Inc., to distribute and solicit proxies. We will pay MacKenzie Partners, Inc. a fee of approximately $6,000, plus reasonable out-of-pocket expenses, for its services.

Brokers, custodians and fiduciaries will be requested to forward proxy-soliciting material to the owners of common stock held in their names and, as required by law, IDEXX will reimburse them for their reasonable out-of-pocket expenses for this service.

CORPORATE GOVERNANCE

Board of Directors

Our board of directors, which we refer to as the board of directors or the board, consists of eight members. The board has determined that all current board members and nominees for election, with the exception of Mr. Ayers, our chief executive officer, are independent as defined by the rules of the NASDAQ Stock Market. The board meets throughout the year on a set schedule, and also holds special meetings and acts by written consent from time to time as appropriate. The board has delegated various responsibilities and authority to different board committees as described below under the heading Committees of the Board.

The board of directors is responsible for monitoring the overall performance of IDEXX. Among other things, the board of directors, directly and through its committees, establishes corporate policies, oversees compliance and ethics, reviews the performance of the chief executive officer, reviews and approves the annual budget, reviews and approves certain transactions, and reviews the company s long-term strategic plans. You can access a description of the board s involvement in IDEXX s strategic planning process on the Internet at idexx.com/aboutidexx/governance/directors/strategic.cfm, or by contacting our corporate secretary at the company s headquarters address.

In accordance with general corporate legal principles applicable to corporations organized under the laws of Delaware, the board of directors does not control the day-to-day management of IDEXX. Members of the board of directors keep informed about IDEXX s business by participating in board and committee meetings, by reviewing analyses and reports regularly sent to them by management, and through discussions with the chief executive officer and other officers.

Directors are responsible for attending board meetings and meetings of committees on which they serve, and for devoting the time needed and meeting as frequently as necessary to discharge their responsibilities properly. The board of directors held five meetings, and board committees held 20 meetings in 2005. Each of our directors attended 75 percent or more of the meetings of the board and board committees on which he or she served in 2005. It is our policy to schedule board and committee meetings to coincide with the annual meeting of stockholders, and directors are expected to attend the annual meeting. Last year, all of the individuals then serving as directors attended our annual meeting.

Committees of the Board

The board of directors has established audit, compensation, nominating and governance, and finance committees, each of which is described briefly below. Each of these committees acts pursuant to a written charter that is approved by the board and reviewed annually by the applicable committee. Current copies of each committee s charter can be accessed on the Internet at idexx.com/aboutidexx/governance/charters/, or by contacting the corporate secretary at the company s headquarters address. Our audit committee charter is attached as Appendix A.

Audit Committee

The audit committee is responsible for overseeing the accounting, internal control, financial reporting and audit processes of the company, including the selection and retention of IDEXX s independent auditors. The audit committee also oversees the company s risk management policies and reviews related party transactions. The audit committee meets from time to time with IDEXX s financial personnel, other members of management, internal audit staff and independent auditors regarding these matters. The audit committee met 10 times in 2005. The committee has adopted procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of any concerns regarding questionable accounting or auditing matters. The audit committee may retain independent counsel, accountants, or others to assist it in the conduct of any investigation, and the company will provide appropriate funding for payment of such services, as determined by the audit committee. The current audit committee members are Messrs. McKeon (chairman) and End and Dr. De Souza, each of whom has been determined by our board of directors to satisfy the heightened criteria for independence and other requirements applicable to members of audit committees under the rules of the NASDAQ Stock Market and the independence rules contemplated by Rule 10A-3 under the Securities Exchange Act of 1934, or the Exchange Act. The nominating and governance committee of the board has determined that Messrs. McKeon and End are audit committee financial experts as defined by the Securities and Exchange Commission, or SEC. The responsibilities and activities of the audit committee are described in greater detail under the heading Report of the Audit Committee of the Board of Directors below and the Audit Committee Charter attached as Appendix A.

Compensation Committee

The compensation committee oversees the management compensation philosophy and practices of IDEXX, evaluates the performance of the chief executive officer, determines the compensation of the chief executive officer and approves the compensation of the other executive officers, reviews succession plans for executive officers and management s overall leadership development plan, oversees the company s equity compensation and benefit plans, and reviews compliance by executive officers with the company s stock ownership and retention guidelines. The compensation committee may retain, at the company s expense, independent counsel or other advisors as it deems necessary, and did retain an executive compensation consultant firm in 2005. The current compensation committee members are Messrs. Murray (chairman), Craig and End, and Dr. De Souza, each of whom is an independent director as defined by the rules of the NASDAQ Stock Market. The committee met three times in 2005. See Compensation Committee Report on Executive Compensation beginning on page 20.

Nominating and Governance Committee

The nominating and governance committee advises and makes recommendations to the board of directors with respect to corporate governance practices, including board organization, function, membership, performance and compensation. The nominating and governance committee may retain, at the company s expense, independent counsel or other advisors as it deems necessary. The current nominating and governance committee members are Messrs. End (chairman) and Craig, and Dr. Henderson, each of whom is an independent director as defined by the rules of the NASDAQ Stock Market. The nominating and governance committee met five times in 2005.

In performing its nominating function, the committee identifies, evaluates, recruits and nominates candidates to fill vacancies on the board, using criteria set forth in the company s corporate governance guidelines as discussed below. The process followed by the nominating and governance committee to identify and evaluate candidates includes receiving recommendations from our directors, management and stockholders, holding meetings to evaluate biographical information and background material relating to potential candidates, and interviewing selected candidates.

In addition to receiving recommendations from our directors, management and stockholders, the nominating and governance committee, in some instances, will engage an executive search firm to assist in recruiting director candidates. In such cases, the search firm assists the nominating and governance committee in identifying potential candidates that fit the board s search criteria; obtaining candidate resumes and other biographic information; conducting initial interviews to assess candidates qualifications, fit and interest in serving on the board; scheduling interviews with the nominating and governance committee, other members of the board, and management; performing reference checks; and assisting in finalizing arrangements with candidates who receive an offer to join the board.

Stockholders who want to recommend a nominee for director should submit the name of such nominee to the corporate secretary of IDEXX at the company s headquarters address, together with biographical information and background material sufficient for the committee to evaluate the nominee based on its selection criteria, and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of the company s common stock for at least a year as of the date such recommendation is made. Assuming that appropriate biographical and background material has been provided on a timely basis, the nominating and governance committee will apply the same criteria, and follow substantially the same process, in considering stockholder nominations that comply with these procedures as it does in considering other nominations. Stockholders also have the right under the company s amended and restated bylaws to nominate director candidates directly, without any action or recommendation on the part of the nominating and governance committee or the board, by following the procedures set forth under Requirements, including Deadlines, for Submission of Proxy Proposals, Nomination of Directors and Other Business of Stockholders on page 28 of this proxy statement. If the board determines to nominate a stockholder-recommended candidate and recommends his or her election, then his or her name will be included on the company s proxy card for the next annual meeting. Candidates nominated by stockholders in accordance with the procedures set forth in the amended and restated bylaws will not be included on the company s proxy card for the next annual meeting, but may be included on proxies the nominating stockholders may seek independently.

The nominating and governance committee is responsible for annually reviewing with the board the requisite skills and criteria for new board members, as well as the composition of the board as a whole. The nominating and governance committee also annually reviews the performance of the board, its committees and each of the directors.

Finance Committee

The finance committee advises the board of directors with respect to financial matters, including capital structure and strategies, financing strategies, investment practices, major financial commitments, financial risk management, acquisitions and divestitures, and stock repurchase activities. In addition, the finance committee reviews and approves proposed acquisitions and divestitures having values up to $20 million. The current finance committee members are Messrs. Craig (chairman) and McKeon and Dr. Henderson. The finance committee met twice during 2005.

Corporate Governance Guidelines and Code of Ethics

The board has adopted corporate governance guidelines, which you can access on the Internet at idexx.com/aboutidexx/governance/guidelines/. The board also has adopted a code of ethics that applies to all of our employees, officers and directors, which you can access on the Internet at idexx.com/aboutidexx/governance/ethics/. You can also receive copies of the guidelines or the code by contacting the corporate secretary at the company s headquarters address. In addition, we intend to post on our Web site, idexx.com, all disclosures that are required by law or the NASDAQ Stock Market listing standards concerning any amendments to, or waivers from, any provision of the code of ethics.

Among other matters, the guidelines provide as follows:

A substantial majority of the members of the board are independent directors, as defined by NASDAQ rules.

The audit, nominating and governance, compensation, and finance committees consist entirely of independent directors.

The nominating and governance committee recommends to the board for nomination all nominees for election to the board, except where the company is legally required by contract, by law or otherwise to provide third parties with the right to nominate directors.

The nominating and governance committee s annual review of the requisite skills and criteria for board members, as well as the composition of the board as a whole, includes appropriate consideration of demonstrated experience, judgment, integrity, commitment and skills that are relevant to the company and its operations, including familiarity with science and technology, finance and accounting, marketing, product development, strategy, government regulation and affairs, and corporate governance.

The nominating and governance committee is responsible for annually assessing the performance of the board, its committees and each individual director.

When the chairman of the board is not an independent director, the independent directors elect a lead director from among the independent directors. The lead director, among other responsibilities, chairs meetings of the independent directors and consults with the chairman of the board regarding meeting agendas. The lead director is currently Mr. End.

Independent directors meet on a regular basis, but not less than twice annually, apart from management board members and other management representatives.

At least annually, the board reviews the company s corporate strategy.

The board approves the chief executive officer s goals annually.

At least annually, the compensation committee, in consultation with all independent directors, evaluates the performance of the chief executive officer.

The chief executive officer reports to the board at least annually on succession planning and management development.

Board members have complete access to management and are encouraged to make regular contact.

The board will give appropriate attention to written communications that are submitted to the board by our stockholders. The process for submitting such communications to the board is described below under the heading Communications from Stockholders.

Individual directors whose professional responsibilities outside of their involvement with the company change from those held when they were last elected to the board (except for promotions) should volunteer to resign from the board, giving the board an opportunity to review the appropriateness of their continued board membership under the changed circumstances.

Any director who turns age 73 while serving as a director is expected to retire from the board effective at the next annual meeting of stockholders following the date on which he or she turns 73.

Directors cannot serve on more than four other public company boards, audit committee members cannot serve on more than two other public company audit committees, and directors who are chief executive officers of other companies cannot serve on more than two other public company boards (including the board of their employer).

Directors must inform the chairman of the board and the chairman of the nominating and governance committee of any public company directorship they have been offered before accepting such offer to ensure that acceptance of such directorship would not create a conflict with the director s duties as a director of the company.

Communications from Stockholders

Written communications to the board can be submitted by electronic mail on our Web site at idexx.com/aboutidexx/governance/contactdirectors/, or by writing to our general counsel at the company s headquarters address. Under procedures approved by a majority of the independent directors, the general counsel will review such communications and will forward them to the lead director or the other members of the board if they relate to important substantive matters and include suggestions or comments considered to be important for the directors to know. In general, the general counsel will forward communications to the lead director if they are relevant to IDEXX s governance, ethics and policies.

Directors Compensation

The following describes compensation earned by our directors during 2005, as well as the compensation that will be paid to our nonemployee directors for board service during 2006 pursuant to changes adopted by the board in December 2005. Directors who are employees receive no additional compensation for serving on the board.

Cash Compensation

During 2005, each of our directors who was not an officer or employee of IDEXX received an annual fee of $30,000. Nonemployee directors also received a fee of $1,000 for each day in which they attended one or more in-person meetings of the board or any of its committees. In addition, nonemployee directors received the following annual fees: $5,000 for the audit committee chairman, $2,500 for other audit committee members, $2,500 for the chairmen of other committees, and $2,500 for the lead director. The table on page 8 summarizes compensation earned by each nonemployee director in 2005.

During 2005, each nonemployee director was required to defer at least one-half of his or her annual fee in the form of deferred stock units, or DSUs, under the company s director deferred compensation plan, or the Director Plan, described below. During 2005, directors could also voluntarily defer some or all of the remainder of their annual fee and some or all of any other fees received for board service through the Director Plan.

Effective January 1, 2006, each of our non-employee directors will receive an annual fee of $37,000. The director may elect to defer all, but not less than all, of this annual fee in the form of DSUs. In addition, nonemployee directors receive the following annual fees: $10,000 for the audit committee chairman, $5,000 for other audit committee members, $5,000 for the chairmen of other committees, and $10,000 for the lead director. None of these fees may be deferred under the Director Plan. There are no additional fees for board meeting attendance.

Equity Compensation

Under the standard board compensation arrangements in effect before January 1, 2006, each nonemployee director received a nonqualified stock option to purchase shares of common stock at each annual meeting of stockholders, which option was granted under the 2003 Stock Incentive Plan, or the 2003 Plan. In 2005, each nonemployee director was granted an option to purchase 2,500 shares. In addition, nonemployee directors elected to the board other than at an annual meeting were granted an option for a pro rata number of shares of common stock based on the number of months remaining until the next annual meeting. Under this arrangement, Mr. Murray was granted a stock option to purchase 600 shares on February 23, 2005. The option exercise price per share for each director stock option is equal to the last reported sale price for a share of the company s common stock on the NASDAQ Stock Market on the date the option was granted. The options vest and become fully exercisable on the first anniversary of the date of grant or, if earlier, the date of the next annual meeting. Upon a change in control (as defined in the 2003 Plan), options granted to all optionees, including to nonemployee directors, are subject to the following vesting provisions: 25% of the unvested options vest and become exercisable, unless the successor company in a corporate transaction (as defined in the 2003 Plan) does not assume or substitute option awards, in which case all options granted under the 2003 Plan become fully vested and exercisable. In addition, if an optionee, including any nonemployee director, is terminated by the successor company without cause within two years following a change in control, then all options held by such optionee become fully vested and exercisable.

In general, options granted under the 2003 Plan are not transferable, except by will or the laws of descent and distribution, and are exercisable during the lifetime of the director only while he or she is serving as a director of the company or within three months after he or she ceases to serve as a director of the company; provided, however, that the board has the discretion to allow a director to designate a beneficiary to exercise the options upon the director s death. If a nonemployee director dies or becomes disabled (within the meaning of Section 22(e)(3) of the Internal Revenue Code) while serving as a director, or dies within three months after ceasing to serve as a director, options are exercisable within one year following the date of death or disability. No option is exercisable after ten years from the date of grant.

Effective January 1, 2006, nonemployee directors no longer receive stock options and instead receive an annual grant of DSUs with a value of $75,000. The number of DSUs is determined by dividing such amount by the price of the company s common stock on the date of grant of the award, which generally is in February of each year. New nonemployee directors joining the board after the February grants are granted a pro rata number of DSUs based on the number of months remaining until the next year s annual grant. The DSUs vest one year from the date of grant. Any director who meets the stock ownership guidelines described below at the time of the annual equity award grant may elect, in lieu of receiving DSUs, to receive a grant of restricted shares of the company s common stock valued at $75,000, which shares would vest one year from the date of grant.

Director Deferred Compensation Plan

DSUs are subject to the terms of the Director Plan. The payment of fees in the form of DSUs is considered deferred compensation for federal income tax purposes. Any compensation deferred by a director is credited to an account established in the director s name that is denominated as a number of DSUs having an aggregate value equal to the compensation deferred into such account divided by the price of a share of IDEXX common stock. DSUs granted as described in the preceding paragraph also are credited to this account. Director Plan account balances are not subject to any interest or other investment returns, other than returns produced by fluctuations in the price of a share of IDEXX common stock affecting the value of the DSUs in the account. One year after a director ceases to serve on the board for any reason, he or she will receive shares of common stock equal to the number of DSUs in his or her account. In addition, if the plan administrator of the Director Plan determines that a director has suffered an unforeseeable emergency (as defined in the Director Plan), the plan administrator may authorize the distribution of all or a portion of the director s DSUs. Upon a change in control of the company (as defined in the Director Plan), any applicable deferral limitations or other restrictions on each director s account will lapse, and the shares of IDEXX common stock distributed from such account will be deemed to have been outstanding immediately prior to the change in control.

Other Compensation

All directors are reimbursed for reasonable travel expenses incurred in connection with board and committee meetings. The company does not provide any other benefits including retirement benefits or perquisites to its directors. Except as described in this Directors Compensation section, the company does not have any other arrangements for compensation or consulting agreements with its directors, other than compensation in consideration of employment paid to directors who are officers or employees of the company.

2005 Nonemployee Director Compensation

Name	Fees Earned or Paid in Cash (1)	Shares Underlying Stock Option Awards
Thomas Craig	$ 38,500	2,500
Errol B. De Souza, PhD	40,500	2,500
William T. End	44,250	2,500
Rebecca M. Henderson, PhD	36,000	2,500
Brian P. McKeon	43,000	2,500
Robert J. Murray	26,125	3,100

(1) Includes amounts deferred under the Director Plan.

Director Stock Ownership Guidelines

Upon recommendation of the nominating and governance committee, the board has adopted stock ownership guidelines for directors. Under the guidelines that were in effect during 2005, nonemployee directors were encouraged to own, within three years of becoming a director, a number of shares of common stock either having a fair market value equivalent to at least three times the value of their annual retainer (equaling $90,000 under the compensation arrangements in effect in 2005) or in which the director s cost basis is equivalent at least to such amount. DSUs credited to a director s deferred compensation investment account, as described above, are included in calculating stock ownership pursuant to these guidelines. Each director was in compliance with the stock ownership guidelines in effect during 2005.

Effective January 1, 2006, the stock ownership guidelines for directors were revised to require that by the later of December 31, 2010 or seven years after joining the board, nonemployee directors are expected to own a number of shares of the company s common stock having a value of $500,000. Directors compliance with these guidelines will be measured annually on September 30. As of the first such measurement date on which a director holds shares with a value of at least $500,000, he or she shall be deemed to have satisfied the stock ownership guidelines in all future periods, provided that he or she continues to own at least the number of shares owned as of such measurement date. DSUs credited to a director s deferred compensation investment account, as described above, are included in calculating stock ownership pursuant to these guidelines.

Section 16(a) Beneficial Ownership Reporting Requirements

Under Section 16(a) of the Exchange Act, IDEXX s directors, executive officers and any persons holding more than ten percent of our outstanding common stock are required to report their initial ownership of common stock and any subsequent changes in their ownership to the SEC. The SEC has established specific due dates and IDEXX is required to disclose in this proxy statement any failure to file by those dates.

Based solely on our review of (i) copies of Section 16(a) reports that IDEXX received from such persons for their transactions during IDEXX s 2005 fiscal year and (ii) written representations received from one or more of such persons that no annual Form 5 reports were required to be filed by them for IDEXX s 2005 fiscal year, IDEXX believes that, except as described below, none of such persons failed to file on a timely basis reports required by Section 16(a). Merilee Raines, Corporate Vice President and Chief Financial Officer, filed a Form 4 on March 23, 2006 reporting the acquisition on January 13, 2006 of 500 shares of common stock as a distribution upon settlement of an estate. The company determined in March 2006 that the Form 3 filed by Quentin Tonelli, Corporate Vice President, on August 2, 2002 reporting his initital beneficial ownership of common stock omitted 1,050 shares held in a trust of which he is a beneficiary, and which shares would be deemed to be beneficially owned by him. An amendment to this Form 3 reporting the 1,050 shares was filed on March 21, 2006.

Compensation Committee Interlocks and Insider Participation

During our 2005 fiscal year, the compensation committee was comprised of Messrs. Murray (chairman), Craig and End, and Dr. De Souza. None of the members of the compensation committee has ever been an officer or employee of the company or any of its subsidiaries, nor have they had any relationship requiring disclosure under Item 404 of Regulation S-K. None of the executive officers of the company served as a member of the compensation committee or board of directors of any other company during the fiscal year 2005.

OWNERSHIP OF COMMON STOCK BY DIRECTORS AND OFFICERS

The table below shows the number of shares of our common stock beneficially owned as of March 20, 2006 by (a) each of our directors; (b) each of our executive officers named in the Summary Compensation Table shown on page 17, whom we refer to as the named executive officers, and (c) directors and executive officers of IDEXX as a group. The table also sets forth DSUs credited to the individual s deferred compensation investment account (as described under Directors Compensation on page 7 and under Executive Deferred Compensation Plan on page 19. Unless otherwise indicated, each person listed below has sole voting and investment power with respect to the shares listed.

Beneficial Owner	Number of Shares Owned	Options Exercisable (1)	Total Number of Shares Beneficially Owned (2)	Percentage of Common Stock Outstanding (3)	DSUs (4)	Total Number of Shares Owned and DSUs (5)
Jonathan W. Ayers	34,592	421,128	455,720	1.4%	14,791	49,383
Thomas Craig	1,460	28,400	29,860	*	796	2,256
Errol B. De Souza, PhD	--	10,525	10,525	*	2,014	2,014
William T. End	8,985	21,900	30,885	*	796	9,781
Rebecca M. Henderson, PhD	--	8,233	8,233	*	1,809	1,809
Barry C. Johnson, PhD	--	--	--	*	--	--
Brian P. McKeon	--	8,233	8,233	*	2,134	2,134
Robert J. Murray	10,000	3,100	13,100	*	479	10,479
William C. Wallen, PhD	3,052	45,400	48,452	*	--	3,052
Merilee Raines	35,700	129,400	165,100	*	--	35,700
Robert S. Hulsy	14,123	85,753	99,876	*	--	14,123
Laurel E. LaBauve	475	8,200	8,675	*	--	475
All current directors and executive officers as a group (17 persons)	144,840	952,113	1,096,953	3.37%	24,052	168,892

* Less than 1%

(1) Consists of options to purchase common stock exercisable on or within 60 days of March 20, 2006.

(2) The number of shares beneficially owned by each person or group as of March 20, 2006 includes shares of common stock that such person or group had the right to acquire on or within 60 days after March 20, 2006, including but not limited to, upon the exercise of stock options, but does not include DSUs.

(3) For each individual and group included in the table, percentage of ownership is calculated by dividing the number of shares beneficially owned by such person or group as described above by the sum of the 31,628,701 shares of common stock outstanding on March 20, 2006 and the number of shares of common stock that such person or group had the right to acquire on or within 60 days after March 20, 2006, including but not limited to, upon the exercise of stock options.

(4) Represents fully vested DSUs. The individuals holding fully vested DSUs are at risk as to the price of IDEXX common stock in their investment accounts. DSUs carry no voting rights, but are included in calculating stock ownership required by the company pursuant to its guidelines for directors and executive officers.

(5) Excludes stock options exercisable on or within 60 days of March 20, 2006.

OWNERSHIP OF MORE THAN FIVE PERCENT

OF OUR COMMON STOCK

The table below shows the number of shares of our common stock beneficially owned by each person or group known by us to own beneficially more than 5% of the outstanding shares of IDEXX common stock.

Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Common Stock Outstanding (1)
Ruane Cunniff & Goldfarb Inc. (2) 767 Fifth Avenue, Suite 4701 New York, New York 10153-4798	5,033,336	15.91%
Neuberger Berman, Inc. (3) 605 Third Avenue New York, New York 10158-3698	3,466,144	10.96%
Capital Research and Management Company (4) 333 South Hope Street Los Angeles, California 90071	2,670,000	8.44%

(1) For each group included in the table, percentage ownership is calculated by dividing the number of shares beneficially owned by such group by the 31,628,701 shares of common stock outstanding on March 20, 2006.

(2) Based solely upon information derived from a Schedule 13G/A filed by Ruane Cunniff & Goldfarb Inc., or Ruane Cunniff, pursuant to Section 13 of the Exchange Act and the rules promulgated thereunder reporting its beneficial ownership of shares as of December 31, 2005. According to the Schedule 13G/A, Ruane Cunniff has the sole power to vote 2,575,980 shares and sole power to dispose of 5,033,336 shares.

(3) Based solely upon information derived from a Schedule 13G/A filed by Neuberger Berman, Inc., or Neuberger Berman, pursuant to Section 13 of the Exchange Act and the rules promulgated thereunder reporting its beneficial ownership of shares as of December 31, 2005. According to the Schedule 13G/A, Neuberger Berman has the sole power to vote 148,931 shares, shared power to vote 2,548,138 shares and shared power to dispose of 3,466,144 shares. Of the 2,548,138 shares over which Neuberger Berman has shared voting power, Neuberger Berman, LLC and Neuberger Berman Management Inc. (which are each 100% owned by Neurberg Berman) are deemed to be beneficial owners of these shares since they both have shared power to dispose of these shares. Of the 2,548,138 shares over which Neuberger Berman has shared voting power, 2,548,138 shares are beneficially owned by Neuberger Berman Genesis Fund Portfolio, a series of Neuberger Berman Equity Funds. Neuberger Berman, LLC and Neuberger Berman Management Inc. serve as sub-advisor and investment manager, respectively, of Neuberger Berman Genesis Fund Portfolio. The 918,006 share difference in voting and investment power is a result of client accounts over which Neuberger Berman has shared power to dispose of, but not vote, the shares.

(4) Based solely upon information derived from a Schedule 13G/A filed by Capital Research and Management Company, or CRMC, pursuant to Section 13 of the Exchange Act and the rules promulgated thereunder reporting its beneficial ownership of shares as of December 31, 2005. According to the Schedule 13G/A, CRMC has the sole power to vote 2,160,000 shares and sole power to dispose of 2,670,000. Of the 2,670,000 shares that CRMC has sole power to dispose of, all of such shares are beneficially owned by investment companies to which CRMC provides investment advisory services. CRMC has sole power to dispose of such shares and therefore is deemed to beneficially own such shares under Section 13 of the Exchange Act. CRMC disclaims beneficial ownership of such shares.

ELECTION OF DIRECTORS
(PROPOSAL ONE ON THE PROXY CARD)

The board of directors is divided into three classes, designated as Class I directors, Class II directors and Class III directors. Members of each class hold office for three-year terms. Class I consists of three directors whose terms expire at the 2006 annual meeting of stockholders, Class III consists of two directors whose terms expire at the 2007 annual meeting of stockholders and one vacancy, and Class II consists of three directors whose terms expire at the 2008 annual meeting of stockholders. The board has not nominated a new director to fill the vacancy in Class III; accordingly, there will be a vacancy in this class after the annual meeting.

The board, upon recommendation of the nominating and governance committee, has nominated William T. End, Barry C. Johnson, PhD and Brian P. McKeon to serve as Class I directors with a term expiring at the 2009 annual meeting of stockholders. Messrs. End and McKeon and Dr. Johnson are currently Class I directors and have indicated a willingness to serve, if elected. If any of the director nominees is unable to

serve, proxies can be voted for a substitute nominee, unless the board chooses to reduce the number of directors on the board.

There are no family relationships among the executive officers or directors of IDEXX.

Nominees for Class I Directors Whose Terms Would Expire in 2009

William T. End, age 58, has been a director of IDEXX since July 2000. Mr. End was the Executive Chairman of the Board of Cornerstone Brands, Inc., a catalog retailer, from March 2001 until his retirement in June 2002, and served as Chairman and Chief Executive Officer of Cornerstone Brands, Inc. from 1995 until March 2001. From 1991 to 1995, Mr. End was employed by Land s End, Inc., including as President and Chief Executive Officer, and from 1975 to 1991 he was employed by L.L. Bean, Inc., including as Executive Vice President. Mr. End is a director of Eddie Bauer Holdings, Inc.

Barry C. Johnson, PhD, age 62, has been a director of IDEXX since March 2006. Dr. Johnson has served as Dean, College of Engineering, Villanova University since August 2002. He served as Chief Technology Officer of Honeywell International Inc., a diversified technology and manufacturing company, from July 2000 to April 2002. Prior to that, Dr. Johnson served as Corporate Vice President of Motorola, Inc., a global communications company, and Chief Technology Officer for that company s Semiconductor Product Sector. Dr. Johnson also serves as a director of Rockwell Automation, Inc. and Cytec Industries, Inc.

Brian P. McKeon, age 44, has been a director of IDEXX since July 2003. Mr. McKeon has been Executive Vice President and Chief Financial Officer of The Timberland Company, a provider of premium outdoor footwear, apparel and accessories, since March 2000. Prior to joining Timberland, from 1991 to 2000, Mr. McKeon held several finance and strategic planning positions with PepsiCo, Inc., serving most recently as Vice President Finance of Pepsi-Cola, North America. Prior to joining PepsiCo, Mr. McKeon worked as a strategy consultant with the Alliance Consulting Group and as an auditor with Coopers & Lybrand.

Class II Directors Whose Terms Expire in 2008

Thomas Craig, age 51, has been a director of IDEXX since December 1999. Mr. Craig is a Partner and co-founder of Monitor Group, a strategic consulting and business services company, where he has served as a director since 1983. Mr. Craig is also a director of Jackson Laboratories, an independent genetics research organization, and Grace Kennedy, a public Jamaican company that provides products and services to the global Caribbean community.

Errol B. De Souza, PhD, age 52, has been a director of IDEXX since February 2003. Dr. De Souza is President and Chief Executive Officer of Archemix Corp., a private biopharmaceutical company developing aptamer therapeutics. Dr. De Souza was President and Chief Executive Officer of Synaptic Pharmaceutical Corporation, a GPCR-based drug discovery and development company, from 2002 until the completion of its merger with Lundbeck (a Danish Pharmaceutical Company) in 2003. From 1998 to 2002, Dr. De Souza was Senior Vice President and Site Head, U.S. Drug Innovation and Approval (R&D) of Aventis Pharmaceuticals, Inc., and its predecessor company Hoechst Marion Roussel, a global pharmaceutical company. While at Aventis, Dr. De Souza was Chairman of the Technology Committee of Merial Ltd., an animal health joint venture between Merck and Aventis. Prior to that, from 1992 to 1998, Dr. De Souza was a co-founder, Executive Vice President of R&D and a director of Neurocrine Biosciences, Inc., a biopharmaceutical company. Dr. De Souza is also a director of Palatin Technologies, Inc. and Targacept, Inc.

Rebecca M. Henderson, PhD, age 45, has been a director of IDEXX since July 2003. Dr. Henderson has served as the Eastman Kodak Professor of Management at the Sloan School of the Massachusetts Institute of Technology since 1988, where she specializes in technology strategy and the broader strategic problems faced by firms in high technology industries. Dr. Henderson has also been a research fellow at the National Bureau of Economic Research since 1995. Dr. Henderson is a director of the Whitehead Institute for Biomedical Research at MIT and Ember Corporation. Dr. Henderson also sits on the editorial boards of *Management Science*, *Administrative Science Quarterly*, *Research Policy*, *The Economics of Innovation and New Technology*, and the *Strategy Management Journal*.

Class III Directors Whose Terms Expire in 2007

Jonathan W. Ayers, age 50, has been Chairman of the Board, Chief Executive Officer and President of IDEXX since January 2002. Prior to joining IDEXX, from 1999 to 2001, Mr. Ayers was President of Carrier Corporation, the then-largest business unit of United Technologies Corporation, and from 1997 to 1999, he was President of Carrier Asia Pacific Operations. From 1995 to 1997, Mr. Ayers was Vice President, Strategic Planning at United Technologies. Before joining United Technologies, from 1986 to 1995, Mr. Ayers held various positions at Morgan Stanley & Co. in mergers and acquisitions and corporate finance. Prior to Morgan Stanley, Mr. Ayers worked as a strategy consultant for Bain & Company from 1983 to 1986 and was in the field sales organization of IBM s Data Processing Division from 1978 to 1981. Mr. Ayers holds an undergraduate degree in molecular biophysics and biochemistry from Yale University and graduated from Harvard Business School in 1983.

Robert J. Murray, age 64, has been a director of IDEXX since February 2005. Mr. Murray was Chairman of the Board and Chief Executive Officer of New England Business Service, Inc., a business-to-business direct marketing company, from 1995 until his retirement in 2004. Prior to that, from 1961 to 1995, Mr. Murray held various executive positions at The Gillette Company, including as Executive Vice President, North Atlantic Group from 1991 to 1995, and as Chairman of the Board of Management of Braun AG, a subsidiary of Gillette headquartered in Germany, from 1985 to 1990. Mr. Murray is also a director of The Hanover Insurance Group, Inc., LoJack Corporation, Tupperware Corporation and Delhaize Group.

Recommendation of the Board of Directors

The board of directors recommends that you vote **FOR** the election of the three Class I Director nominees listed above.

AMENDMENT TO RESTATED CERTIFICATE OF INCORPORATION (PROPOSAL TWO ON THE PROXY CARD)

Background

On February 22, 2006, our board of directors unanimously adopted resolutions approving an amendment to our restated certificate of incorporation, or the restated certificate, increasing the number of shares of common stock authorized under the restated certificate from 60,000,000 shares to 120,000,000 shares, and directing that such amendment be submitted to a vote of the stockholders at the annual meeting. For the reasons described below, the board of directors believes that approval of the proposed amendment is in the best interests of the company and its stockholders. If the proposed amendment is approved by the stockholders at the annual meeting, the board intends to file with the Secretary of State of the State of Delaware a Certificate of Amendment of Restated Certificate of Incorporation in the form attached to this proxy statement as Appendix B as soon as practicable following the annual meeting.

The restated certificate currently authorizes the company to issue up to a total of 60,500,000 shares of capital stock, of which 60,000,000 shares are designated as common stock and 500,000 shares are designated as preferred stock. As of February 28, 2006, the company had 31,809,619 shares of common stock outstanding and no shares of preferred stock outstanding. In addition, as of February 28, 2006, the company had 4,614,961 shares of common stock subject to outstanding equity awards or otherwise reserved for future issuance under our 2003 Plan and our 1997 employee stock purchase plan, resulting in 23,575,420 shares of common stock remaining as authorized for issuance under the restated certificate.

Reasons to Increase the Authorized Stock

The additional shares of common stock to be available to us under the amendment may be used for, among other things, stock dividends and stock splits as determined by our board. Our board of directors believes that the amendment also increases our ability to effect, in a timely manner, transactions that are expected to be in the best interest of IDEXX and its stockholders, such as the acquisition of businesses, technologies or products, the entering into of strategic partnerships or other relationships that may complement or expand our business, and the raising of additional capital. We have no present understandings, commitments or agreements to enter into any such transaction.

If the amendment is approved by our stockholders, the board believes that it will have a greater ability and flexibility to take advantage of commercial opportunities and market conditions. Without that increased flexibility, the board might be required to incur the costs and delays of either calling a special meeting of stockholders or waiting for the next annual meeting of stockholders in order to seek stockholder approval of an amendment to the restated certificate.

Certain Effects of the Proposed Amendment

The issuance by IDEXX of any additional shares of common stock, other than in the form of a stock dividend, stock split or other similar event, will dilute the equity interests and voting power of our existing stockholders, as well as have a negative impact on our earnings per share. Such dilution or impact may be substantial, depending upon the number of shares issued. The newly authorized shares of common stock will have voting and other rights identical to those of currently authorized shares of common stock. Holders of our common stock have no preemptive, subscription, redemption or conversion rights with respect to such stock. To effect the issuance of the increased number of shares of common stock authorized under our restated certificate, no further vote of our stockholders will be required under applicable law. We are, however, subject to the rules of the NASDAQ Stock Market and, to maintain our listing, we are required to seek stockholder approval in connection with the issuance of our capital stock under certain circumstances.

The proposed amendment to the restated certificate is not intended to be an anti-takeover device. However, the issuance of additional shares of common stock would increase the number of outstanding shares, which could dilute the ownership and voting power of any person seeking to obtain control of the company, which would make it more difficult for such person to obtain control of the company. As of the date of this proxy statement, the board is not aware of any person who intends to seek to obtain control of the company.

Under the General Corporation Law of the State of Delaware, IDEXX stockholders are not entitled to appraisal rights with respect to the approval, adoption or filing of the amendment and we will not independently provide stockholders with any such right.

Recommendation of the Board of Directors

The board of directors believes that the adoption of this amendment is in the best interests of the company and its stockholders and recommends that you vote **FOR** the adoption of this proposed amendment.

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (PROPOSAL THREE ON THE PROXY CARD)

The audit committee has appointed PricewaterhouseCoopers LLP to serve as our independent registered public accounting firm for 2006.

Although stockholder approval of the audit committee s selection of PricewaterhouseCoopers LLP is not required by law, the board of directors believes that it is advisable to give stockholders an opportunity to ratify this selection. Representatives of PricewaterhouseCoopers LLP will be present at the annual meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions. If this proposal is not approved at the annual meeting, the audit committee will reconsider its selection of PricewaterhouseCoopers LLP. Even if the appointment is ratified, the audit committee, in its discretion, can direct the appointment of a different firm at any time during the year if the audit committee determines that such a change would be in the company s and the stockholders best interests.

Independent Auditors Fees

The following table summarizes the fees of PricewaterhouseCoopers LLP billed to us for each of the last two fiscal years for audit services and billed to us in each of the last two fiscal years for other services. For fiscal year 2005, audit fees also include an estimate of amounts not yet billed.

	Fiscal Years Ended December 31,	
	2005	**2004**
Audit fees	$ 1,071,879	$ 1,106,762
Audit-related fees	1,500	90,801
Tax fees	348,159	95,137
All other fees	--	--
	$ 1,421,538	$ 1,292,700

Audit Fees. Consists of fees billed for professional services rendered for the audit of IDEXX s annual financial statements and review of the interim financial statements included in quarterly reports; audits of management s assessment of the effectiveness of internal control over

financial reporting and the effectiveness of internal control over financial reporting; statutory audits or financial audits for subsidiaries or affiliates of IDEXX; services associated with SEC registration statements, periodic reports and other documents filed with the SEC; consultation concerning accounting or disclosure treatment of transactions or events and actual or potential impact of final or proposed rules, standards or interpretations by the SEC, the Financial Accounting Standards Board, or other regulatory or standard setting bodies; and assistance with and review of documents provided to the SEC in responding to SEC comments.

Audit-Related Fees. Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of IDEXX s financial statements and are not reported under Audit Fees. These services include financial statement audits of employee benefit plans, internal control reviews and assistance with internal controls reporting requirements, and due diligence services pertaining to potential acquisitions.

Tax Fees. Consists of tax compliance ($61,160 and $62,353 in 2005 and 2004, respectively), and tax advice and tax planning ($286,999 and $30,228 in 2005 and 2004, respectively). These services included United States federal, state and local tax planning, advice and compliance; international tax planning, advice and compliance; and review of federal, state, local and international income, franchise and other tax returns.

Out-of-Pocket Expenses and Value Added Taxes. Included in the fee schedule above are amounts billed by the independent auditors for out of pocket expenses ($22,720 and $33,253 in 2005 and 2004, respectively), and value added taxes ($45,759 and $4,808 in 2005 and 2004, respectively).

Audit Committee Pre-Approval Policy

The audit committee has adopted a policy for the pre-approval of audit and nonaudit services performed by our independent auditor, and the fees paid by the company for such services, in order to assure that the provision of such services does not impair the auditor s independence. Under the policy, at the beginning of the fiscal year, the audit committee pre-approves the engagement terms and fees for the annual audit. Under the policy, certain types of other audit services, audit-related services and tax services have been pre-approved by the audit committee. Any services that have not been pre-approved by the audit committee as previously described, must be separately approved by the audit committee prior to the performance of such services.

Pre-approved fee levels for all pre-approved services are established periodically by the audit committee. The audit committee then periodically reviews actual and anticipated fees for the pre-approved services against the pre-approved fee levels. Any anticipated fees exceeding the pre-approved fee levels require further pre-approval by the audit committee.

With respect to each service for which separate pre-approval is proposed, the independent auditor will provide a detailed description of the services to permit the audit committee to assess the impact of the services on the independence of the independent auditor.

The audit committee may delegate pre-approval authority to one or more of its members and has delegated such authority to the chairman of the audit committee. The audit committee member to whom such authority is delegated must report any pre-approval decisions to the audit committee at the next scheduled meeting. The audit committee does not delegate its pre-approval responsibilities to management of the company.

During the last fiscal year, no services were provided by PricewaterhouseCoopers LLP that were approved by the audit committee pursuant to the *de minimis* exception to pre-approval contained in the SEC s rules.

Recommendation of the Board of Directors

The board of directors recommends that you vote **FOR** the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2006.

EQUITY COMPENSATION PLAN INFORMATION

	December 31, 2005		
Plan Category	**Number of Securities to be Issued Upon Exercise of Outstanding Options Warrants and Rights (a)**	**Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans**

	December 31, 2005		
			(Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	3,772,402 (1)	$ 35.172	1,063,331 (2)
Equity compensation plans not approved by security holders	-	-	-

(1) Consists of shares of common stock subject to outstanding options and DSUs under the following compensation plans: 1991 stock option plan (875,261 shares), 1998 stock incentive plan (1,587,874 shares), 2000 director option plan (39,610 shares) and 2003 Plan (1,244,671 shares). Excludes 132,910 shares issuable under the 1997 employee stock purchase plan in connection with the current and future offering periods.

(2) Includes 930,421 shares available for issuance under our 2003 Plan. The 2003 Plan provides for the issuance of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock awards, and other stock unit awards. Also includes 132,910 shares issuable under our 1997 employee stock purchase plan in connection with the current and future offering periods. No new grants may be made under the other plans listed in footnote (1) except for the 2003 Plan.

EXECUTIVE COMPENSATION AND RELATED INFORMATION

Summary Compensation Table

The following table sets forth the compensation earned during 2005 by IDEXX s chief executive officer and the four other highest-paid executive officers whose salaries and bonuses for IDEXX s 2005 fiscal year were in excess of $100,000, for services rendered in all capacities to IDEXX and its subsidiaries for each of the last three fiscal years during which such individuals served as executive officers of IDEXX.

		Annual Compensation (1)		Long-Term Compensation	
Name and Principal Position	Year	Salary	Bonus ($)	Securities Underlying Options	All Other Compensation ($)
Jonathan W. Ayers	2005	$ 580,000	$ 650,000 (2)	50,000	$ 13,239 (3)
President and	2004	550,000	577,500 (4)	55,000	8,626 (5)
Chief Executive Officer	2003	520,000	546,000 (6)	75,000	11,342 (7)
William C. Wallen, PhD	2005	$ 345,000	$ 185,000	15,000	10,037 (8)
Senior Vice President and	2004	340,000	225,000	0 (9)	113,361 (10)
Chief Scientific Officer	2003	108,539 (11)	313,000 (12)	110,000 (13)	0
Merilee Raines	2005	$ 242,000	$ 185,000	13,000	$ 2,002 (14)
Vice President and	2004	230,000	162,000	12,000	1,976 (14)
Chief Financial Officer	2003	205,641	140,000	20,000	1,976 (14)
Robert S. Hulsy	2005	$ 242,000	$ 185,000	13,000	$ 0
Vice President	2004	227,000	162,000	12,000	0
Laboratory Services	2003	218,000	150,000	20,000	0
Laurel E. LaBauve	2005	$ 225,000	$ 160,000	11,000	$ 6,300 (15)
Vice President	2004	185,231 (16)	235,000 (17)	15,000 (18)	86,306 (19)
Worldwide Operations	2003	--	--	--	--

(1) Includes salary and bonus only; the company does not pay the named executive officers other annual compensation as defined by Item 402(b)(2)(iii)(C) of Regulation S-K, including no perquisites or other personal benefits exceeding $10,000.

(2) Includes compensation in the amount of $325,000 deferred and issued as 4,239 DSUs under the executive deferred compensation plan (as described on page 19).

(3) Consists of IDEXX s matching contribution under the IDEXX retirement and incentive savings plan in the amount of $6,300, supplemental disability insurance premiums paid by IDEXX in the amount of $1,933 and reimbursement for tax preparation services in the amount of $5,006.

(4) Includes compensation in the amount of $288,750 deferred and issued as 5,121 DSUs under the executive deferred compensation plan (as described on page 19).

(5) Consists of IDEXX s matching contribution under the IDEXX retirement and incentive savings plan in the amount of $6,150, supplemental disability insurance premiums paid by IDEXX in the amount of $1,933 and reimbursement for tax preparation services in the amount of $543.

(6) Includes compensation in the amount of $273,000 deferred and issued as 5,431 DSUs under the executive deferred compensation plan (as described on page 19).

(7) Consists of IDEXX s matching contribution under the IDEXX retirement and incentive savings plan in the amount of $6,000, supplemental disability insurance premiums paid by IDEXX in the amount of $1,933, and reimbursement for tax preparation services in the amount of $3,409.

(8) Consists of IDEXX s matching contribution under the IDEXX retirement and incentive savings plan in the amount of $6,300 and supplemental disability insurance premiums paid by IDEXX in the amount of $3,737.

(9) As a result of stock options granted to Dr. Wallen in connection with his hiring in September 2003 (see footnote 13), Dr. Wallen did not receive an annual stock option award in February 2004.

(10) Consists of relocation allowance in the amount of $103,474, IDEXX s matching contribution under the IDEXX retirement and incentive savings plan in the amount of $6,150, and supplemental disability insurance premiums paid by IDEXX in the amount of $3,737.

(11) Dr. Wallen was hired as senior vice president and chief scientific officer effective September 8, 2003. His initial annual salary was $340,000.

(12) Consists of a signing bonus of $75,000 paid in connection with the hiring of Dr. Wallen in September 2003, and a bonus of $238,000 earned in 2003.

(13) Represents stock options granted to Dr. Wallen in connection with his hiring in September 2003.

(14) Consists of supplemental disability insurance premiums paid by IDEXX.

(15) Consists of IDEXX s matching contribution under the IDEXX retirement and incentive savings plan.

(16) Ms. LaBauve was hired as vice president worldwide operations effective February 16, 2004. Her initial annual salary was $215,000.

(17) Consists of a signing bonus of $100,000 paid in connection with the hiring of Ms. LaBauve in February 2004, and a bonus of $135,000 earned in 2004.

(18) Represents stock options granted to Ms. LaBauve in connection with her hiring in February 2004.

(19) Consists of relocation allowance in the amount of $84,073 and IDEXX s matching contribution under the IDEXX retirement and incentive savings plan in the amount of $2,233.

Options Granted in 2005

The table below provides information with respect to the stock option grants made during IDEXX s 2005 fiscal year to the named executive officers. No stock appreciation rights were granted to the named executive officers during the fiscal year.

	Number of Securities Underlying Options Granted	Percent of Total Options Granted to Employees	Exercise or Base Price	Expiration	Potential Realizable Value at Assumed Rates of Stock Price Appreciation for Option Term (2)

Name	(#)(1)	in Fiscal Year	($/Share)	Date	5%($)	10%($)
Jonathan W. Ayers	50,000	8.47%	$ 57.31	2/02/2015	$ 1,802,098	$ 4,566,869
William C. Wallen, PhD	15,000	2.54%	57.31	2/02/2015	540,629	1,370,061
Merilee Raines	13,000	2.20%	57.31	2/02/2015	468,545	1,187,386
Robert S. Hulsy	13,000	2.20%	57.31	2/02/2015	468,545	1,187,386
Laurel E. LaBauve	11,000	1.86%	57.31	2/02/2015	396,461	1,004,711

(1) The options become exercisable in equal annual installments over a five-year period commencing on the first anniversary of the date of grant. The exercise price per share of each option is equal to the closing sale price of the common stock on the NASDAQ Stock Market on the date of grant. Upon a change in control of IDEXX, vesting of all options to purchase IDEXX s common stock held by Mr. Ayers and Dr. Wallen would accelerate and such options would become fully exercisable. Upon a change in control of IDEXX, 25% of all unvested options held by all other employees of IDEXX, including other executive officers, would vest and become exercisable, unless the successor company in a corporate transaction (as defined in the 2003 Plan) does not assume or substitute option awards, in which case all options granted under the 2003 Plan become fully vested and exercisable. Vesting of all unvested options held by each executive officer other than Mr. Ayers and Dr. Wallen would accelerate and such options would become fully exercisable if such officer is terminated by the company without cause or the officer terminates employment for good reason within two years following a change in control. See Change in Control Agreements below.

(2) The amounts represent hypothetical gains that could be achieved for the respective options if exercised at the end of the option term. These gains are based on assumed rates of stock appreciation of 5% and 10% compounded annually from the date the respective options were granted to their expiration date. Actual gains, if any, on stock option exercises will depend on the future performance of the common stock and the date on which the options are exercised.

Total Options Exercised in 2005 and Year-End Values

The table below sets forth information with respect to the named executive officers concerning their exercise of options during the 2005 fiscal year and the unexercised options held by them as of the end of such year.

Name	Shares Acquired on Exercise (#)	Value Realized ($)(1)	Number of Securities Underlying Unexercised Options at Fiscal Year-End (#)		Value of Unexercised In-The-Money Options at Fiscal Year-End ($)(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Jonathan W. Ayers	3,968	$ 127,135	299,096	319,000	$ 13,436,911	$ 11,778,370
William C. Wallen, PhD	0	0	44,000	81,000	1,292,720	2,159,130
Merilee Raines	46,500	1,648,469	126,400	46,600	6,416,092	1,405,568
Robert S. Hulsy	4,738	170,073	76,752	49,600	3,585,835	1,545,561
Laurel E. LaBauve	0	0	3,000	23,000	63,450	415,170

(1) Represents the difference between the exercise price and the fair market value of the common stock on the date of exercise.

(2) Based upon the market price of $71.98 per share, which was the closing sale price per share of the common stock on the NASDAQ Stock Market on December 30, 2005, less the option exercise price payable per share.

Executive Deferred Compensation Plan

Under the company s executive deferred compensation plan, or the Executive Plan, officers of the company can elect to defer up to 100% of their annual bonus into an account deemed to be invested in a particular hypothetical investment. As of this date, the only hypothetical investment available under the Executive Plan is IDEXX common stock. Therefore, each participating officer s investment account is denominated as a number of DSUs, having an aggregate value equal to the compensation deferred into such account divided by the last reported sale price of a share of common stock on the date of the applicable deferral. Investment accounts are not subject to any interest or other investment returns, other than returns produced by fluctuations in the price of a share of IDEXX common stock affecting the value of the DSUs in the account. The DSUs are fully vested and nonforfeitable, since they represent compensation already earned. Upon distribution, an officer receives a number of shares of IDEXX common stock equal to the number of DSUs in his or her account. DSUs are issued pursuant to the

stockholder-approved 2003 Plan.

An officer can elect to receive his or her distribution in either a lump sum amount or in a fixed schedule. However, except upon a change in control or in the event of an unforeseeable emergency (as defined in the Executive Plan), an officer cannot receive shares of IDEXX common stock equal to the number of DSUs in his or her account sooner than one year following termination of his or her employment with the company for any reason.

Upon a change in control of the company (as defined in the Executive Plan), any applicable deferral limitations or other restrictions on each officer s investment account will lapse, and the shares of IDEXX common stock distributed from such accounts will be deemed to have been outstanding immediately prior to the change in control.

Employment Agreements

In connection with the hiring of Mr. Ayers as president, chief executive officer and chairman of IDEXX, the company granted Mr. Ayers options to purchase 450,000 shares of IDEXX common stock and entered into an agreement with Mr. Ayers that provided for a target bonus equal to 100% of his base salary, with actual bonus dependent on the achievement of personal and corporate goals. Mr. Ayers s base salary for 2006 is $600,000, determined in accordance with the compensation committee philosophy and process described in the Compensation Committee Report on Executive Compensation beginning on page 20. Under this agreement, if Mr. Ayers s employment is terminated at any time by the company other than for cause (except within three years following a change in control), the company will pay Mr. Ayers his base salary and continue to provide him with benefits for two years following such termination. In addition, his stock options will continue to vest in accordance with their terms during such two-year period. If Mr. Ayers s employment is terminated other than for cause within three years following a change in control, he will receive the payments and benefits described below under Change in Control Agreements.

William C. Wallen, PhD, joined the company in September 2003 as senior vice president and chief scientific officer. In connection with his hiring, the company granted Dr. Wallen options to purchase 110,000 shares of common stock and entered into an agreement that provided for a target bonus equal to 70% of his base salary, with actual bonus dependent on the achievement of personal and corporate goals. Dr. Wallen s base salary for 2006 is $350,000, determined in accordance with the compensation committee philosophy and process described in the Compensation Committee Report on Executive Compensation beginning on page 20. Under this agreement, if Dr. Wallen s employment is terminated at any time by the company other than for cause (except within two years following a change in control), the company will pay Dr. Wallen his base salary and continue to provide him with benefits for two years following such termination. If Dr. Wallen s employment is terminated other than for cause within two years following a change in control, he will receive the payments and benefits described below under Change in Control Agreements.

Except for the change in control agreements described below, the company does not have any agreements with any other executive officers providing for the payment of severance benefits to such officers upon a termination of employment with the company.

Change-in-Control Agreements

The company has agreements with its ten current executive officers providing for certain benefits in the event the employment of any of such officers is terminated by the company without cause (as defined in the agreements) or by the executive officer for good reason (as defined in the agreements) within two years (three years in the case of Mr. Ayers) following a change in control (as defined in the agreements). These agreements are automatically renewed annually for two-year (three-year in the case of Mr. Ayers) periods unless we give the employee 120 days notice that his or her agreement will not be renewed. The agreements become effective upon a change in control and terminate two years (three years in the case of Mr. Ayers) following the change in control. Prior to a change in control, the company has no obligation to retain the officer as an employee and the officer has no obligation to remain with the company. The agreements require the company to provide the following payments and benefits upon any termination described above: (1) a prorated bonus payment for the portion of the year of termination prior to the date of termination, (2) an amount equal to two times (three times in the case of Mr. Ayers) the sum of the officer s base salary plus the highest bonus received by the officer for the two fiscal years (three fiscal years in the case of Mr. Ayers) prior to the change in control, and (3) the continuation of life insurance, disability insurance, medical and dental coverage, and other benefits for a period of two years (three years in the case of Mr. Ayers) following the date of termination. In addition, upon any such termination, all unvested options held by the officer shall accelerate and become fully exercisable (except that unvested options held by Mr. Ayers and Dr. Wallen accelerate and become fully exercisable automatically upon a change in control).

If payments to the officer cause the officer to be subject to an excise tax under Section 4999 of the Internal Revenue Code of 1986, as amended, the company will pay the officer an additional amount that would, net of any taxes or penalties (including excise taxes) on such additional amount, allow the officer to retain the amount he or she would have received had he or she not been subject to the excise tax under Section 4999. However, if this gross-up payment would not provide the officer with an after-tax benefit of at least $50,000 relative to a reduction of payments under the agreement to an amount that would eliminate the excise tax, then payments under the agreement shall be reduced to the

amount that eliminates the excise tax, and no gross-up payment will be made.

Compensation Committee Report on Executive Compensation

The company s executive compensation program is administered by the compensation committee, which is responsible for, among other things, determining the compensation package of each executive officer. The charter of the compensation committee is available on the Internet at idexx.com/aboutidexx/governance/charters/compcharter.cfm. The committee is currently comprised of four directors who are independent as defined by the rules of the NASDAQ Stock Market. These members are elected annually by the board of directors. This report is submitted by the compensation committee and addresses the company s compensation policies for 2005 as well as certain 2006 information.

Compensation Philosophy

The company s executive compensation program is intended to maximize corporate performance and stockholder returns by (i) aligning compensation with the achievement of corporate, division and individual goals, and (ii) enabling the company to attract, retain, motivate and reward executive officers who will contribute to the long-term success of the company. In general, the committee seeks to make annual cash compensation, including salary and bonus, competitive with the median of cash compensation practices of a defined peer group of companies. The peer group referenced by the committee consists of 12 publicly traded companies in the medical technology/medical device sector that are deemed by the committee to be reasonably comparable to the company based on their revenue, net income, total employees and market capitalization.

Through the grant of stock-based incentives, the committee seeks to provide executive officers with opportunities for compensation above the median of the peer group. The intent of the committee is that executive officers will receive total compensation above the median when corporate performance is strong, and they will receive total compensation below the median when corporate performance is below expectations.

The committee believes that information regarding the peer group is helpful as a reference to assist the company in remaining competitive in the market. However, the committee does not set compensation based solely on this information, but only considers it along with the other factors described in this report.

The committee s philosophy is that executive officers in positions that have the most direct impact on corporate performance should bear the highest risk, and have the highest potential reward, associated with corporate performance. Therefore, bonus and stock-based compensation comprise a greater percentage of total compensation for executive officers in these positions.

Committee Process

In the December prior to the beginning of the performance year, the board approves the annual financial budget of the company. At the beginning of the performance year, the board of directors approves the chief executive officer s annual non-financial goals intended to build the business foundation for long-term financial performance. The chief executive officer approves similar goals, in alignment with his goals, for each of the other executive officers. In February following the performance year, the committee meets to award the chief executive officer s bonus, and to review and approve the chief executive officer s recommended bonuses for other executive officers, for that year based on achievement of both the operating budget and the non-financial goals. At this meeting, the committee also determines the annual equity award and current year base salary for the chief executive officer and reviews and approves the chief executive officer s recommendations for equity awards and current year base salaries for the other executive officers. The committee meets at other times during the year as needed to review executive compensation and otherwise to perform the duties described in its charter. During 2005, the committee met three times and the committee met in February 2006 to determine 2005 bonus awards, 2006 equity awards and 2006 base salary for executive officers.

During 2005, the committee engaged an independent compensation consultant to review the competitiveness and appropriateness of the total compensation of the company s five most highly compensated executive officers relative to the peer group, and to update the committee on general trends in executive compensation with respect to total compensation, forms of compensation and stock compensation.

In 2005 management engaged a separate independent compensation consultant to review the company s compensation philosophy and programs, with particular emphasis on the structure of equity compensation. Following this review, management developed a new equity compensation framework for 2006 that was reviewed and approved by the committee. The new structure is described in more detail below.

In connection with its meeting in February 2006, the committee asked the company s human resources department to prepare a tally sheet summarizing all of the components of compensation for each executive officer, comprising (i) salary and bonus for the past three years, (ii) grant sizes and Black-Scholes values for stock options awarded in the past three years, (iii) the aggregate value (measured by the difference between market price and exercise price) of vested and unvested stock options held as of December 31, 2005, (iv) the cumulative value realized from the

exercise of stock options (measured by the difference between the market price on the date of exercise and the exercise price), (v) the value of all benefits, (vi) all other compensation of any kind, and (vii) the value of cash and benefits to be provided under various severance and change-in-control scenarios.

In setting the different components of compensation described below, the committee considered all of the information described above in addition to the other factors described below with respect to each component of compensation.

Compensation

Base Salary

In February of each year the committee asks the chief executive officer for a recommendation regarding the base salary for each executive officer other than the chief executive officer. In evaluating the recommendations of the chief executive officer, the committee considers compensation data for the peer group; the officer s relevant experience, skills and abilities; the officer s historical performance against goals and contribution to division and corporate performance; and equitableness relative to the compensation of other officers and employees of the company. The committee does not, however, use a specific formula based on a ranking of the indicated criteria, but instead makes a subjective evaluation of each executive officer s contributions and potential in light of such criteria. In February 2005, the company s executive officers, other than the chief executive officer, received an average base salary increase of 3.8% and in February 2006, the company s executive officers, other than the chief executive officer, received an average base salary increase of 4.0%.

Performance Bonuses

The company s executive officers are eligible for annual performance bonuses equal to a target percentage of base salary. Target bonus percentage is 100% for the chief executive officer, 70% for the chief scientific officer and 60% for all other executive officers. The amount of the target bonus paid, if any, to each executive officer depends equally on (i) overall corporate performance against goals and (ii) the officer s success in achieving individual annual performance goals.

Corporate and individual goals comprise annual financial objectives as well as non-financial goals that are intended to strengthen the business and support the company s capacity for sustained financial performance in future periods. Non-financial goals relate to achievement in the areas of new product and technology development, sales and marketing, organizational development, operational excellence and systems capability, quality, business development, and strategy formulation.

Throughout the year, the chief executive officer meets with each executive officer to review his or her progress in achieving individual goals and reports the company s progress against its financial and non-financial goals to the board of directors. At the end of each year, the chief executive officer reviews corporate performance and individual executive officer performance, and recommends both corporate and individual performance factors to the compensation committee. The committee considers the recommendation of the chief executive officer and then determines the final corporate and individual performance factors. Generally, a factor of 100% would indicate that goals were achieved on the whole, a factor greater than 100% would indicate that goals were exceeded on the whole, and a factor of below 100% would indicate that goals were not met on the whole.

At its meeting in February 2006, the compensation committee reviewed the company s 2005 financial performance against objectives, focusing primarily on revenues, earnings per share and free cash flow (defined as operating cash flow of $117 million, less investments in fixed and other long-term assets of $24 million and $3 million, respectively). In evaluating the company s 2005 performance against its goals, the committee excluded acquisition integration costs of $0.02 per diluted share and income tax expense on the repatriation of foreign earnings under the *American Jobs Creation Act of 2004* of $0.03 per diluted share, as these were determined to be discrete items that did not reflect the underlying performance of the business. The committee determined that the company s financial performance in 2005 was favorable to its budget. The committee also considered the company s total shareholder return in 2005 (measured as the increase in price of a share of common stock between closing on December 31, 2004 and December 30, 2005, divided by the closing price of a share of common stock on December 31, 2004), which was 32%, and which followed a return of 18% in 2004. Finally, the committee considered the company s success in achieving non-financial goals in the areas described above.

The committee did not rank or weight all of the financial and non-financial achievements, but instead made a subjective evaluation of the company s overall performance based upon all of these factors. On the basis of this evaluation, the committee approved a corporate performance factor of 103% of the target.

The committee then considered the chief executive officer s recommendations regarding each other executive officer s performance against his or her individual goals. Again, the compensation committee did not make any specific ranking or weighting of financial and non-financial

goals for each executive officer, but instead made a subjective evaluation of each executive officer s performance. On the basis of the committee s assessment of overall corporate performance and individual executive officer performance, the compensation committee awarded bonuses to executive officers that averaged 67% of base salary, excluding the chief executive officer.

Equity-Based Compensation

Equity Awards. Equity awards under the company s 2003 Plan are intended to align directly the interests of the company s executive officers with those of its stockholders. While cash bonuses are based upon achievement of annual goals, equity awards are intended to provide incentive to executive officers for long-term value creation. The award levels of equity compensation for each executive are based on an assessment of the executive s demonstrated capacity to contribute to the company s future performance. The compensation committee considers equity compensation to be an important method of providing an incentive for executive officers to remain with, and to continue to make significant contributions to, the company.

As noted above, in 2005 the committee approved a new framework for management equity compensation. The primary change in management equity compensation beginning in 2006 was to move away from awarding solely stock options to awards that consist of a mix of stock options and restricted stock units, or RSUs. The mix of stock options and RSUs varies with management level, with more senior managers receiving a greater percentage of equity award value in the form of stock options. Executive officers receive 75% of equity award value in the form of stock options and 25% of equity award value in the form of RSUs. Like stock options granted by the company, RSUs vest ratably over a five-year period. Beginning in 2006, new stock option awards will have a term of seven years, rather than the ten-year terms for options granted prior to 2006.

In converting the value of stock option awards to RSUs, the committee applied a ratio of one RSU, each of which represents the right to receive one share of common stock upon vesting, for every four stock option shares, which the committee believes is generally consistent with emerging compensation trends. RSUs involve less risk than stock options because they automatically have value upon vesting, whereas stock options have no realizable value unless the stock price increases above the exercise price. However, because the number of shares in a RSU award is only one quarter of a comparably valued stock option award, RSU awards provide less upside opportunity. Given the risk/reward characteristics of the two types of awards, the committee believes that the grant to executive officers of equity awards comprising a greater proportion of stock options relative to RSUs is consistent with its philosophy that employees in positions that have the most direct impact on corporate performance should bear the highest risk, and have the highest potential reward, associated with corporate performance. In other words, stock options have the appropriate performance-based orientation for executive officers. On the other hand, RSUs are a more effective incentive tool for mid-level management and technical talent. The committee believes that RSUs are a more effective recruiting tool.

In determining the size of equity awards to each executive officer, the committee begins with a target dollar award value, rather than a target number of shares subject to the award. The target value is set based upon the responsibilities inherent in each executive officer s position and, relative to cash compensation, is intended to give effect to the committee s philosophy that equity awards should have the potential to raise officers total compensation above the median of the peer group. Although target equity award sizes are set for each position, the actual size of annual dollar award value is a subjective determination based on the anticipated contribution of the executive officer to the long-term value of the company. The compensation committee also seeks to maintain equitable relationships among executive officers who have similar levels of responsibility.

The committee believes that the mix of stock options and RSUs under the new program will provide the proper incentive to all levels of the company s management for long-term value creation. At the same time the new program will reduce the company s overall annual use of shares for equity compensation purposes by about two-thirds, and thereby reduce the dilutive impact of equity compensation on shareholders. The committee has reduced the company s annual use of shares for equity compensation from 2.7% of shares outstanding in 2003 to 1.9% of shares outstanding in 2005 and an anticipated 1.1% of projected shares outstanding in 2006. The changes in 2006 also will reduce the company s amortizable equity compensation expense by several million dollars over the next five years relative to the expense that the company would have incurred under the previous equity award program.

At its meeting in February 2006, the committee approved the grant of the following equity awards to the named executive officers:

Name	Shares Underlying Options	Shares Subject to Restricted Stock Units
Jonathan W. Ayers	30,000	2,500

Name	Shares Underlying Options	Shares Subject to Restricted Stock Units
William C. Wallen, PhD	5,920	492
Merilee Raines	7,400	615
Robert S. Hulsy	7,400	615
Laurel E. LaBauve	7,400	615

Stock Ownership Guidelines. Consistent with the committee s desire that the interests of the company s executive officers be closely aligned with the interests of its stockholders, in 2003 the board of directors adopted, on recommendation of the compensation committee, stock ownership guidelines applicable to the company s executive officers. Under these guidelines, the company s chief executive officer is expected to hold shares of common stock having an aggregate value equal to or greater than three times his or her annual base salary, and other executive officers are expected to hold shares having an aggregate value equal to or greater than one times their annual base salaries. An executive officer will be deemed to have satisfied the ownership guidelines if either the aggregate price paid by the executive for shares held equals or exceeds the applicable multiple of his or her current annual base salary or at any time the fair market value of such shares equals or exceeds such amount. Executives are expected to comply with these guidelines by the later of July 2006 or five years after their date of hire. DSUs credited to an executive s deferred compensation investment account, as described under Executive Deferred Compensation Plan on page 19, are included in calculating stock ownership pursuant to these guidelines. In addition, the guidelines include retention requirements for stock option exercises under which executives must retain certain shares of common stock acquired upon exercise of a stock option. Executive officers who do not yet satisfy the ownership guidelines must retain 50% of the shares remaining from an option exercise after payment of the exercise price and taxes, and executive officers who already satisfy the guidelines must retain 25% of such shares. The committee annually reviews the compliance of each executive officer with the guidelines. As of February 28, 2006 the chief executive officer held stock and DSUs with a value of approximately six times his annual salary.

Employee Stock Purchase Plan. Under the company s employee stock purchase plan, all eligible employees of the company, including executive officers, may purchase shares of common stock through payroll deductions. Offerings under this plan occur every three months and shares are purchased at a price equal to 85% of the fair market value of the common stock on the last day of the offering period. An aggregate of up to 620,000 shares can be issued under the plan.

Personal Benefits

The company s practice is not to provide special perquisites and benefits to executive officers. Executive officers are compensated through salary and incentive compensation and not through personal benefits and perquisites. With the limited exceptions described in the Summary Compensation Table on page 17, health and welfare benefits are provided to executive officers on the same terms as other employees. The company does not provide cars, parking spaces, private air travel, family travel reimbursement, or other special travel benefits to executive officers. The company does not maintain lodging for the benefit of executive officers or reimburse executive officers for lodging expenses except in connection with business travel. The company does not provide personal services to executive officers or reimburse executive officers for any such services except that it reimburses Mr. Ayers for tax return preparation and planning services. The company does not provide club memberships or other personal social or entertainment benefits to executive officers, nor does it reimburse executive officers for any such costs. The company does not make loans or provide guarantees to executive officers.

Chief Executive Officer Compensation

During 2005, Mr. Ayers s salary was $580,000. In February 2006, the compensation committee increased Mr. Ayers s base salary 3.4% to $600,000, and awarded Mr. Ayers a bonus of $650,000 for performance during 2005. Mr. Ayers s bonus was 112% of his annual target bonus. In determining Mr. Ayers s bonus, the compensation committee considered the company s achievement of all of the corporate financial and non-financial factors described above. In February 2006, the committee awarded Mr. Ayers stock options to purchase 30,000 shares and 2,500 RSUs. The stock options vest in equal annual installments over a five year period, have a seven year life, and otherwise are subject to the terms described in footnote 1 to the Options Granted in 2005 table on page 18. The RSUs vest in equal annual installments over five years.

In making the salary adjustments and stock option and bonus awards described above, the committee considered all of the components of the compensation of Mr. Ayers and the other executive officers described above under Committee Process, as well as the advice of its compensation consultants. Based on this review, the committee concluded that the total compensation of the chief executive officer and the other executive officers of the company was reasonable and not excessive.

Compliance with Internal Revenue Code Section 162(m). Section 162(m) of the Internal Revenue Code of 1986, as amended, disallows a tax deduction to public companies for certain compensation in excess of $1,000,000 paid to the corporation s chief executive officer and four other most highly compensated executive officers. Certain performance-based compensation approved by the company s stockholders, including

option grants under the company s 2003 Plan, generally is not subject to the deduction limit. The company reviews periodically the potential consequences of Section 162(m), and in the future may decide to structure the performance-based portion of its executive officer compensation to comply with certain exemptions provided in Section 162(m). However, to maintain flexibility in compensating executive officers in a manner designed to achieve varying corporate goals, the committee does not have a policy that all compensation must be deductible.

By the compensation committee of the board of directors,

Robert J. Murray, Chairman
Thomas Craig
Errol B. De Souza, PhD
William T. End

STOCK PERFORMANCE GRAPH

This graph compares our total stockholder returns, the Standard & Poor s (S&P) MidCap 400 Health Care Index, the S&P SmallCap 600 Health Care Index and the Total Return Index for the NASDAQ Stock Market (U.S. Companies) prepared by the Center for Research in Security Prices (the NASDAQ Index). This graph assumes the investment of $100 on December 29, 2000 in IDEXX s common stock, the S&P MidCap 400 Health Care Index, the S&P SmallCap 600 Health Care Index and the NASDAQ Index and assumes dividends, if any, are reinvested. Measurement points are the last trading days of the years ended December 2000, 2001, 2002, 2003, 2004 and 2005.

	12/29/2000	12/31/2001	12/31/2002	12/31/2003	12/31/2004	12/30/2005
IDEXX Laboratories, Inc.	$ 100.00	$ 129.59	$ 149.32	$ 210.36	$ 248.14	$ 327.18
S&P MidCap 400 Health Care Index	100.00	94.71	74.71	108.35	124.54	146.69
S&P SmallCap 600 Health Care Index	100.00	101.42	82.64	108.52	132.83	147.39
NASDAQ Index	100.00	79.32	54.84	81.99	89.22	91.12

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The audit committee oversees the company s financial reporting process, internal controls, and audit functions on behalf of the board of directors and operates under a written charter adopted by the board, which is attached to this proxy statement as Appendix A. The members of the audit committee are independent directors, as defined by its charter and the rules of the NASDAQ Stock Market.

Management is responsible for the financial statements and the reporting process, including the system of internal controls. PricewaterhouseCoopers LLP, or PwC, the company s independent registered public accounting firm, is responsible for expressing an opinion as to whether these financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America and on management s assessment of the effectiveness of the company s internal controls over financial reporting. In addition, PwC will express its own opinion on the effectiveness of the company s internal control over financial reporting.

In performing its oversight responsibilities, the audit committee reviewed and discussed with management and PwC the audited consolidated financial statements of the company as of and for the fiscal year ended December 31, 2005, management s assessment of the effectiveness of the company s internal control over financial reporting, and PwC s evaluation of the company s internal control over financial reporting. The audit committee also discussed with PwC their judgment as to the quality, not just the acceptability, of the company s accounting principles and such other matters as are required by generally accepted auditing standards, including those described in Statement on Auditing Standards No. 61, *Communication with Audit Committees*.

In addition, the audit committee has discussed with the independent auditors the auditors independence from management and the company, including the matters in the written disclosures and letter from the independent auditors to the audit committee required by Independence Standard Board Standard No. 1, as amended, *Independent Discussions with Audit Committees*. The audit committee also has

considered whether the provision of nonaudit related services by the independent auditors is compatible with maintaining the independent auditors independence.

Based on the reviews, discussions and representations from management referred to above, the audit committee recommended to the board of directors (and the board has approved) that the audited financial statements be included in the company s Annual Report on Form 10-K for the year ended December 31, 2005 for filing with the Securities and Exchange Commission.

By the audit committee of the board of directors,

Brian P. McKeon, Chairman
Errol B. De Souza, PhD
William T. End

REQUIREMENTS, INCLUDING DEADLINES, FOR SUBMISSION OF PROXY

PROPOSALS, NOMINATION OF DIRECTORS AND OTHER BUSINESS OF STOCKHOLDERS

Stockholder proposals submitted pursuant to Rule 14a-8 under the SEC rules for inclusion in our proxy materials for our 2007 annual meeting of stockholders must be received by our corporate secretary at the address written in the next paragraph, by December 4, 2006. The deadline to submit a proposal for inclusion in our proxy materials for the 2006 annual meeting has passed.

Our amended and restated bylaws also establish an advance notice procedure that a stockholder must follow to nominate persons for election as directors or to introduce an item of business at an annual meeting of stockholders outside of the process under Rule 14a-8 described above. These procedures provide that nominations for director and/or an item of business to be introduced at an annual meeting of stockholders must be submitted in writing to the corporate secretary of IDEXX at One IDEXX Drive, Westbrook, Maine 04092. Our amended and restated bylaws provide that stockholder proposals must include certain information regarding the nominee for director and/or the item of business. We must receive the notice of your intention to introduce a nomination or proposed item of business, and all supporting information, at our 2007 annual meeting no later than March 4, 2007 or 60 days before the 2007 annual meeting of stockholders, whichever is later. If you fail to provide timely notice of a proposal to be presented at the 2007 annual meeting, the proxies designated by the board of directors will have discretionary authority to vote on any such proposal that may come before the meeting.

OTHER MATTERS

The board of directors knows of no other matters to be presented for stockholder action at the annual meeting. If, however, other matters do properly come before the annual meeting or any adjournments or postponements thereof, the board intends that the persons named in the proxies will vote upon such matters in accordance with their best judgment.

Householding of Annual Meeting Materials

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of our proxy statement or annual report may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of either document to you if you call or write us at the following address or telephone number: Investor Relations, IDEXX Laboratories, Inc., One IDEXX Drive, Westbrook, Maine, 04092, Telephone: 207-856-8155. If you want to receive separate copies of the annual report and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and telephone number.

The board of directors hopes that you will attend the annual meeting. Whether or not you plan to attend the annual meeting, you are urged to complete, date, sign and return the enclosed proxy in the accompanying envelope, or vote via the Internet or by telephone at your earliest convenience. If you attend the annual meeting, you can still vote your stock personally even though you may have already sent in your proxy.

By order of the board of directors,

Conan R. Deady, *Secretary*

April 3, 2006

APPENDIX A

IDEXX LABORATORIES, INC.

AUDIT COMMITTEE CHARTER

The Audit Committee is a committee of the Board of Directors of IDEXX Laboratories, Inc. Its primary function is to assist the Board in fulfilling its oversight responsibilities by overseeing the accounting, internal control and financial reporting processes and the audit process of the Company.

The Company s management is responsible for preparation, presentation and integrity of the Company s financial statements; the appropriateness of the accounting principles and reporting policies that are used by the Company; establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)); establishing and maintaining the effectiveness of disclosure controls and procedures (as defined in Rule 13a-15(f) of the Exchange Act); evaluating the effectiveness of internal control over financial reporting; and evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. The independent auditors are responsible for auditing the Company s financial statements and for reviewing the Company s unaudited interim financial statements as well as expressing an opinion on (i) management s assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting. The authority and responsibilities set forth in this Charter do not reflect or create any duty or obligation of the Audit Committee to plan or conduct any audit, to determine or certify that the Company s financial statements are complete, accurate, fairly presented, or in accordance with generally accepted accounting principles (GAAP) or applicable law, or to guarantee the independent auditor s report.

The Audit Committee will consist of at least three members of the Board of Directors. Each member of the Audit Committee shall be independent as defined by NASDAQ rules, meet the criteria for independence set forth in Rule 10A 3(b)(1) under the Exchange Act (subject to the exemptions provided in Rule 10A 3(c)), and not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. At least one member of the Audit Committee shall be an audit committee financial expert as defined under the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Each member of the Audit Committee must be able to read and understand fundamental financial statements, including the Company s balance sheet, income statement, and cash flow statement, at the time of his or her appointment to the Audit Committee. The Nominating and Governance Committee of the Board of Directors shall determine annually whether each member of the Audit Committee meets the requirements of this paragraph.

Audit Committee members and the Committee chairman shall be designated by the full Board of Directors upon recommendation of the Nominating and Governance Committee. The Board shall elect the Chairman of the Committee. The Chairman of the Committee shall periodically report to the Board regarding the activities of the Committee.

In meeting its responsibilities, the Audit Committee shall perform the following activities:

A. Oversight of the Independent Auditors and Audit Process:

1. The Audit Committee is solely responsible for appointing, evaluating, retaining, compensating and, when necessary, terminating the engagement of the independent auditors. The Audit Committee is empowered without further action of the Board, to cause the Company to pay the compensation of the independent auditors established by the Audit Committee.

2. The Audit Committee shall pre-approve all services associated with the annual audit to be provided to the Company by the independent auditor or other firms performing services on behalf of the independent auditor. The Audit Committee shall approve all other services (review, attest and non-audit) to be provided to the Company by the independent auditor; provided, however, that de minimis non-audit services may instead be approved in accordance with applicable SEC rules.

3.

The Audit Committee shall oversee the work of the independent auditors, who shall report directly to the Audit Committee. Such oversight shall include resolution of disagreements between management and the independent auditors regarding financial reporting.

4. The Audit Committee shall provide an open avenue of communication between the independent auditors and the Board of Directors.

5. The Audit Committee shall gain assurance, in writing, on the independence of the independent auditors, consistent with Independence Standards Board Standard No. 1. It is the responsibility of the Audit Committee to insure the objectivity and independence of the independent auditors and ensure that there are no conflicts of interest involving the independent auditors.

6. The Audit Committee shall conduct an annual review of the performance of the independent auditors, including a review of (1) the background and performance of partners and managers assigned to the Company s account, (2) quality control procedures established by the independent auditors, and (3) material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, and any steps taken to deal with any such issues.

7. The Audit Committee shall ascertain that (1) the lead (or concurring) audit partner from any public accounting firm performing audit services serves in that capacity for no more than five fiscal years of the Company and (2) any partner other than the lead or concurring partner serves no more than seven years at the partner level on the Company s audit

8. The Audit Committee shall set clear hiring policies for employees or former employees of the independent auditors.

9. The Audit Committee shall consider and review, with management, the rationale for employing audit firms other than the principal independent auditors.

B. Oversight of Internal Auditors:

1. The Audit Committee shall coordinate the Board of Directors oversight of the Company s internal control over financial reporting, disclosure controls and procedures and code of ethics. The Audit Committee shall receive and review the reports of the Chief Executive Officer and Chief Financial Officer required by Rule 13a-14 of the Exchange Act.

2. The Audit Committee shall review the charter, plans, activities, staffing and organizational structure of the internal audit function and shall review and concur in the appointment, replacement, reassignment, or dismissal of the Director of Internal Auditing or person having similar responsibilities. The Audit Committee will provide an open channel of communication between the internal auditors and the Board.

3. The Audit Committee shall consider and review with the internal auditors and management:

   a. the objectivity, independence and effectiveness of the internal auditors;

   b. the internal audit risk assessment process, audit scope and plans of the internal auditors;

   c. the coordination of effort with the independent auditors to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources;

   d. the quality and adequacy of the Company s internal accounting controls; and

   e. any significant findings and recommendations of the independent auditors and internal auditors together with management s responses thereto.

C. Oversight of the Financial Reporting Process:

1. The Audit Committee shall consider and review with management and the independent auditors prior to the filing of each periodic report:

a. the Company s financial statements and related footnotes;

b. the quality of the Company s earnings from a subjective and an objective standpoint;

c. judgments of the independent auditors about the quality of the Company s accounting principles as applied in its financial reporting for its financial statements;

d. any significant events or transactions occurring during the period being reported;

e. any changes in accounting estimates, policies and practices, unusual or significant commitments or liabilities, and legal and regulatory matters that may have a material impact on the financial statements;

f. the reports to be filed with the SEC and other published documents containing the Company s financial statements and consider whether the information contained in these documents is consistent with the information contained in the financial statements;

g. internal control matters required to be communicated to the Committee by management, including all significant deficiencies in the design or operation of internal controls that could adversely affect the Company s ability to record, process, summarize and report financial data, and any allegation of fraud that involves management or other employees who have a significant role in the Company s internal controls;

h. the process used by management to evaluate the effectiveness of disclosure controls and procedures and the results of management s evaluation of such effectiveness; and

i. the Company s earnings press release.

2. The Audit Committee shall consider and review with management and the independent auditors at the completion of the annual audit examination:

a. Report provided by the independent auditors on the following matters:

all critical accounting policies and practices in use;

all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative treatments, and the treatment preferred by the independent auditors; and

other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.

b. The independent auditors audit of the financial statements and report thereon, including any attestation report on management s assessment of the internal control system.

3. The Audit Committee shall consider whether it will recommend to the Board that the Company s audited financial statements be included in the Company s Annual Report on Form 10-K.

4. The Audit Committee shall review and discuss with the Company s management and independent auditor the Company s audited financial statements, including the matters about which Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards, AU §380) requires discussion.

D. Other Oversight Responsibilities:

1. The Audit Committee shall maintain procedures for:

a. the receipt, retention, and treatment of complaints regarding accounting, internal control, and auditing matters; and

b. the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

2. The Audit Committee shall periodically meet independently and in separate executive sessions with the internal auditors, the independent auditors, and management.

3. The Audit Committee shall prepare the report required by the rules of the SEC to be included in the Company s annual proxy statement.

4. The Audit Committee shall report Audit Committee actions to the Board of Directors with such recommendations, as it may deem appropriate.

5. The Audit Committee is authorized to conduct or instruct management to conduct investigations into any matters within its scope of responsibilities. The Audit Committee shall be empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation and the Company will provide appropriate funding for payment for such services, as determined by the Committee.

6. The Audit Committee shall review all related party transactions (defined as transactions required to be disclosed pursuant to Item 404 of Regulation S-K) on an ongoing basis, and all such transactions must be approved by the Audit Committee.

7. The Audit Committee shall review with management the Company s policies and procedures with respect to officers expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the internal auditor or the independent auditors.

8. The Audit Committee shall discuss with management the Company s major policies with respect to risk assessment and risk management, including insurance coverage.

9. The Audit Committee shall meet as frequently as required to fulfill the requirements of its charter or as circumstances require. The Audit Committee will ask members of management or others to attend the meeting and provide pertinent information as necessary.

10. The Audit Committee will perform such other functions as assigned by law, NASDAQ regulation, the Company s charter or by-laws, or the Board of Directors.

11. The Audit Committee shall review and update, if necessary, its charter at least annually.

12. The Audit Committee shall review the structure and function of the Company s Finance organization at least annually.

13. The Audit Committee shall periodically review critical accounting topics or processes of the Company as determined by the Chief Financial Officer, independent auditors or the Committee.

APPENDIX B

PROPOSED FORM OF
CERTIFICATE OF AMENDMENT
TO
CERTIFICATE OF INCORPORATION
OF
IDEXX LABORATORIES, INC.

IDEXX Laboratories, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the Corporation), DOES HEREBY CERTIFY:

FIRST: At a meeting of the Board of Directors of the Corporation held pursuant to notice duly given, the Board of Directors duly adopted a resolution pursuant to Section 242 of the General Corporation Law of the State of Delaware proposing and declaring advisable the following amendment to the Restated Certificate of Incorporation, as amended (the Certificate) of said Corporation.

RESOLVED: That the first paragraph of Article FOURTH of the Certificate be amended so that, as amended, said first paragraph of Article FOURTH shall read in its entirety as follows:

FOURTH: The aggregate number of shares which the Corporation shall have authority to issue is 120,500,000 of which (i) 120,000,000 shares shall be Common Stock, $0.10 par value per share (Common Stock), and (ii) 500,000 shares shall be Series Preferred Stock, $1.00 par value per share (Series Preferred Stock).

SECOND: That the foregoing amendment to the Corporation s Certificate was adopted by the holders of a majority of the outstanding shares of Common Stock at the Annual Meeting of Stockholders held on _____, 2006 pursuant to notice duly given.

IN WITNESS WHEREOF, said IDEXX Laboratories, Inc. has caused this Certificate to be signed by Jonathan W. Ayers, its President, Chief Executive Officer & Chairman, and attested by Conan R. Deady, its Vice President and Secretary, this ___ day of _____, 2006.

IDEXX LABORATORIES, INC.

By: /s/Jonathan W. Ayers
Jonathan W. Ayers
President, Chief Executive Officer
and Chairman

ATTEST:

By: /s/Conan R. Deady
Conan R. Deady
Vice President and Secretary

ANNUAL MEETING OF STOCKHOLDERS OF

IDEXX LABORATORIES, INC.

May 10, 2006

Please date, sign and mail your proxy card in the envelope provided as soon as possible.

Please detach along perforated line and mail in the envelope provided.

IDEXX LABORATORIES, INC.

Proxy for Annual Meeting of Stockholders
To Be Held on May 10, 2006

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY

The undersigned, revoking all prior proxies, hereby appoint(s) Jonathan W. Ayers, William T. End and Conan R. Deady, and each of them, with full power of substitution, as proxies to represent and vote, as designated herein, all shares of Common Stock of IDEXX Laboratories, Inc. (the Company) which the undersigned would be entitled to vote if personally present at the Annual Meeting of Stockholders of the Company to be held at the Portland Marriott Hotel, 200 Sable Oaks Drive, South Portland, Maine, on Wednesday, May 10, 2006 at 10:00 a.m., local time, and at any adjournment thereof.

In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the meeting or any adjournment thereof.

(Continued and to be signed on the reverse side)

ANNUAL MEETING OF STOCKHOLDERS OF

IDEXX LABORATORIES, INC.

May 10, 2006

PROXY VOTING INSTRUCTIONS

MAIL - Date, sign and mail your proxy card in the envelope provided as soon as possible.

-OR-

TELEPHONE - Call toll-free 1-800-PROXIES from any touch-tone telephone and follow the instructions. Have your proxy card available when you call.

-OR-

INTERNET - Access "www.voteproxy.com" and follow the on-screen instructions. Have your proxy card available when you access the the web page.

COMPANY NUMBER:

ACCOUNT NUMBER:

Electronic Distribution

If you would like to receive future IDEXX Laboratories, Inc. proxy statements and annual reports electronically, please visit http://www.amstock.com. Click on Shareholder Account Access to enroll. Please enter your tax identification number and account number to log in, then select Receive Company Mailings via Email.

Please Detach along perforated line and mail in the envelope provided IF you are not voting via telephone or via the Internet.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER(S). IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR PROPOSALS 1, 2 AND 3. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE [X]

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1. Election of Directors. To elect three CLASS I Directors for three-year terms (Proposal One);

[ ] FOR ALL NOMINEES

[ ] WITHHOLD AUTHORITY FOR ALL NOMINEES

NOMINEES
o William T. End
o Barry C. Johnson, PhD
o Brian P. McKeon

	FOR	AGAINST	ABSTAIN
2. Amendment to Restated Certificate of Incorporation. To approve an amendment to the company s Restated Certificate of Incorporation increasing the number of authorized shares of common stock from 60,000,000 to 120,000,000 shares. (Proposal Two); and	[ ]	[ ]	[ ]
3. Ratification of Appointment of Independent Registered Public Accounting Firm. To ratify the selection by the audit committee of the board of directors of PricewaterhouseCoopers LLP as the	[ ]	[ ]	[ ]

	FOR	AGAINST	ABSTAIN
[ ] FOR ALL EXCEPT (See instructions below)	company's independent registered public accounting firm for the current fiscal year. (Proposal Three); and		
	4. Other Business. To conduct such other business as may properly come before the annual meeting.		

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. [ ]

SIGNATURE OF STOCKHOLDER	DATE	SIGNATURE OF STOCKHOLDER	DATE

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

t size="2" face="Times New Roman" style="font-size:10.0pt;">)

Net income (loss)

$

144,953

$

76,177

$

75,048

$

(138,029

)

$

(248,663

)

Net (income) loss attributable to noncontrolling interests

(287

)

(379

)

1,100

2,335

2,133

Net income (loss) attributable to Sinclair Broadcast Group

$

144,666

$

75,798

$

76,148

$

(135,694

)

$

(246,530

)

Earnings (Loss) Per Common Share Attributable to Sinclair Broadcast Group:

Basic earnings (loss) per share from continuing operations

$

1.78

$

0.95

$

0.96

$

(1.70

)

$

(2.87

)

Basic earnings (loss) per share

$

1.79

$

0.94

$

0.95

$

(1.70

)

$

(2.87

)

Diluted earnings (loss) per share from continuing operations

$

1.78

$

0.95

$

0.95

$

(1.70

)

$

(2.87

)

Diluted earnings (loss) per share

$

1.78

$

0.94

$

0.94

$

(1.70

)

$

(2.87

)

Dividends declared per share

$	1.54
$	0.48
$	0.43
$	
$	0.80

(a) Net broadcast revenues is defined as broadcast revenues, net of agency commissions.

(b) Depreciation and amortization includes depreciation and amortization of property and equipment and amortization of definite-lived intangible assets and other assets.

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2012. The table should be read in conjunction with our historical financial statements and their notes incorporated by reference in this prospectus.

		As of December 31, 2012 (dollars in thousands)
Cash and cash equivalents **(a)**	$	22,865
Current portion of debt:		
Senior term loan A, current portion		23,313
Senior term loan B, current portion		7,025
Notes, capital leases payable to affiliates, commercial bank financing and other, current portion **(a)**		18,988
Total current	$	49,326
Long-term debt:		
Revolving credit facility	$	48,000
Senior term loan A, less current portion		240,563
Senior term loan B, less current portion		580,631
Capital leases and other, less current portion		41,016
Notes and capital leases to affiliates, less current portion		13,187
3.0% convertible senior notes due 2027		5,400
4.875% convertible senior notes due 2018		5,685
9.25% senior secured second lien notes due 2017		500,000
6.125% senior unsecured notes due 2022		500,000
8.375% senior unsecured notes due 2018		237,530
Other debt including discount and premium **(a)**		52,041
Total long-term	$	2,224,053
Total debt **(a)**	$	2,273,379
Class A Common Stock	$	523
Class B Common Stock		289
Additional paid in capital		600,928
Accumulated deficit		(713,697)
Accumulated other comprehensive loss		(4,993)
Total Sinclair Broadcast Group Shareholders equity (deficit)	$	(116,950)
Noncontrolling interest		16,897
Total equity (deficit)	$	(100,053)
Total capitalization	$	2,173,326

(a) Total debt includes $68.3 million of nonrecourse debt related to our consolidated variable interest entities (each a VIE) and other operating division companies. In addition, cash includes $15.4 million from VIEs and other operating division companies.

USE OF PROCEEDS

The Issuer will not receive any proceeds from the issuance of the exchange notes in the exchange offer. The exchange offer is intended to satisfy certain obligations under the registration rights agreement that the Issuer entered into in connection with the issuance of original notes.

We received net proceeds of approximately $589.6 million, after deducting commissions and fees and expenses relating to the initial offering. Such net proceeds are expected to be used to pay off the balance under the Revolver and to pay down outstanding amounts under term loan B under the Bank Credit Agreement. The aggregate amount outstanding under the Revolver was $37.5 million, which incurred interest at a rate of 3.00%, and the aggregate amount outstanding under term loan B was $587.7 million, which incurred interest as a rate of 4.00%, in each case as of March 18, 2013. The Revolver and term loan B under the Bank Credit Agreement mature in March 2016. Affiliates of each of the initial purchasers of the original notes are existing lenders under the Bank Credit Agreement and are expected to receive a portion of the net proceeds of the original offering to the extent that such proceeds are used to pay down outstanding indebtedness under the Bank Credit Agreement. See Summary Recent Developments.

THE EXCHANGE OFFER

Original Issuance of the Original Notes

On April 2, 2013, the Issuer issued original notes in an aggregate principal amount of $600,000,000 to the initial purchasers. Because such issuance of the original notes was not a transaction registered under the Securities Act, the original notes were offered by the initial purchasers only (i) in the United States, to qualified institutional buyers, as that term is defined in Rule 144A under the Securities Act, in a private transaction in reliance upon an exemption from the registration requirements of the Securities Act, and (ii) outside the United States, to persons other than U.S. persons in offshore transactions in reliance upon Regulation S under the Securities Act.

Registration Rights Agreement

The Issuer and the guarantors entered into a registration rights agreement with the initial purchasers on April 2, 2013. In that agreement, the Issuer agreed for the benefit of the holders of the original notes that the Issuer would use its reasonable best efforts to file with the SEC and cause to become effective a registration statement relating to an offer to exchange the original notes for an issue of SEC-registered notes with terms identical to the original notes (except that the exchange notes will not be subject to restrictions on transfer or to any increase in annual interest rate as described below).

When the SEC declares the exchange offer registration statement effective, the Issuer will offer the exchange notes in return for the original notes. The exchange offer will remain open for at least 20 business days after the date the Issuer mails notice of the exchange offer to noteholders. For each outstanding note surrendered to the Issuer under the exchange offer, the noteholder will receive an exchange note of equal principal amount. Interest on each exchange note will accrue from the last interest payment date on which interest was paid on the original notes or, if no interest has been paid on the original notes, from the closing date.

If applicable interpretations of the staff of the SEC do not permit the Issuer to effect the exchange offer, the Issuer will use its reasonable best efforts to cause to become effective a shelf registration statement relating to resales of the exchange notes and to keep that shelf registration statement effective during the time period specified in the registration rights agreement, or such shorter period that will terminate when all exchange notes covered by the shelf registration statement have been sold. The Issuer will, in the event of such a shelf registration, provide to each noteholder copies of the prospectus that is a part of the shelf registration statement, notify each noteholder when the shelf registration statement has become effective and take certain other actions to permit resales of the exchange notes. A noteholder that sells exchange notes under the shelf registration statement generally will be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with those sales and will be bound by the provisions of the registration rights agreement that are applicable to such a noteholder (including certain indemnification obligations).

If the exchange offer is not completed (or, if required, the shelf registration statement is not declared effective) on or before the date that is 270 days after the closing date (the Target Registration Date), the annual interest rate borne by the exchange notes will be increased (i) 0.25% per annum for the first 90-day period immediately following the Target Registration Date and (ii) an additional 0.25% per annum with respect to each subsequent 90-day period, in each case until the earlier of the second anniversary of the issue date of the exchange notes and the date that the exchange offer is completed or, if required, the shelf registration statement is declared effective, up to a maximum of 1.00% per annum of additional interest. All references to interest in the indenture that will govern the exchange notes and the section titled Description of the Exchange Notes of this prospectus shall include any additional interest that the Issuer is required to pay pursuant to the registration rights

agreement.

If the Issuer effects the exchange offer, the Issuer will be entitled to close the exchange offer not earlier than 20 business days after its commencement, provided that the Issuer has accepted all exchange notes validly surrendered in accordance with the terms of the exchange offer. Original notes not tendered in the exchange offer shall bear interest at the rate set forth on the cover page of this prospectus and be subject to all the terms and conditions specified in the indenture, including transfer restrictions.

The preceding is a summary of the material terms and provisions of the registration rights agreement. A copy of the registration rights agreement is available from us upon request.

Transferability of the Exchange Notes

Based on an interpretation of the Securities Act by the staff of the SEC in several no-action letters issued to third parties not related to the Issuer, the exchange notes would, in general, be freely tradable after the completion of the exchange offer without further compliance with the registration and prospectus delivery requirements of the Securities Act. However, any participant in the exchange offer described in this prospectus who is an affiliate of the Issuer or who intends to participate in the exchange offer for the purpose of distributing the exchange notes:

- will not be able to rely on the interpretations of the SEC staff;

- will not be entitled to participate in the exchange offer; and

- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the original notes unless such sale or transfer is made pursuant to an exemption from such requirement.

Each holder of original notes who wishes to exchange original notes for exchange notes pursuant to the exchange offer will be required to represent that:

- it is not an affiliate of the Issuer;

- the exchange notes are being acquired in the ordinary course of business of the person receiving the exchange notes, whether or not the person is the holder;

- at the time of the exchange offer, it has no arrangement with any person to participate in the distribution (within the meaning of the Securities Act) of the exchange notes; and

- at the time of the exchange offer, it is not engaged in and does not intend to engage in, a distribution of the exchange notes.

To participate in the exchange offer, you must represent as the holder of original notes that each of these statements is true.

In addition, in connection with any resales of the exchange notes, any broker-dealer that acquired exchange notes for its own account as a result of market-making or other trading activities, which is referred to as an exchanging broker-dealer, must deliver a prospectus meeting the requirements of the Securities Act. The SEC has taken the position that exchanging broker-dealers may fulfill their prospectus delivery requirements with respect to the exchange notes with the prospectus contained in the registration statement for the exchange offer. Under the registration rights agreements, exchanging broker-dealers and any other person, if any, subject to similar prospectus delivery requirements, will be allowed to use this prospectus in connection with the resale of exchange notes.

The Exchange Offer

Upon the terms and subject to the conditions in this prospectus and in the letter of transmittal, the Issuer will accept any and all original notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on June 24, 2013. The Issuer will issue $1,000 principal amount of exchange notes in exchange for each $1,000 principal amount of original notes accepted in the exchange offer. Holders may tender some or all of their original notes pursuant to the exchange offer. Original notes may be tendered only in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The form and terms of the exchange notes are the same as the form and terms of the original notes except that:

- the exchange notes have been registered under the Securities Act and will not bear any legend restricting their transfer;
- the exchange notes bear a different CUSIP number from the original notes; and
- after consummation of the exchange offer, holders of the exchange notes will not be entitled to any rights under the registration rights agreement, including the provisions for an increase in the interest rate on the original notes in some circumstances relating to the timing of the exchange offer.

The exchange notes will evidence the same debt as the original notes. Holders of exchange notes will be entitled to the benefits of the indenture under which the original notes were issued.

As of the date of this prospectus, $600,000,000 in aggregate principal amount of original notes was outstanding. The exchange offer will be conducted in accordance with the applicable requirements of the Securities Act, the Securities Exchange Act of 1934, as amended (the Exchange Act), and the rules and regulations of the SEC under the Securities Act and the Exchange Act.

Interest on the Exchange Notes

The exchange notes will bear interest from the most recent interest payment date to which interest has been paid on the original notes. Interest on the original notes accepted for exchange will cease to accrue upon the issuance of the exchange notes.

Interest on the exchange notes is payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2013, to the Person in whose name the exchange note (or any predecessor note) is registered at the close of business on the March 15 or September 15 immediately preceding such interest payment date.

Conditions to the Exchange Offer

Notwithstanding any other provisions of the exchange offer, or any extension of the exchange offer, the Issuer will not be required to issue exchange notes, and the Issuer may terminate the exchange offer or, at its option, modify, extend or otherwise amend the exchange offer, if, prior to the expiration date of the exchange offer, as it may be extended from time to time:

- the exchange offer, or the making of any exchange by a holder, violates any applicable law, rule or regulation or any applicable interpretation of the staff of the SEC;

- any action or proceeding shall have been instituted or threatened with respect to the exchange offer which would materially impair the Issuer s ability to proceed with the exchange offer;

- not all governmental approvals that the Issuer deems necessary for the consummation of the exchange offer have been obtained; or

- the trustee with respect to the indenture for the original notes and exchange notes shall have (i) objected in any respect to, or taken any action that could, in the reasonable judgment of the Issuer, adversely affect the consummation of the exchange offer or the exchange of exchange notes for original notes under the exchange offer, or (ii) taken any action that challenges the validity or effectiveness of the procedures

used in making the exchange offer or the exchange of the original notes under the exchange offer.

The foregoing conditions are for the sole benefit of the Issuer and may be waived by it in whole or in part in its absolute discretion. Any determination made by the Issuer concerning an event, development or circumstance described or referred to above shall be conclusive and binding.

If any of the foregoing conditions are not satisfied or waived on the expiration date of the exchange offer, the Issuer may:

- terminate the exchange offer and return all tendered original notes to the holders thereof;

- modify, extend or otherwise amend the exchange offer and retain all tendered original notes until the expiration date, as extended, subject, however, to the withdrawal rights of holders (See Withdrawal of Tenders and Expiration Date; Extensions; Amendments; Termination); or

- waive the unsatisfied conditions with respect to the exchange offer and accept all original notes tendered and not previously withdrawn.

The Issuer reserves the right, in its absolute discretion, to purchase or make offers to purchase any original notes that remain outstanding subsequent to the expiration date for the exchange offer and, to the extent permitted by applicable law, purchase original notes in the open market, in privately negotiated transactions or otherwise. The terms of any such purchases or offers could differ from

the terms of the exchange offer. Any purchase or offer to purchase will not be made except in accordance with applicable law and will in no event be made prior to the expiration of ten business days after the expiration date.

Certain Consequences to Holders of Original Notes Not Tendering in the Exchange Offer

Consummation of the exchange offer may have adverse consequences to holders of original notes who elect not to tender their notes in the exchange offer. In particular, the trading market for unexchanged original notes could become more limited than the existing trading market for the original notes and could cease to exist altogether due to the reduction in the amount of original notes outstanding upon consummation of the exchange offer. A more limited trading market might adversely affect the liquidity, market price and price volatility of the original notes. If a market for unexchanged original notes exists or develops, the original notes may trade at a discount to the price at which they would trade if the amount outstanding were not reduced. There can, however, be no assurance that an active market in the unexchanged original notes will exist, develop or be maintained or as to the prices at which the unexchanged original notes may be traded. This would result in less protection for holders of unexchanged original notes. See Risk Factors If you do not properly tender your original notes, your ability to transfer them will be adversely affected.

Expiration Date; Extensions; Amendments; Termination

For purposes of the exchange offer, the term expiration date means 5:00 p.m., New York City time, on June 24, 2013 subject to the right to extend such date and time for the exchange offer in the absolute discretion of the Issuer, in which case the expiration date means the latest date and time to which the exchange offer is extended.

The Issuer reserves the right, in its absolute discretion, to (i) extend the exchange offer, (ii) terminate the exchange offer if a condition to its obligation to deliver the exchange notes is not satisfied or waived on the expiration date, as extended, or (iii) amend the exchange offer by giving oral or written notice of such delay, extension, termination or amendment to the exchange agent. If the Issuer amends the exchange offer in a manner it determines constitutes a material change (including the waiver of a material condition), the Issuer will extend the exchange offer for a period of five to ten business days, depending upon the significance of the amendment and the manner of disclosure, if the exchange offer would otherwise expire during the five to ten business day period.

The Issuer will promptly announce any extension, amendment or termination of the exchange offer by issuing a press release. The Issuer will announce any extension of the expiration date no later than 9:00 a.m., New York City time, on the first business day after the previously scheduled expiration date. The notice of extension will disclose the aggregate principal amount of the original notes that have been tendered as of the date of such notice. The Issuer has no other obligation to publish, advertise or otherwise communicate any information about any extension, amendment or termination.

Settlement Date

The exchange notes will be issued in exchange for the original notes in the exchange offer on the settlement date, which will be promptly following the expiration date of the exchange offer. The Issuer will not be obligated to deliver exchange notes unless the exchange offer is consummated.

Effect of Tender

Any tender by a holder (and the subsequent acceptance of such tender) of original notes will constitute a binding agreement between that holder and the Issuer upon the terms and subject to the conditions of the exchange offer described herein and in the letter of transmittal. The acceptance of the exchange offer by a tendering holder of the original notes will constitute the agreement by that holder to deliver good and marketable title to the tendered original notes, free and clear of any and all liens, restrictions, charges, pledges, security interests, encumbrances or rights of any kind of third parties.

Letter of Transmittal; Representations, Warranties and Covenants of Holders of Original Notes

Upon the submission of a properly completed letter of transmittal, or agreement to the terms of the letter of transmittal pursuant to an agent s message, a holder, or the beneficial holder of such original notes on behalf of which the holder has tendered, will, subject to that holder s ability to withdraw its tender, and subject to the terms and conditions of the exchange offer generally, be deemed, among other things, to:

- irrevocably sell, assign and transfer to or upon the Issuer s order or the order of its nominee all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of such holder s status as a holder of, all original notes tendered thereby, such that thereafter it shall have no contractual or other rights or claims in law or equity against the Issuer or any fiduciary, trustee, fiscal agent or other person connected with the original notes arising under, from or in connection with such original notes;

- waive any and all rights with respect to the original notes tendered thereby (including, without limitation, any existing or past defaults and their consequences in respect of such original notes); and

- release and discharge the Issuer and the trustee under the indenture governing the original notes from any and all claims such holder may have, now or in the future, arising out of or related to the original notes tendered thereby, including, without limitation, any claims that such holder is entitled to receive additional principal or interest payments with respect to the original notes tendered thereby or to participate in any redemption or defeasance of the original notes tendered thereby.

In addition, such holder of original notes will be deemed to represent, warrant and agree that:

- it has received and reviewed this prospectus;

- it is the beneficial owner (as defined below) of, or a duly authorized representative of one or more such beneficial owners of, the original notes tendered thereby and it has full power and authority to execute the letter of transmittal;

- the original notes being tendered thereby were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and the Issuer will acquire good, indefeasible and unencumbered title to such original notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when the Issuer accepts the same;

- it will not sell, pledge, hypothecate or otherwise encumber or transfer any original notes tendered thereby from the date of the letter of transmittal and agrees that any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;

- in evaluating the exchange offer and in making its decision whether to participate therein by submitting a letter of transmittal and tendering its original notes, such holder has made its own independent appraisal of the matters referred to herein and in any related communications and is not relying on any statement, representation or warranty, express or implied, made to such holder by the Issuer, the trustee or the exchange agent other than those contained in this prospectus (as amended or supplemented to the expiration date);

- the execution and delivery of the letter of transmittal shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with any of the foregoing, in each case on and subject to the terms and conditions set out or referred to in this prospectus;

- the submission of the letter of transmittal to the exchange agent shall, subject to a holder s ability to withdraw its tender prior to the expiration date, and subject to the terms and conditions of the exchange offer, constitute the irrevocable appointment of the exchange agent as its attorney and agent, and an irrevocable instruction to such attorney and agent to complete and execute all or any form(s) of transfer and other document(s) at the discretion of such attorney and agent in relation to the original notes tendered thereby in favor of the Issuer or such other person or persons as it may direct and to deliver such form(s) of transfer and other document(s) in the attorney s and agent s discretion and/or the certificate(s) and other document(s) of title relating to such original notes registration and to execute all such other documents and to do all such other acts and things as may be in the opinion of such attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the exchange offer, and to vest in the Issuer or its nominees such original notes;

- it is acquiring the registered notes in its ordinary course of business and has no arrangement or understanding with any person to participate in the distribution of the registered securities to be received in the exchange offer;

- if it is a broker-dealer holding original notes acquired for its own account as a result of market-making or other trading activities, it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the registered notes received pursuant to the exchange offer (provided, that, by so agreeing and by delivering a prospectus, any such broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act); and

- the terms and conditions of the exchange offer shall be deemed to be incorporated in, and form a part of, the letter of transmittal which shall be read and construed accordingly.

The representations and warranties and agreements of a holder tendering original notes shall be deemed to be repeated and reconfirmed on and as of the expiration date and the settlement date. For purposes of this prospectus, the beneficial owner of any original notes shall mean any holder that exercises investment discretion with respect to such original notes.

Absence of Dissenters Rights

Holders of the original notes do not have any appraisal or dissenters rights in connection with the exchange offer.

Acceptance of Original Notes Tendered; Delivery of Exchange Notes

On the settlement date, exchange notes to be issued in partial or full exchange for original notes in the exchange offer, if consummated, will be delivered in book-entry form.

The Issuer will be deemed to have accepted validly tendered original notes that have not been validly withdrawn as provided in this prospectus when, and if, the Issuer has given oral or written notice thereof to the exchange agent. Subject to the terms and conditions of the exchange offer, delivery of the exchange notes through the settlement date will be made by the exchange agent on the settlement date upon receipt of such notice. The exchange agent will act as agent for tendering holders of the original notes for the purpose of receiving original notes and transmitting exchange notes as of the settlement date. If any tendered original notes are not accepted for any reason set forth in the terms and conditions of the exchange offer, such unaccepted original notes will be returned without expense to the tendering holder promptly after the expiration or termination of the exchange offer.

Procedures for Tendering Original Notes

A holder of original notes who wishes to accept the exchange offer, and whose original notes are held by a custodial entity such as a bank, broker, dealer, trust company or other nominee, must instruct this custodial entity to tender such holder s original notes on the holder s behalf pursuant to the procedures of the custodial entity.

To tender in the exchange offer, a holder of original notes must either (i) complete, sign and date the letter of transmittal (or a facsimile thereof) in accordance with its instructions (including guaranteeing the signature(s) to the letter of transmittal, if required), and mail or otherwise deliver such letter of transmittal or such facsimile, together with the certificates representing the original notes specified therein, to the exchange agent at the address set forth in the letter of transmittal for receipt on or prior to the expiration date or (ii) comply with the Automated Tender Offer Program (ATOP) procedures for book-entry transfer or guaranteed delivery procedures described below on or prior to the expiration date.

The letter of transmittal (or facsimile thereof), with any required signature guarantees, or (in the case of book-entry transfer) an agent s message in lieu of the letter of transmittal, and any other required documents, must be transmitted to and received by the exchange agent on or prior to the expiration date of the exchange offer at one of its addresses set forth in this prospectus. Original notes will not be deemed surrendered until the letter of transmittal and signature guarantees, if any, or agent s message, are received by the exchange agent.

The method of delivery of original notes, the letter of transmittal, and all other required documents to the exchange agent is at the election and risk of the holder. Instead of delivery by mail, holders should use an overnight or hand delivery service, properly insured. In all cases, sufficient time should be allowed to assure delivery to and receipt by the exchange agent on or before the expiration date. Do not send the letter of transmittal or any original notes to anyone other than the exchange agent.

If you are tendering your original notes in exchange for exchange notes and anticipate delivering your letter of transmittal and other documents other than through DTC, you are urged to contact promptly a bank, broker or other intermediary (that has the capability to

hold notes custodially through DTC) to arrange for receipt of any exchange notes to be delivered pursuant to the exchange offer and to obtain the information necessary to provide the required DTC participant with account information in the letter of transmittal.

Book-Entry Delivery Procedures for Tendering Original Notes Held with DTC

If you wish to tender original notes held on your behalf by a nominee with DTC, you must (i) inform your nominee of your interest in tendering your original notes pursuant to the exchange offer, and (ii) instruct your nominee to tender all original notes you wish to be tendered in the exchange offer into the exchange agent s account at DTC on or prior to the expiration date. Any financial institution that is a nominee in DTC, including Euroclear and Clearstream, must tender original notes by effecting a book-entry transfer of the original notes to be tendered in the exchange offer into the account of the exchange agent at DTC by electronically transmitting its acceptance of the exchange offer through the ATOP procedures for transfer. DTC will then verify the acceptance, execute a book-entry delivery to the exchange agent s account at DTC, and send an agent s message to the exchange agent. An agent s message is a message, transmitted by DTC to and received by the exchange agent and forming part of a book-entry confirmation, which states that DTC has received an express acknowledgement from an organization that participates in DTC (a participant) tendering original notes that the participant has received and agrees to be bound by the terms of the letter of transmittal and that Issuer may enforce the agreement against the participant. A letter of transmittal need not accompany tenders effected through ATOP.

Holders of original notes who are unable to deliver confirmation of the book-entry tender of their original notes into the exchange agent s account at DTC or all other documents required by the letter of transmittal to the exchange agent on or prior to the expiration date must tender their original notes according to the guaranteed delivery procedures described below.

Guaranteed Delivery Procedures

Holders wishing to tender their original notes but whose original notes are not immediately available or who cannot deliver their original notes, the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC s ATOP system prior to the expiration date may tender if:

- the tender is made through an eligible guarantor institution;

- prior to the expiration date, the exchange agent receives from such eligible guarantor institution either a properly completed and duly executed notice of guaranteed delivery, by facsimile transmission, mail or hand delivery, or a properly transmitted agent s message and notice of guaranteed delivery: (i) setting forth the name and address of the holder, the registered number(s) of such original notes and the principal amount of original notes tendered, (ii) stating that the tender is being made thereby; and (iii) guaranteeing that, within three (3) business days after the expiration date, the letter of transmittal, or facsimile of the letter of transmittal, together with the original notes or a book-entry confirmation, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and

- the exchange agent receives such properly completed and executed letter of transmittal, or facsimile of the letter of transmittal, as well as all tendered original notes in proper form for transfer or a book-entry confirmation, and all other documents required by the letter of

transmittal, within such three (3) business days after the expiration date.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their original notes according to the guaranteed delivery procedures set forth above.

Proper Execution and Delivery of Letter of Transmittal

Signatures on a letter of transmittal or notice of withdrawal described below (see Withdrawal of Tenders), as the case may be, must be guaranteed by an eligible institution unless the original notes tendered pursuant to the letter of transmittal are tendered (i) by a holder who has not completed the box entitled Special Delivery Instructions or Special Issuance and Payment Instructions on the letter of transmittal or (ii) for the account of an eligible institution. If signatures on a letter of transmittal, or notice of withdrawal, are required to be guaranteed, such guarantee must be made by an eligible institution.

If the letter of transmittal is signed by the holder(s) of original notes tendered thereby, the signature(s) must correspond with the name(s) as written on the face of the original notes without alteration, enlargement or any other change whatsoever. If any of the original notes tendered thereby are held by two or more holders, all such holders must sign the letter of transmittal. If any of the

original notes tendered thereby are registered in different names on different original notes, it will be necessary to complete, sign and submit as many separate letters of transmittal, and any accompanying documents, as there are different registrations of certificates.

If original notes that are not tendered for exchange pursuant to the exchange offer are to be returned to a person other than the holder thereof, certificates for such original notes must be endorsed or accompanied by an appropriate instrument of transfer, signed exactly as the name of the registered owner appears on the certificates, with the signatures on the certificates or instruments of transfer guaranteed by an eligible institution.

If the letter of transmittal is signed by a person other than the holder of any original notes listed therein, such original notes must be properly endorsed or accompanied by a properly completed note power, signed by such holder exactly as such holder s name appears on such original notes. If the letter of transmittal or any original notes, note powers or other instruments of transfer are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Issuer, evidence satisfactory to the Issuer of their authority to so act must be submitted with the letter of transmittal.

No alternative, conditional, irregular or contingent tenders will be accepted. By executing the letter of transmittal (or facsimile thereof), the tendering holders of original notes waive any right to receive any notice of the acceptance for exchange of their original notes. Tendering holders should indicate in the applicable box in the letter of transmittal the name and address to which payments, and/or substitute certificates evidencing original notes for amounts not tendered or not exchanged are to be issued or sent, if different from the name and address of the person signing the letter of transmittal. If no such instructions are given, original notes not tendered or exchanged will be returned to such tendering holder.

All questions as to the validity, form, eligibility (including time of receipt), and acceptance and withdrawal of tendered original notes will be determined by the Issuer in its absolute discretion, which determination will be final and binding. The Issuer reserves the absolute right to reject any and all tendered original notes determined by it not to be in proper form or not to be tendered properly or any tendered original notes the acceptance of which would, in the opinion of its counsel, be unlawful. The Issuer also reserves the right to waive, in its absolute discretion, any defects, irregularities or conditions of tender as to particular original notes, whether or not waived in the case of other original notes. The Issuer s interpretation of the terms and conditions of the exchange offer (including the instructions in the letter of transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured within such time as the Issuer shall determine. Although the Issuer intends to notify holders of defects or irregularities with respect to tenders of original notes, none of the Issuer, the exchange agent nor any other person will be under any duty to give such notification or shall incur any liability for failure to give any such notification. Tenders of original notes will not be deemed to have been made until such defects or irregularities have been cured or waived.

Any holder whose original notes have been mutilated, lost, stolen or destroyed will be responsible for obtaining replacement securities or for arranging for indemnification with the trustee of the original notes. Holders may contact the exchange agent for assistance with such matters.

Withdrawal of Tenders

You may withdraw tenders of original notes at any time prior to 5:00 p.m., New York City time, on June 24, 2013. Tenders of original notes may not be withdrawn after that time unless the exchange offer is extended with changes in the terms of the exchange offer that are, in the Issuer s reasonable judgment, materially adverse to the tendering holders of the original notes.

For a withdrawal of a tender to be effective, a written or facsimile transmission notice of withdrawal must be received by the exchange agent prior to the deadline described above at one of its addresses set forth in this prospectus. The withdrawal notice must specify the name of the person who tendered the original notes to be withdrawn, must contain a description of the original notes to be withdrawn, the certificate numbers shown on the particular certificates evidencing such original notes, if applicable, and the aggregate principal amount represented by such original notes; and must be signed by the holder of such original notes in the same manner as the original signature on the letter of transmittal (including any required signature guarantees) or be accompanied by evidence satisfactory to the Issuer that the person withdrawing the tender has succeeded to the beneficial ownership of the original notes. In addition, the notice of withdrawal must specify, in the case of original notes tendered by delivery of certificates for such original notes, the name of the registered holder (if different from that of the tendering holder) or, in the case of original notes tendered by book-entry transfer, the name and number of the account at DTC to be credited with the withdrawn original notes. The signature on the notice of withdrawal must be guaranteed by an eligible institution unless the original notes have been tendered for the account of an eligible institution.

Withdrawal of tenders of original notes may not be rescinded, and any original notes properly withdrawn will thereafter be deemed not validly tendered for purposes of the exchange offer. Properly withdrawn original notes may, however, be retendered by the holder again following one of the procedures described in Procedures for Tendering Original Notes prior to the expiration date.

Accounting Treatment

The exchange notes will be recorded at the same carrying value as the original notes. The carrying value is the face value. Accordingly, the Issuer will recognize no gain or loss for accounting purposes. The expenses of the exchange offer will be expensed over the term of the exchange notes.

Exchange Agent

U.S. Bank National Association, a national banking association organized under the laws of the United States of America, has been appointed the exchange agent for the exchange offer. Letters of transmittal and all correspondence in connection with the exchange offer should be sent or delivered by each holder of original notes, or a beneficial owner s commercial bank, broker, dealer, trust company or other nominee, to the exchange agent at the following address and telephone number:

U.S. Bank National Association

60 Livingston Ave.

Saint Paul, Minnesota 55107
Attention: Corporate Trust Services/Specialized Finance

Phone: 1-800-934-6802 option number 7

Additionally, any questions concerning tender procedures and requests for additional copies of this prospectus or the letter of transmittal should be directed to the exchange agent. Holders of original notes may also contact their commercial bank, broker, dealer, trust company or other nominee for assistance concerning the exchange offer.

DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

Other Fees and Expenses

The Issuer will bear the expenses of soliciting tenders of the original notes. The principal solicitation is being made by mail; additional solicitations may, however, be made by telegraph, facsimile transmission, telephone or in person by the exchange agent, as well as by the Issuer s

officers and other employees and those of their affiliates.

Tendering holders of original notes will not be required to pay any fee or commission. If, however, a tendering holder handles the transaction through its broker, dealer, commercial bank, trust company or other institution, such holder may be required to pay brokerage fees or commissions.

DESCRIPTION OF THE EXCHANGE NOTES

We will issue the exchange notes pursuant to an Indenture (the Indenture) dated as of October 12, 2012, among the Issuer, the guarantors and U.S. Bank National Association, as trustee. The terms of the exchange notes include those stated in the Indenture and those made a part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act).

The following summary of the material provisions of the Indenture does not purport to be complete, and where reference is made to particular provisions of the Indenture, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of the Indenture and those terms made a part of the Indenture by reference to the Trust Indenture Act. For definitions of certain capitalized terms used in the following summary, see Certain Definitions. References in this section to Company mean Sinclair Broadcast Group, Inc., a Maryland corporation, and do not include any of its subsidiaries, and references to the Issuer , we , us and our refer to Sinclair Television Group, Inc., a Maryland corporation, and do not include any of its subsidiaries or the Company, unless the context otherwise requires. For purposes of this description, references to Notes include the original notes, the exchange notes and an additional notes subsequently issued under the Indenture. A copy of the form of indenture will be made available to prospective purchasers of the Notes upon request.

General

The Notes will mature on April 1, 2021 and will be general unsecured senior obligations of the Issuer. Each Note will bear interest at 5.375% per annum from April 2, 2013 or from the most recent interest payment date to which interest has been paid, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2013, to the Person in whose name the Note (or any predecessor Note) is registered at the close of business on the March 15 or September 15 immediately preceding such interest payment date.

Payment of the Notes is guaranteed by the Guarantors, jointly and severally, on a senior unsecured basis. The Guarantors are comprised of all of the Subsidiaries that have issued guarantees under our Bank Credit Agreement and our Existing Secured Notes, which includes all but one of our Subsidiaries, the Company and two subsidiaries of the Company. See Guarantees. For the year ended December 31, 2012, our non-Guarantor subsidiaries had a negative contribution to broadcast cash flow.

Principal of, premium, if any, and interest on the Notes will be payable, and the Notes will be exchangeable and transferable, at our office or agency maintained for such purposes (which initially will be the trustee under the indenture); provided, however, that payment of interest may be made at our option by check mailed to the Person entitled to such interest as shown on the security register.

The Notes will be issued only in fully registered form without coupons, in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. See Book-Entry Securities; The Depository Trust Company; Delivery and Form. No service charge will be made for any registration of transfer, exchange or redemption of Notes, except in certain circumstances for any tax or other governmental charge that may be imposed.

We may from time to time, without notice to or the consent of the holders of Notes, create and issue further Notes (the Additional Notes) ranking equally with the Notes in all respects, subject to the limitations described under Certain Covenants Limitations on Indebtedness. Such Additional Notes may be consolidated and form a single series with the Notes, vote together with the Notes and have the same terms as to status, redemption or otherwise as the Notes. References to Notes in this Description of the Exchange Notes include these Additional Notes if they are

in the same series, unless the context requires otherwise. Such Additional Notes may not be fungible with the Notes for U.S. federal income tax purposes.

Optional Redemption

Except as described below, the Notes are not redeemable until April 1, 2016. The Notes will be subject to redemption at any time on or after April 1, 2016, at our option, in whole or in part, on not less than 15 nor more than 60 days prior notice in amounts of $2,000 or an integral multiple of $1,000 in excess thereof at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning April 1 of the years indicated below:

Year	Redemption price
2016	104.031%
2017	102.688%
2018	101.344%
2019 and thereafter	100.000%

in each case together with accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on relevant record dates to receive interest due on an interest payment date).

In addition, at any time on or prior to April 1, 2016, we may redeem up to 35% of the principal amount of Notes issued under the Indenture with the net proceeds of an Equity Offering of the Issuer or the Company at 105.375% of the aggregate principal amount, together with accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on relevant record dates to receive interest due on an interest payment date); provided that

(1) at least 65% of the principal amount of Notes issued under the Indenture remains outstanding after each such redemption; and

(2) the redemption occurs within 90 days after the closing of such Equity Offering.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

If less than all of the Notes are to be redeemed, the Trustee shall select the Notes or portions thereof to be redeemed pro rata, by lot or by any other method the Trustee shall deem fair and reasonable, subject to the requirements of The Depository Trust Company (DTC).

Notices of redemption may be given prior to the completion of any event or transaction related to such redemption, and any redemption or notice may, at our discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an Equity Offering. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Company s discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur, and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

In addition, at any time prior to April 1, 2016, upon not less than 15 nor more than 60 days prior notice, we may redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase the Notes as described under the captions Certain Covenants Purchase of Notes upon a Change of Control and Certain Covenants Limitation on Sale of Assets. We may at any time and from time to time purchase Notes in the open market, in privately negotiated transaction, through tender or exchange offers or otherwise.

Ranking

The Notes will be general senior unsecured obligations of the Issuer that rank senior in right of payment to all of the Issuer s existing and future Indebtedness that is expressly subordinated in right of payment to the Notes. The Notes will rank equally in right of payment with all of the Issuer s existing and future Indebtedness that is not so subordinated. The Notes will be effectively subordinated to any obligations of the Issuer that are secured by assets to the extent of the value of the assets securing such obligations. In the event of bankruptcy, liquidation, reorganization or other winding up of the Issuer or the Guarantors or upon a default in payment with respect to, or the acceleration of any Indebtedness under, the Bank Credit Agreement or the Issuer s 9.25% Senior Secured Second Lien Notes due 2017 (the 9.25% Notes), the assets of the Issuer and the Guarantors that secure such Indebtedness will be available to pay obligations on the Notes and the Guarantees only after all Indebtedness under the Bank Credit Agreement and/or the 9.25% Notes has been repaid in full from such assets and there may not be sufficient assets remaining to pay amounts due on any or all of the Notes and the Guarantees then outstanding.

Guarantees

The Guarantors will, jointly and severally, unconditionally guarantee on a senior unsecured basis the due and punctual payment of principal of, premium, if any, and interest on, the Notes.

Under certain circumstances described under Certain Covenants Limitation on Issuances of Guarantees of and Pledges for Indebtedness, we are required to cause the execution and delivery of additional Guarantees by Restricted Subsidiaries.

In addition, upon any sale, exchange or transfer, to any Person not an Affiliate of ours, of all of our Equity Interest in, or all or substantially all of the assets of, any Guarantor, which is in compliance with the Indenture, such Guarantor shall be released from all its obligations under its Guarantee.

The Guarantors initially consist of the Company, all but one of our existing Subsidiaries, and two Subsidiaries of the Company (which Subsidiaries of the Company own or operate television stations).

Certain Covenants

The Indenture contains, among others, the following covenants:

Limitation on Indebtedness

We will not, and will not permit any Restricted Subsidiary to, create, incur, assume or directly or indirectly guarantee or in any other manner become directly or indirectly liable for (incur) any Indebtedness (including Acquired Indebtedness), except that we may incur Indebtedness and a Guarantor may incur Permitted Subsidiary Indebtedness if, in each case, the Debt to Operating Cash Flow Ratio of the Issuer and its Restricted Subsidiaries at the time of the incurrence of such Indebtedness, after giving pro forma effect thereto, is 7:1 or less.

The foregoing limitation will not apply to the incurrence of any of the following (collectively, Permitted Indebtedness):

(1) (A) our Indebtedness under the Bank Credit Agreement and (B) any Indebtedness incurred to refinance, restructure, replace or substitute our Indebtedness under the Bank Credit Agreement, in an aggregate principal amount at any one time outstanding not to exceed an aggregate principal amount equal to (1) prior to the date of our Fifth Amended and Restated Credit Agreement (the Refinancing Date), (a) the term loans outstanding under the Bank Credit Agreement as of the date of the Indenture plus (b) amounts committed as of the date of the Indenture under any revolving credit facility thereunder plus (c) additional borrowings we may request under the Bank Credit Agreement as of the date of the Indenture in accordance with the accordion feature thereof and (2) on and after the Refinancing Date, (a) the term loans

outstanding under the Bank Credit Agreement as of the Refinancing Date plus (b) delayed draw term loans that may be drawn under the Bank Credit Agreement as of the Refinancing Date plus (c) amounts committed as of the Refinancing Date under any revolving credit facility thereunder plus (d) additional borrowings we may request under the Bank Credit Agreement as of the Refinancing Date in accordance with the accordion feature thereof;

(2) our Indebtedness pursuant to the Notes (other than any Additional Notes) and Indebtedness of any Guarantor pursuant to a Guarantee;

(3) Indebtedness of any Guarantor consisting of a guarantee of our Indebtedness under the Bank Credit Agreement, the Existing Secured Notes and the Existing Senior Notes;

(4) Indebtedness of the Issuer or any Restricted Subsidiary outstanding on the date of the Indenture other than any Indebtedness incurred pursuant to clause (1);

(5) Indebtedness of the Issuer owing to a Restricted Subsidiary; provided that any Indebtedness of the Issuer owing to a Restricted Subsidiary that is not a Guarantor is made pursuant to an intercompany note in the form attached to the Indenture and is subordinated in right of payment from and after such time as the Notes shall become due and payable (whether at Stated Maturity, acceleration or otherwise) to the payment and performance of our obligations under the Notes; provided, further, that any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or

transfer to a Wholly Owned Restricted Subsidiary or a pledge to or for the benefit of the lenders under the Bank Credit Agreement) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (5);

(6) Indebtedness of a Wholly Owned Restricted Subsidiary owing to the Issuer or another Wholly Owned Restricted Subsidiary; provided that, with respect to Indebtedness owing to a Wholly Owned Restricted Subsidiary that is not a Guarantor, (x) any such Indebtedness is made pursuant to an intercompany note in the form attached to the Indenture and (y) any such Indebtedness shall be subordinated in right of payment from and after such time as the obligations under the Guarantee by such Wholly Owned Restricted Subsidiary shall become due and payable to the payment and performance of such Wholly Owned Restricted Subsidiary s obligations under its Guarantee; provided, further, that (a) any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to the Issuer or a Wholly Owned Restricted Subsidiary or pledge to or for the benefit of the lenders under the Bank Credit Agreement) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (6) and (b) any transaction pursuant to which any Wholly Owned Restricted Subsidiary, which has Indebtedness owing to the Issuer or any other Wholly Owned Restricted Subsidiary, ceases to be a Wholly Owned Restricted Subsidiary shall be deemed to be the incurrence of Indebtedness by such Wholly Owned Restricted Subsidiary that is not permitted by this clause (6);

(7) (a) guarantees of any Restricted Subsidiary made in accordance with the provisions of Limitation on Issuances of Guarantees of and Pledges for Indebtedness and (b) guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of third parties substantially all of the operations of which are pursuant to one or more Local Marketing Agreements with one or more of Sinclair, the Issuer or any Restricted Subsidiary;

(8) our obligations entered into in the ordinary course of business and not for speculative purposes pursuant to Interest Rate Agreements designed to protect us against fluctuations in interest rates in respect of our Indebtedness;

(9) Indebtedness incurred pursuant to any refinancing, replacement, redemption or repurchase of the Existing Convertible Notes, including Indebtedness incurred to pay a dividend or make a distribution or loan to the Company to fund such refinancing, replacement, redemption or repurchase, in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) not in excess of the aggregate principal amount of Existing Convertible Notes so refinanced, replaced, redeemed or repurchased, plus the lesser of (I) the stated amount of any premium, interest or other payment required to be paid in connection with such refinancing, replacement, redemption or repurchase pursuant to the terms of the Existing Convertible Notes or (II) the amount of premium, interest or other payment actually paid at such time to refinance, replace, redeem or repurchase the Existing Convertible Notes plus, in either case, the amount of expenses of the Issuer incurred in connection with such refinancing, replacement, redemption or repurchase, provided that such Indebtedness (A) does not mature and is not subject to mandatory redemption at the option of the holder thereof (other than pursuant to change of control provisions or asset sale offers) prior to the 91st day after the Stated Maturity of the Notes, (B) is unsecured or is secured by property that also secures the Notes and the Guarantees on an equal and ratable basis or on a basis that is senior in priority to such Indebtedness, (C) does not have restrictive covenants or other terms that are more stringent in any material respect than the covenants set forth in the Indenture after giving effect to any amendment to the Indenture and the Notes made in compliance with the Indenture and (D) is not directly or indirectly guaranteed by any entity that does not also guarantee the Notes;

(10) any renewals, extensions, substitutions, refundings, refinancings or replacements (collectively, a refinancing) of any Indebtedness described in the first paragraph of this covenant or clauses (2), (3), (4), (5), and (9) above, including any successive refinancings in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) not in excess of the aggregate principal amount of such Indebtedness so refinanced, plus the lesser of (I) the stated amount of any premium, interest or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (II) the amount of premium, interest or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Issuer incurred in connection with such refinancing and (A) in the case of Subordinated Indebtedness such new Indebtedness is expressly subordinated in right of payment to the Notes or the Guarantees, as the case may be, at least to the same extent as the Subordinated Indebtedness to be refinanced and (B) in the case of

Pari Passu Indebtedness or Subordinated Indebtedness, such refinancing does not reduce the Average Life to Stated Maturity or the Stated Maturity of such Indebtedness;

(11) Indebtedness created due to a change in generally accepted accounting principles of the United States, as applied to the Issuer and the Restricted Subsidiaries, or international financial reporting standards, should such standards become applicable to the Issuer and the Restricted Subsidiaries;

(12) Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price, or cost of construction or improvement, of property (real or personal), plant or equipment used in the business of the Issuer or any of its Restricted Subsidiaries, and any renewals, extensions, substitutions, refinancings, or replacements of such Indebtedness, in an aggregate principal amount not to exceed $100,000,000 at any time outstanding; and

(13) Indebtedness of the Issuer in addition to that described in clauses (1) through (12) above, and any renewals, extensions, substitutions, refinancings, or replacements of such Indebtedness, so long as the aggregate principal amount of all such Indebtedness shall not exceed $100,000,000 at any time outstanding.

In the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify such item of Indebtedness on the date of incurrence and may later reclassify such item of Indebtedness in any manner that complies with this covenant and only be required to include the amount and type of such Indebtedness in one of such clauses; provided that all Indebtedness outstanding on the date of the Indenture under the Bank Credit Agreement shall be deemed incurred under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (4) of the second paragraph of this covenant and may not later be reclassified.

Limitation on Restricted Payments

(a) We will not, and will not permit any Restricted Subsidiary to, directly or indirectly:

(1) declare or pay any dividend on, or make any distribution to holders of, any of the Issuer s Equity Interests (other than dividends or distributions payable solely in its Qualified Equity Interests);

(2) purchase, redeem or otherwise acquire or retire for value, directly or indirectly, any Equity Interest of the Issuer or any Affiliate thereof including any Subsidiary (except Equity Interests held by the Issuer or a Wholly Owned Restricted Subsidiary that is a Guarantor);

(3) make any principal payment on, or repurchase, redeem, defease, retire or otherwise acquire for value, prior to any scheduled principal payment, sinking fund or maturity, any Subordinated Indebtedness;

(4) declare or pay any dividend or distribution on any Equity Interests of any Restricted Subsidiary to any Person (other than the Issuer or any of its Wholly Owned Restricted Subsidiaries that are Guarantors);

(5) incur, create or assume any guarantee of Indebtedness of any Affiliate (other than a Wholly Owned Restricted Subsidiary); or

(6) make any Investment in any Person (other than any Permitted Investments);

(any of the foregoing payments described in clauses (1) through (6), other than any such action that is a Permitted Payment, collectively, Restricted Payments) unless after giving effect to the proposed Restricted Payment (the amount of any such Restricted Payment, if other than cash, as determined by our Board of Directors, whose determination shall be conclusive and evidenced by a Board resolution),

(1) no Default or Event of Default shall have occurred and be continuing and such Restricted Payment shall not be an event which is, or after notice or lapse of time or both, would be, an event of default under the terms of any Indebtedness of the Issuer or its Restricted Subsidiaries;

(2) immediately after giving effect to such transaction on a pro forma basis, the Issuer could incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) under the first paragraph of Limitation on Indebtedness; and

(3) the aggregate amount of all such Restricted Payments declared or made after the date of the Indenture does not exceed the sum of:

(A) an amount equal to our Cumulative Operating Cash Flow less 1.4 times our Cumulative Consolidated Interest Expense;

(B) the aggregate Net Cash Proceeds received after October 29, 2009 by us from capital contributions (other than from a Subsidiary) or from the issuance or sale (other than to the Company or any of our Subsidiaries) of Qualified Equity Interests of us or, to the extent such net cash proceeds are actually contributed to us as equity, the Company (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Equity Interests or Subordinated Indebtedness as set forth below);

(C) (i) to the extent that any Investment constituting a Restricted Payment (including an Investment in an Unrestricted Subsidiary) that was made after October 29, 2009 is sold or is otherwise liquidated or repaid, 100% of the amount (to the extent not included in Cumulative Operating Cash Flow) equal to the Net Cash Proceeds or Fair Market Value of marketable securities received with respect to such Investment (less the cost of the disposition of such Investment and net of taxes) and (ii) any cash contribution received by the Issuer from the Company as a result of any Investment constituting a Restricted Payment (including an Investment in an Unrestricted Subsidiary) that was made after October 29, 2009 (to the extent not included in Cumulative Operating Cash Flow); and

(D) $100,000,000.

(b) Notwithstanding the foregoing, and in the case of clauses (2) through (9) below, so long as there is no Default or Event of Default continuing, the foregoing provisions shall not prohibit the following actions (clauses (1) through (9) being referred to as Permitted Payments):

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment would be permitted by the provisions of paragraph (a) of this covenant and such payment shall be deemed to have been paid on such date of declaration for purposes of the calculation required by paragraph (a) of this covenant;

(2) any transaction with an officer or director of the Company or the Issuer entered into in the ordinary course of business (including compensation or employee benefit arrangements with any officer or director of the Company or the Issuer, including the payment of longevity bonuses in accordance therewith);

(3) the repurchase, redemption, or other acquisition or retirement of any of our or the Company s Equity Interests in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege where in connection therewith cash is paid in lieu of the issuance of fractional shares or scrip), or out of the Net Cash Proceeds of, a substantially concurrent issue and sale for cash (other than to a Subsidiary of the Issuer) of our or the Company s Qualified Equity Interests or from substantially concurrent contributions to the equity capital of the Issuer; provided that the Net Cash Proceeds from the issuance of such Qualified Equity Interests are excluded from clause (3)(B) of paragraph (a) of this covenant;

(4) any repurchase, redemption, defeasance, retirement, refinancing or acquisition for value or payment of principal of any Subordinated Indebtedness in exchange for, or out of the net proceeds of, a substantially concurrent issuance and sale for cash (other than to the Company or any of our Subsidiaries) of any of our or the Company s Qualified Equity Interests or from substantially concurrent contributions to

the equity capital of the Issuer, provided that the Net Cash Proceeds from the issuance of such Qualified Equity Interests are excluded from clause (3)(B) of paragraph (a) of this covenant;

(5) the repurchase, redemption, defeasance, retirement, refinancing or acquisition for value or payment of principal of any Subordinated Indebtedness (other than Disqualified Equity Interests) (a refinancing) through the issuance of new Subordinated Indebtedness of the Issuer, provided that any such new Indebtedness (A) shall be in a principal amount that does not exceed the principal amount so refinanced or, if such Subordinated Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration or acceleration thereof, then such lesser amount as of the date of determination), plus the lesser of (I) the stated amount of any premium, interest or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (II) the amount of premium, interest or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses we incurred in connection with such refinancing; (B) has an Average Life to Stated Maturity greater than the remaining Average Life to Stated Maturity of the Notes; (C) has a Stated Maturity for its final scheduled principal payment later than the Stated Maturity for the final scheduled principal payment of the Notes; and (D) is expressly subordinated in

right of payment to the Notes and the Guarantees, as the case may be, at least to the same extent as the Subordinated Indebtedness to be refinanced;

(6) payments of cash dividends or other cash distributions or payments to the Company in an amount sufficient to enable the Company to make payments of cash interest required to be made in respect of the Existing Convertible Notes of any Indebtedness which refinances, replaces, redeems or repurchases the Existing Convertible Notes in accordance with clauses (9) and (10) of the second paragraph under Limitation on Indebtedness (but not to exceed such required amount) in accordance with the terms thereof in effect on the date of the Indenture, provided the Company is otherwise unable to pay such interest and such dividends are applied directly to the payment of such interest;

(7) (i) payments of cash dividends or other cash distributions or payments to the Company in an amount sufficient to enable the Company to repurchase, redeem, defease, retire, refinance or acquire for value or pay the principal of any Existing Convertible Notes in accordance with the terms thereof as in effect on the date of the Indenture and any reasonable fees and expenses incurred by the Company therewith, provided that such payments are applied directly to the repurchase, redemption, defeasance, retirement, refinancing or acquisition for value or payment of the principal of any Existing Convertible Notes and (ii) any repurchase, redemption, defeasance, retirement, refinancing or acquisition for value or payment of principal of any Existing Convertible Notes and the distribution or transfer of any such Existing Convertible Notes to the Company for retirement or cancellation;

(8) the distribution, dividend or other transfer of notes receivable (reflecting Indebtedness owed by any non-Designated SBG Subsidiary to the Issuer) in existence as of the date of the Indenture by the Issuer to the Company or any Unrestricted Subsidiary in connection with a Separation Transaction; provided that immediately after giving effect to such distribution, dividend or other transfer, on a pro forma basis the Issuer could incur $1.00 of additional Indebtedness under the first paragraph of Certain Covenants Limitation on Indebtedness (other than Permitted Indebtedness); and

(9) payments of cash dividends, distributions, loans or other transfers by the Issuer to the Company in amounts required (but not in excess thereof) for the Company to pay, in each case without duplication:

(a) foreign, federal, state and local incomes taxes; to the extent such income taxes are either (1) attributable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries or (2) attributable to the income of the Company but not any of its subsidiaries, provided that in the case of clause (1) above, the amount of such payments in any fiscal year does not exceed the amount that the Issuer and its Restricted Subsidiaries would be required to pay in respect of foreign, federal, state and local taxes for such fiscal year were the Issuer, its Restricted Subsidiaries and its Unrestricted Subsidiaries (to the extent described above) to pay such taxes separately from any such parent entity;

(b) fees and expenses (including franchise or similar taxes) required to maintain its corporate existence, customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers, directors and employees of any direct or indirect parent of the Issuer, if applicable, and general corporate overhead expenses of any direct or indirect parent of the Issuer in each case to the extent such fees and expenses are attributable to the ownership or operation of the Issuer, if applicable, and its Restricted Subsidiaries (provided, that for so long as such direct or indirect parent owns no assets other than the Equity Interests in the Issuer or another direct or indirect parent of the Issuer, such fees and expenses shall be deemed for purposes of this clause (9) to be so attributable to such ownership or operation);

(c) amounts payable on the Company s lease(s) for the corporate headquarters;

(d) general and administrative overhead (except for longevity bonuses) of subsidiaries of the Company (other than Restricted Subsidiaries) so long as the aggregate payments pursuant to this clause (d) shall not in any fiscal year exceed an amount equal to $25,000,000 minus any payments made pursuant to clause (12) of the definition of Permitted Investments;

(e) capital expenditures of the Company so long as the amount of all payments pursuant to this clause (e) shall not exceed $25,000,000 in the aggregate;

(f) unfunded commitments relating to operating divisions other than broadcast, so long as the amount of all payments pursuant to this clause (f) shall not exceed in the aggregate an amount equal to $75,000,000 minus any payments made pursuant to clause (13) of the definition of Permitted Investments;

(g) cash dividends on the Company s shares of common stock in the aggregate amount per fiscal quarter not to exceed $0.20 per share for each share of common stock of the Company outstanding as of the one record date for dividends payable in respect of such fiscal quarter (as such amount shall be appropriately adjusted for any stock splits, stock dividends, reverse stock splits, stock consolidations and similar transactions); and

(h) repurchases of the Company s shares of common stock pursuant to open market or privately negotiated transactions in an aggregate amount not to exceed $50,000,000.

provided that, notwithstanding anything herein to the contrary, no Designated SBG Subsidiary shall be permitted to make any dividend or other distributions, in cash or property (other than in its additional ownership interests), to the Company or any subsidiary of the Company that directly owns the ownership interests of such Designated SBG Subsidiary, including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such ownership interests or any option, warrant or other right to acquire any such ownership interests.

Limitation on Transactions with Affiliates

We will not, and will not permit any of our Restricted Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with any Affiliate of ours (other than us or a Wholly Owned Restricted Subsidiary) unless:

(1) such transaction or series of transactions is in writing and on terms that are no less favorable to us or such Restricted Subsidiary, as the case may be, than would be available in a comparable transaction in arm s-length dealings with an unrelated third party and

(2) with respect to any transaction or series of transactions involving aggregate payments in excess of $5,000,000, we deliver an officers certificate to the Trustee certifying that such transaction or series of related transactions complies with clause (1) above and such transaction or series of related transactions has been approved by a majority of the members of the Company s Board of Directors (and approved by a majority of Independent Directors or, in the event there is only one Independent Director, by such Independent Director), and

(3) with respect to any transaction or series of transactions involving aggregate payments in excess of $10,000,000, an opinion to us or such Restricted Subsidiary from an independent investment banking, accounting or appraisal firm of nationally recognized standing that the terms of such transaction are not materially less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm s-length basis from a Person that is not an Affiliate.

Notwithstanding the foregoing, this provision will not apply to (A) any transaction with an officer or director of the Issuer or the Company entered into in the ordinary course of business (including compensation or employee benefit arrangements with any officer or director of the Issuer or the Company), (B) any transaction entered into by us or one of our Wholly Owned Restricted Subsidiaries with a Wholly Owned Restricted Subsidiary of ours, (C) transactions in existence on the date of the Indenture and (D) any Restricted Payment permitted by the covenant described under Limitations on Restricted Payments.

Limitation on Liens

We will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, incur or affirm any Lien of any kind upon any of its property or assets (including any intercompany notes), now owned or acquired after the date of the indenture, or any income or profits therefrom, except if the Notes are directly secured equally and ratably with (or prior to in the case of Liens with respect to Subordinated Indebtedness) the obligation or liability secured by such Lien, excluding, however, from the operation of the foregoing any of the Permitted Liens.

Notwithstanding the foregoing, any Lien securing the Notes granted pursuant to this covenant shall be automatically and unconditionally released and discharged upon (a) the release by the holders of the Indebtedness described above of their Lien on the

property or assets of the Issuer or any Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness), (b) any sale, exchange or transfer to any person other than the Issuer or any Restricted Subsidiary of all or substantially all the assets of any Restricted Subsidiary creating such Lien in each case in accordance with the terms of the Indenture, (c) payment in full of the principal of, and accrued and unpaid interest, if any, on the Notes, or (d) a defeasance or discharge of the Notes in accordance with the procedures described below under Defeasance or Covenant Defeasance of the Indenture or Satisfaction and Discharge.

The following, collectively, shall constitute the Permitted Liens :

(a) any Lien existing as of the date of the Indenture (other than Liens permitted under clause (c) below);

(b) any Lien arising by reason of (1) any judgment, decree or order of any court not constituting an Event of Default, so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired; (2) taxes not yet delinquent or which are being contested in good faith; (3) security for payment of workers compensation or other insurance; (4) good faith deposits in connection with tenders, leases, contracts (other than contracts for the payment of money); (5) zoning restrictions, easements, licenses, reservations, provisions, covenants, conditions, waivers, restrictions on the use of property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord or owner of the leased property, with or without consent of the lessee), none of which materially impairs the use of any parcel of property material to the operation of the business of the Issuer or any Subsidiary or the value of such property for the purpose of such business; (6) deposits to secure public or statutory obligations, or in lieu of surety or appeal bonds; (7) surveys, exceptions, title defects, encumbrances, reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph or telephone lines and other similar purposes or zoning or other restrictions as to the use of real property not interfering with the ordinary conduct of the business of the Issuer or any of its Subsidiaries; or (8) operation of law in favor of mechanics, materialmen, laborers, employees or suppliers, incurred in the ordinary course of business for sums which are not yet delinquent or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof;

(c) any Lien now or hereafter existing on our property or any of our Restricted Subsidiaries securing Indebtedness incurred pursuant to clause (1) of the second paragraph under Limitation on Indebtedness and provided that the provisions described under Limitation on Issuances of Guarantees of and Pledges for Indebtedness are complied with;

(d) any Lien securing Acquired Indebtedness created prior to (and not created in connection with, or in contemplation of) the incurrence of such Indebtedness by us or any Restricted Subsidiary, in each case which Indebtedness is permitted under the provisions of Limitation on Indebtedness ; provided that any such Lien only extends to the assets that were subject to such Lien securing such Acquired Indebtedness prior to the related transaction by the Issuer or its Subsidiaries;

(e) any Lien securing Permitted Subsidiary Indebtedness;

(f) Liens securing the Notes and Guarantees and any obligations owing to the Trustee under the Indenture;

(g) Liens on property of the Issuer or any Restricted Subsidiary with respect to obligations that do not exceed $50,000,000 at any one time outstanding;

(h) any Lien on property of the Issuer or any Restricted Subsidiary securing Indebtedness incurred pursuant to clause (2) of the second paragraph under Limitation on Indebtedness, provided that the provisions described under Limitation on Issuance of Guarantees of and Pledges for Indebtedness are complied with;

(i) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) and (c) through (h) so long as the Lien is limited to the same property and assets that secured the original Lien; and

(j) any Lien securing Indebtedness of the Issuer and any Restricted Subsidiary; provided, that the Secured Debt to Operating Cash Flow Ratio of the Issuer and its Restricted Subsidiaries at the time of the incurrence of such Indebtedness, after giving pro forma effect thereto and to the application of the proceeds, is 6.0:1 or less.

Limitation on Sale of Assets

(a) We will not, and will not permit any of our Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless (1) at least 75% of the consideration from such Asset Sale (exclusive of assumed senior Indebtedness to which we and our Restricted Subsidiaries have received a full and unconditional release from such liability in connection with such Asset Sale) is received in cash and (2) we or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the shares or assets sold (other than in the case of an involuntary Asset Sale, as determined by our Board of Directors and evidenced in a Board resolution or in connection with an Asset Swap, as determined in writing by a nationally recognized investment banking or appraisal firm); provided, however, that in the event we or any Restricted Subsidiary engage in an Asset Sale with any third party and receives in consideration therefor, or simultaneously with such Asset Sale enters into, a Local Marketing Agreement with such third party or any Affiliate thereof, the Fair Market Value of such Local Marketing Agreement (as determined in writing by a nationally recognized investment banking or appraisal firm) shall be deemed cash and considered when determining whether such Asset Sale complies with the foregoing clauses (1) and (2). Notwithstanding the foregoing, clause (1) of the preceding sentence shall not be applicable to any Asset Swap. Any Designated Noncash Consideration received by us or any of our Restricted Subsidiaries in an Asset Sale shall be deemed cash for purposes of clause (1) of this provision.

(b) If all or a portion of the Net Cash Proceeds of any Asset Sale are required to be applied (by the terms of such secured Indebtedness) to permanently repay any secured Indebtedness that is secured by a Permitted Lien, the Issuer and the Restricted Subsidiaries may apply such Net Cash Proceeds to the repayment thereof within 12 months of the Asset Sale. If all or a portion of the Net Cash Proceeds of any Asset Sale are not required to be applied to repay permanently any secured Indebtedness that is secured by a Permitted Lien then outstanding as required by the terms thereof, or we determine not to apply such Net Cash Proceeds to the permanent prepayment of such secured Indebtedness that is secured by a Permitted Lien or if no such secured Indebtedness that is secured by a Permitted Lien that by its terms requires the repayment thereof is then outstanding, then we may within 12 months of the Asset Sale, (1) invest the Net Cash Proceeds in properties and assets that (as determined by our Board of Directors) replace the properties and assets that were the subject of the Asset Sale or in properties and assets that will be used in any businesses conducted or proposed to be conducted (as described in this prospectus or any document incorporated herein) by us or our Restricted Subsidiaries on the date of the Indenture or reasonably related thereto or (2) permanently repay any secured Indebtedness that is secured by a Permitted Lien; provided, however, that the Issuer or the applicable Restricted Subsidiary will be deemed to have complied with this clause (b) if, within 12 months of such Asset Sale, the Issuer or the applicable Restricted Subsidiary shall have commenced and not completed or abandoned an expenditure or Investment, or a binding agreement with respect to an expenditure or Investment, in compliance with this clause (b), and that expenditure or Investment is substantially completed within a date that is 12 months and 180 days after the date of such Asset Sale. The amount of such Net Cash Proceeds not used or invested as set forth in the first two sentences of this clause (b) constitutes Excess Proceeds. Pending the final application of any Net Cash Proceeds pursuant to this clause (b), the Issuer or the applicable Restricted Subsidiary may apply such Net Cash Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility or otherwise invest such Net Cash Proceeds in any manner not prohibited by the Indenture.

(c) Within 30 days after the aggregate amount of Excess Proceeds exceeds $25,000,000, we shall apply the Excess Proceeds to the repayment of the Notes and, at the option of the Issuer, any Pari Passu Indebtedness required to be repurchased under the instrument governing such Pari Passu Indebtedness as follows:

(A) we shall make an offer to purchase (an Offer) from all holders of the Notes in accordance with the procedures set forth in the Indenture in the maximum principal amount (expressed as a multiple of $1,000) of Notes that may be purchased out of an amount (the Note Amount) equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Notes, and the denominator of which is the sum of the outstanding principal amount of the Notes and such Pari Passu Indebtedness (subject to proration in the event such amount is less than the aggregate Offered Price of all Notes tendered), and

(B) to the extent required by such Pari Passu Indebtedness to permanently reduce the principal amount of such Pari Passu Indebtedness, we shall make an offer to purchase or otherwise repurchase or redeem Pari Passu Indebtedness (a Pari Passu Offer) in an amount (the Pari Passu Debt Amount) equal to the excess of the Excess Proceeds over the Note Amount; provided that in no event shall the Pari Passu Debt Amount exceed the principal amount of such Pari Passu Indebtedness plus the amount of any premium required to be paid to repurchase such Pari Passu Indebtedness.

The offer price shall be payable in cash in an amount equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date (the Offer Date) such Offer is consummated (the Offered Price), in accordance with the procedures set forth in the Indenture. To the extent that the aggregate Offered Price of the Notes tendered pursuant to the Offer is less than the Note Amount relating thereto or the aggregate amount of Pari Passu Indebtedness that is purchased is less than the Pari Passu Debt Amount (the amount of such shortfall, if any, constituting a Deficiency), we shall use such Deficiency in our business and that of our Restricted Subsidiaries. Upon completion of the purchase of all the Notes tendered pursuant to an Offer and repurchase of the Pari Passu Indebtedness pursuant to a Pari Passu Offer, the amount of Excess Proceeds, if any, shall be reset at zero. The Issuer may make an Offer before the end of the 366 days and/or in an amount of less than $25,000,000.

(d) Whenever the Excess Proceeds we receive exceed $25,000,000, such Excess Proceeds shall be set aside by us in a separate account pending (i) deposit with the depositary or a paying agent of the amount required to purchase the Notes or Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer, (ii) delivery by us of the Offered Price to the holders of the Notes or Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer and (iii) application, as set forth above, of Excess Proceeds in our business and that of our Restricted Subsidiaries. Such Excess Proceeds may be invested in Temporary Cash Investments, provided that the maturity date of any such investment made after the amount of Excess Proceeds exceeds $25,000,000 shall not be later than the Offer Date. We shall be entitled to any interest or dividends accrued, earned or paid on such Temporary Cash Investments, provided that we shall not withdraw such interest from the separate account if an Event of Default has occurred and is continuing.

(e) If we become obligated to make an Offer pursuant to clause (c) above, the Notes shall be purchased by us, at the option of the holder thereof, in whole or in part in amounts of $2,000 or an integral multiple of $1,000 in excess thereof, on a date that is not earlier than 45 days and not later than 60 days from the date the notice is given to holders, or such later date as may be necessary for us to comply with the requirements under the Exchange Act, subject to proration in the event the Note Amount is less than the aggregate Offered Price of all Notes tendered.

(f) We shall comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with an Offer, provided that to the extent that the provisions of any such securities laws or regulations conflict with any provisions of such an Offer, the Issuer will comply with those securities laws and regulations and will not be deemed to have breached its obligations under any provisions of such an Offer by virtue of such conflict.

(g) We will not, and will not permit any Restricted Subsidiary to, create or permit to exist or become effective any restriction (other than restrictions existing under Indebtedness as in effect on the date of the Indenture as such Indebtedness may be refinanced from time to time, provided that such restrictions are no less favorable to the holders of the Notes than those existing on the date of the Indenture) that would materially impair our ability to make an Offer to purchase the Notes or, if such Offer is made, to pay for the Notes tendered for purchase.

Limitation on Issuances of Guarantees of and Pledges for Indebtedness

(a) We will not permit any Restricted Subsidiary, other than the Guarantors, directly or indirectly, to guarantee, assume or in any other manner become liable with respect to any of our Indebtedness (other than guarantees in existence on the date of the Indenture) unless such guarantee is otherwise permitted under the Indenture and such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for a guarantee of payment of the Notes by such Restricted Subsidiary, which guarantee shall be on the same terms as the guarantee of such Indebtedness, except that the guarantee of the Notes need not be secured; provided that if such Indebtedness is Subordinated Indebtedness, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated to such Restricted Subsidiary s guarantee of the Notes at least to the same extent as such Indebtedness is subordinated to

the Notes.

(b) Each guarantee created pursuant to the provisions described in the foregoing paragraph is referred to as a Guarantee and the issuer of each such Guarantee is referred to as a Guarantor. Notwithstanding the foregoing, any Guarantee by a Restricted Subsidiary of the Notes shall provide by its terms that it shall be automatically and unconditionally released and discharged upon

(1) any sale, exchange or transfer, to any Person not an Affiliate of the Issuer, of all of the Company s or the Issuer s Equity Interest in, or all or substantially all the assets of, such Restricted Subsidiary, which is in compliance with the Indenture or

(2) with respect to any Guarantees created after the date of the Indenture, the release by the holders of our Indebtedness described in clause (a) above of their guarantee by such Restricted Subsidiary (including any deemed release upon payment

in full of all obligations under such Indebtedness), at a time when (A) no other of our Indebtedness has been secured or guaranteed by such Restricted Subsidiary, as the case may be, or (B) the holders of all such other Indebtedness which is secured or guaranteed by such Restricted Subsidiary also release their Guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness).

Restriction on Transfer of Assets

We and the Guarantors will not sell, convey, transfer or otherwise dispose of our respective assets or property to any of our Restricted Subsidiaries (other than any Guarantor), except for sales, conveyances, transfers or other dispositions made in the ordinary course of business and except for capital contributions to any Restricted Subsidiary, the only material assets of which are Broadcast Licenses, in each case subject to compliance with Limitation on Sale of Assets. For purposes of this provision, any sale, conveyance, transfer, lease or other disposition of property or assets, having a Fair Market Value in excess of (a) $1,000,000 for any sale, conveyance, transfer, lease or disposition or series of related sales, conveyances, transfers, leases and dispositions and (b) $10,000,000 in the aggregate for all such sales, conveyances, transfers, leases or dispositions in any fiscal year of the Issuer shall not be considered in the ordinary course of business.

Purchase of Notes upon a Change of Control

If a Change of Control shall occur at any time, then each holder of Notes shall have the right to require that we purchase such holder s Notes in whole or in part in amounts of $2,000 and integral multiples of $1,000 thereof, at a purchase price (the Change of Control Purchase Price) in cash in an amount equal to 101% of the principal amount of such Notes, plus accrued and unpaid interest, if any, to the date of purchase (the Change of Control Purchase Date), pursuant to the offer described below (the Change of Control Offer) and the other procedures set forth in the Indenture.

Within 30 days following any Change of Control, unless we have exercised our right to redeem all of the Notes as described under Optional Redemption, we shall notify the Trustee thereof and give written notice of such Change of Control to each holder of Notes, by first-class mail, postage prepaid, at the address appearing in the security register, stating, among other things, the purchase price and that the purchase date shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act; that any Note not tendered will continue to accrue interest; that, unless we default in the payment of the purchase price, any Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and certain other procedures that a holder of Notes must follow to accept a Change of Control Offer or to withdraw such acceptance.

If a Change of Control Offer is made, there can be no assurance that we will have available funds sufficient to pay the Change of Control Purchase Price for all of the Notes that might be delivered by holders of the Notes seeking to accept the Change of Control Offer. A Change of Control will also result in an event of default under the Bank Credit Agreement and could result in the acceleration of all indebtedness under the Bank Credit Agreement. See Description of Other Indebtedness Sinclair Television Group, Inc. Bank Credit Agreement. Moreover, the Bank Credit Agreement prohibits the repurchase of the Notes by us. Our failure to make or consummate the Change of Control Offer or pay the Change of Control Purchase Price when due will result in an Event of Default under the Indenture.

The Change of Control provisions described below may deter certain mergers, tender offers and other takeover attempts involving the Company or the Issuer by increasing the capital required to effectuate such transactions. In addition, the term all or substantially all as used in the definition of Change of Control has not been interpreted under New York law (which is the governing law of the Indenture) to represent a

specific quantitative test. As a consequence, in the event the holders of the Notes elected to exercise their rights under the Indenture and we elected to contest such election, there could be no assurance as to how a court interpreting New York law would interpret the phrase.

The Issuer will not be required to make a Change of Control Offer if a third party makes an offer in the manner, at the times and otherwise in compliance with the requirements for a Change of Control Offer to be made by the Issuer and such third party purchases all the Notes properly tendered and not withdrawn under its offer.

The existence of a holder s right to require us to repurchase such holder s Notes upon a Change of Control may deter a third party from acquiring us in a transaction which constitutes a Change of Control.

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

(1) any person or group (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have beneficial ownership of all shares that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total outstanding Voting Stock of the Company or the Issuer, provided that in the case of the Company, the Permitted Holders beneficially own (as so defined) a lesser percentage of such Voting Stock than such other Person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of the Company or the Issuer;

(2) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company or the Issuer (together with any new directors whose election to such Board, or whose nomination for election by the shareholders of the Company or the Issuer, was approved by a vote of at least 662/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of such Board of Directors then in office;

(3) the Company or the Issuer consolidates with or merges with or into any Person or conveys, transfers or leases all or substantially all of its assets to any Person, or any corporation consolidates with or merges into or with the Company or the Issuer, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company or the Issuer is changed into or exchanged for cash, securities or other property, other than any such transaction where the outstanding Voting Stock of the Company or the Issuer is not changed or exchanged at all (except to the extent necessary to reflect a change in the jurisdiction of incorporation of the Company or the Issuer) or where (A) the outstanding Voting Stock of the Company or the Issuer is changed into or exchanged for (x) Voting Stock of the surviving corporation which is not Disqualified Equity Interests or (y) cash, securities and other property (other than Equity Interests of the surviving corporation) in an amount which could be paid by the Company or the Issuer as a Restricted Payment as described under Limitation on Restricted Payments (and such amount shall be treated as a Restricted Payment subject to the provisions in the Indenture described under Limitation on Restricted Payments) and (B) no person or group other than Permitted Holders owns immediately after such transaction, directly or indirectly, more than the greater of (1) 50% of the total outstanding Voting Stock of the surviving corporation and (2) the percentage of the outstanding Voting Stock of the surviving corporation owned, directly or indirectly, by Permitted Holders immediately after such transaction; or

(4) the Company or the Issuer is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under Consolidation, Merger, Sale of Assets.

A Change of Control would be triggered at such time as, during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company or the Issuer (together with any new directors whose election to such Board or whose nomination for election by the shareholders of the Company or the Issuer, was approved by a vote of at least 662/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approve) cease for any reason to constitute a majority of such Board of Directors then in office. You should note, however, that recent case law suggest that, in the event that incumbent directors are replaced as a result of a contested election, issuers may nevertheless avoid triggering a Change of Control under a clause similar to the provision described in the prior sentence if the outgoing directors were to approve the new directors for the purpose of such Change of Control clause.

Permitted Holders means as of the date of determination (1) any of David D. Smith, Frederick G. Smith, J. Duncan Smith and Robert E. Smith; (2) family members or the relatives of the Persons described in clause (1); (3) any trusts created for the benefit of the Persons described in clauses (1), (2) or (4) or any trust for the benefit of any such trust; or (4) in the event of the incompetence or death of any of the Persons described in clauses (1) and (2), such Person s estate, executor, administrator, committee or other personal representative or beneficiaries, in each case who at any particular date shall beneficially own or have the right to acquire, directly or indirectly, Equity Interests of the Company or the Issuer. With respect to the Issuer, the Company and each Wholly Owned Restricted Subsidiary shall be a Permitted Holder.

The provisions of the Indenture will not afford holders of Notes the right to require us to repurchase the Notes in the event of a highly leveraged transaction or certain transactions with the Company s or the Issuer s management or its Affiliates, including a reorganization, restructuring, merger or similar transaction (including, in certain circumstances, an acquisition of the Company or the Issuer by management or its Affiliates) involving the Company or the Issuer that may adversely affect holders of the Notes, if such transaction is not a transaction defined as a Change of Control. A transaction involving the Company s or the Issuer s management or

its Affiliates, or a transaction involving a recapitalization of the Company or the Issuer, will only result in a Change of Control if it is the type of transaction specified by such definition.

We will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer, provided that to the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Offer provisions of the Notes, the Issuer will comply with those securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Offer provisions of the Notes by virtue of any such conflict.

Limitation on Subsidiary Equity Interests

We will not permit any Restricted Subsidiary of ours to issue any Equity Interests, except for (1) Equity Interests issued to and held by us or a Wholly Owned Restricted Subsidiary, and (2) Equity Interests issued by a Person prior to the time (A) such Person becomes a Restricted Subsidiary, (B) such Person merges with or into a Restricted Subsidiary or (C) a Restricted Subsidiary merges with or into such Person; provided that such Equity Interests were not issued or incurred by such Person in anticipation of the type of transaction contemplated by subclause (A), (B) or (C).

Limitation on Dividends and Other Payment Restrictions Affecting Subsidiaries

We will not, and will not permit any of our Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary of ours to

(1) pay dividends or make any other distribution on its Equity Interests,

(2) pay any Indebtedness owed to us or a Restricted Subsidiary,

(3) make any Investment in us or a Restricted Subsidiary or

(4) transfer any of its properties or assets to us or any Restricted Subsidiary of ours.

However, this covenant will not prohibit

(1) any encumbrance or restriction pursuant to an agreement in effect on the date of the Indenture or contained in any other indenture or instrument governing debt or preferred securities that are no more restrictive than those contained in the Indenture;

(2) any encumbrance or restriction, with respect to a Restricted Subsidiary that is not a Subsidiary of ours on the date of the Indenture, in existence at the time such Person becomes a Restricted Subsidiary of ours and not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary, provided that such encumbrances and restrictions are not applicable to the Issuer or any Restricted Subsidiary or the properties or assets of the Issuer or any Restricted Subsidiary other than such Subsidiary which is becoming a Restricted Subsidiary;

(3) any encumbrance or restriction existing under, by reason of or with respect to any agreement of us or any Restricted Subsidiary of ours; provided that (a) such encumbrances or restrictions are ordinary and customary in light of the type of agreement involved and (b) such encumbrances will not affect in any material respect our or any Guarantor s ability to make principal and interest payments on the Notes, as determined in good faith by us;

(4) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1), (2) and (3), or in this clause (4), provided that the terms and conditions of any such encumbrances or restrictions are not materially less favorable to the holders of the Notes than those under or pursuant to the agreement evidencing the Indebtedness so extended, renewed, refinanced or replaced or are not more restrictive than those set forth in the Indenture; and

(5) any encumbrance or restriction created pursuant to an asset sale agreement, stock sale agreement or similar instrument pursuant to which an Asset Sale permitted under Limitation on Sale of Assets is to be consummated, so long

as such restriction or encumbrance shall be effective only for a period from the execution and delivery of such agreement or instrument through a termination date not later than 270 days after such execution and delivery.

Limitation on Unrestricted Subsidiaries

We will not make, and will not permit any of our Restricted Subsidiaries to make, any Investments in Unrestricted Subsidiaries if, at the time thereof, the aggregate amount of such Investments would exceed the amount of Restricted Payments then permitted to be made pursuant to the Limitation on Restricted Payments covenant. Any Investments in Unrestricted Subsidiaries permitted to be made pursuant to this covenant (1) will be treated as the payment of a Restricted Payment in calculating the amount of Restricted Payments made by us and (2) may be made in cash or property.

Provision of Financial Statements

The Indenture provides that, whether or not the Company is subject to Section 13(a) or 15(d) of the Exchange Act, it will, to the extent permitted under the Exchange Act, file with the Commission the annual reports, quarterly reports and other documents which it would have been required to file with the Commission pursuant to such Section 13(a) or 15(d) if it were so subject, such documents to be filed with the Commission on or prior to the respective dates by which it would have been required so to file such documents if it were so subject (the Required Filing Dates); provided, however, that if the Company is not permitted by the Commission to file such

reports with the Commission, it shall post the annual reports, quarterly reports and other documents that it would have been required to file with the Commission pursuant to such Section 13(a) or 15(d) if it were so subject on its website accessible to each holder of Notes by the applicable Required Filing Date.

The Company will also in any event (x) within 15 days of each Required Filing Date (1) transmit by mail to all holders, as their names and addresses appear in the Note register, without cost to such holders and (2) file with the Trustee copies of the annual reports, quarterly reports and other documents which the Company would have been required to file with the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act if it were subject to such Sections and (y) if the Company s filing such documents with the Commission is not permitted under the Exchange Act, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any prospective holder at its expense. Notwithstanding the foregoing, the Company will be deemed to have furnished such reports referred to above to the holders if it has filed such reports with the Commission via the Commission s Electronic Data Gathering, Analysis, and Retrieval Filing System (EDGAR) and such reports are publicly available.

In addition, the Indenture will provide that if at any time the financial statements of the Company do not include the consolidated balance sheets, consolidated statements of operations and consolidated statements of cash flows of the Issuer and the Guarantors presented in accordance with Rule 3-10 of Regulation S-X under the Securities Act, then the Issuer will furnish to each holder of Notes (including by posting on a website accessible to each holder of Notes) (a) within 120 days after the end of each fiscal year of the Issuer, the audited consolidated balance sheet and related statements of operations, stockholders equity and cash flows of the Issuer and its Subsidiaries (excluding Unrestricted Subsidiaries) as of the end of and for such year, setting forth in comparative form the figures for the previous fiscal year, all reported on by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing and (b) within 60 days after the end of each of the first three quarters of each fiscal year of the Issuer, the unaudited consolidated balance sheet and related statements of operations, stockholder s equity and cash flows of the Issuer and its Subsidiaries (excluding Unrestricted Subsidiaries) as of the end of and for such fiscal quarter and then elapsed portion of such fiscal year, setting forth in comparative form the figures for the corresponding period or periods of the previous fiscal year, all certified by a financial officer of the Issuer.

The Indenture will also provide that, so long as any of the Notes remain outstanding, we will make available to any prospective purchaser of Notes or beneficial owner of Notes in connection with any sale of Notes the information required by Rule 144A(d)(4) under the Securities Act so long as such Notes are not freely transferable under the Securities Act.

Effectiveness of Covenants upon an Investment Grade Rating Event

(a) Upon and after the occurrence of an Investment Grade Rating Event, the covenants under the foregoing sections of this prospectus will be suspended:

(1) Limitation on Indebtedness;

(2) Limitation on Restricted Payments;

(3) Limitation on Transactions with Affiliates;

(4) Limitation on Sale of Assets;

(5) Limitation on Issuances of Guarantees of and Pledges for Indebtedness;

(6) Restrictions on Transfer of Assets;

(7) Limitation on Subsidiary Equity Interests;

(8) Limitation on Dividends and other Payment Restrictions Affecting Subsidiaries;

(9) Limitation on Unrestricted Subsidiaries; and

(10) Provision of Financial Statements.

(b) Upon and after the occurrence of an Investment Grade Rating Event, the provision set forth in clause (3) of the covenant described below Consolidation, Merger, Sale of Assets will be suspended.

During any period that the foregoing covenants have been suspended, the Issuer s Board of Directors may not designate any of the Issuer s Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant described below under the caption Limitation on Unrestricted Subsidiaries.

Notwithstanding the foregoing, if the rating assigned by either Rating Agency should subsequently decline to below an Investment Grade Rating, the foregoing covenants will be reinstituted as of and from the date of such rating decline; provided, however, no

Default, Event of Default or breach of any kind shall be deemed to exist or have occurred under the Indenture, the Notes or the Guarantees with respect to the foregoing suspended covenants based on, and none of the Issuer or any of the Restricted Subsidiaries or Guarantors shall bear any liability for, any actions taken or events occurring during the period the foregoing covenants were suspended, or any actions taken at any time pursuant to any contractual obligation arising prior to the date the foregoing covenants were reinstated, regardless of whether such actions or events would have been permitted if the applicable suspended covenants remained in effect during such period. On the date the foregoing covenants are reinstated, all Indebtedness incurred during the suspension period will be deemed to have been outstanding on the date of the Indenture, so that it is classified as permitted under clause (4) of Limitation on Indebtedness. Calculations under the reinstated Limitation on Restricted Payments covenant will be made as if the Limitation on Restricted Payments covenant had been in effect since the date of the indenture except that no Default or Event of Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

Additional Covenants

The Indenture also contains covenants with respect to the following matters: (i) payment of principal, premium and interest; (ii) maintenance of an office or agency; (iii) arrangements regarding the handling of money held in trust; (iv) maintenance of corporate existence; (v) payment of taxes and other claims; (vi) maintenance of properties; and (vii) maintenance of insurance.

Consolidation, Merger, Sale of Assets

We shall not, in a single transaction or a series of related transactions, consolidate with or merge with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of our properties and assets to any Person or group of affiliated Persons, or permit any of our Subsidiaries to enter into any such transaction or transactions if such transaction or transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of us and our Subsidiaries on a Consolidated basis to any other Person or group of affiliated Persons, unless at the time and after giving effect thereto:

(1) either (a) we shall be the continuing corporation or (b) the Person (if other than the Issuer) formed by such consolidation or into which we are merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of us and our Subsidiaries on a Consolidated basis (the Surviving Entity) shall be a corporation duly organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and such Person assumes, by a supplemental indenture in a form reasonably satisfactory to the Trustee, all of our obligations under the Notes and the Indenture and the Registration Rights Agreement, and the Indenture and the Registration Rights Agreement shall remain in full force and effect;

(2) immediately before and immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

(3) immediately before and immediately after giving effect to such transaction on a pro forma basis (on the assumption that the transaction occurred on the first day of the four-quarter period immediately prior to the consummation of such transaction with the appropriate adjustments with respect to the transaction being included in such pro forma calculation), we (or the Surviving Entity if we are not the continuing obligor under the Indenture) could incur $1.00 of additional Indebtedness under the provisions of Certain Covenants Limitation on Indebtedness (other than Permitted Indebtedness);

(4) each Guarantor, if any, unless it is the other party to the transactions described above, shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person s obligations under the Indenture and the Notes;

(5) if any of our property or assets or any of our Subsidiaries would thereupon become subject to any Lien, the provisions of Certain Covenants Limitation on Liens are complied with; and

(6) we or the Surviving Entity shall have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an officers certificate and an opinion of counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, lease or other transaction and the supplemental indenture in respect thereto comply with the provisions of the Indenture and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with.

Each Guarantor will not, and we will not permit a Guarantor to, in a single transaction or series of related transactions merge or consolidate with or into any other corporation (other than us or any other Guarantor) or other entity, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets on a Consolidated basis to any entity (other than us or any other Guarantor) unless at the time and giving effect thereto:

(1) either (a) such Guarantor shall be the continuing corporation or (b) the entity (if other than such Guarantor) formed by such consolidation or into which such Guarantor is merged or the entity which acquires by sale, assignment, conveyance, transfer, lease or disposition the properties and assets of such Guarantor shall be a corporation duly organized and validly existing under the laws of the United States, any state thereof or the District of Columbia and shall expressly assume by a supplemental indenture, executed and delivered to the Trustee, in a form reasonably satisfactory to the Trustee, all the obligations of such Guarantor under the Notes and the Indenture and the Registration Rights Agreement;

(2) immediately before and immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(3) such Guarantor shall have delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, an officers certificate and an opinion of counsel, each stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or disposition and such supplemental indenture comply with the Indenture, and thereafter all obligations of the predecessor shall terminate.

The provisions of this paragraph shall not apply to any transaction (including an Asset Sale made in accordance with Certain Covenants Limitation on Sale of Assets) with respect to any Guarantor if the Guarantee of such Guarantor is released in connection with such transaction in accordance with paragraph (b) of Certain Covenants Limitation on Issuances of Guarantees of and Pledges for Indebtedness.

In the event of any transaction (other than a lease) described in and complying with the conditions listed in the immediately preceding paragraphs in which we or any Guarantor is not the continuing corporation, the successor Person formed or remaining shall succeed to, and be substituted for, and may exercise every right and power of, us or such Guarantor, as the case may be, and we or such Guarantor, as the case may be, would be discharged from its obligations under the Indenture, the Notes or its Guarantee, as the case may be, and the Registration Rights Agreement.

Events of Default

An Event of Default will occur under the Indenture if:

(1) there shall be a default in the payment of any interest on any Note when it becomes due and payable, and such default shall continue for a period of 30 days;

(2) there shall be a default in the payment of the principal of (or premium, if any, on) any Note at its Maturity (upon acceleration, optional or mandatory redemption, required repurchase or otherwise);

(3) (a) there shall be a default in the performance, or breach, of any covenant or agreement of ours or any Guarantor under the Notes, the Guarantees or the Indenture (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in clause (1) or (2) or in clause (b), (c) or (d) of this clause (3)) and such default or breach shall continue for a period of 30 days after written notice has been given, by certified mail, (x) to us by the Trustee or (y) to us and the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Notes; (b) there shall be a default in the performance or breach of the provisions described in Consolidation, Merger, Sale of Assets ; (c) we shall have failed to make or consummate an Offer in accordance with the provisions of Certain Covenants Limitation on Sale of Assets ; or (d) we shall have failed to make or consummate a Change of Control Offer in accordance with the provisions of Certain Covenants Purchase of Notes upon a Change of Control;

(4) one or more defaults shall have occurred under any agreements, indentures or instruments under which we, any Guarantor or any Restricted Subsidiary then has outstanding Indebtedness in excess of $25,000,000 in the aggregate and, if not already matured at its final maturity in accordance with its terms, such Indebtedness shall have been accelerated;

(5) any Guarantee shall for any reason cease to be, or be asserted in writing by any Guarantor or us not to be, in full force and effect, enforceable in accordance with its terms, except to the extent contemplated by the Indenture and any such Guarantee;

(6) one or more judgments, orders or decrees for the payment of money in excess of $50,000,000, either individually or in the aggregate (net of amounts covered by insurance, bond, surety or similar instrument) shall be entered against us, any Guarantor or any Restricted Subsidiary or any of their respective properties and shall not be discharged and either (a) any creditor shall have commenced an enforcement proceeding upon such judgment, order or decree or (b) there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;

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

(8) (a) the Company, the Issuer or any Significant Subsidiary commences a voluntary case or proceeding under any applicable Bankruptcy Law or any other case or proceeding to be adjudicated bankrupt or insolvent,

(b) the Company, the Issuer or any Significant Subsidiary consents to the entry of a decree or order for relief in respect of the Company, the Issuer or any Significant Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against it,

(c) the Company, the Issuer or any Significant Subsidiary files a petition or answer or consent seeking reorganization or relief under any applicable federal or state law,

(d) the Company, the Issuer or any Significant Subsidiary (x) consents to the filing of such petition or the appointment of, or taking possession by, a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company, the Issuer or any Significant Subsidiary or of any substantial part of their respective property, (y) makes an assignment for the benefit of creditors or (z) admits in writing its inability to pay its debts generally as they become due or

(e) the Company, the Issuer or any Significant Subsidiary takes any corporate action in furtherance of any such actions in this paragraph (8).

If an Event of Default (other than as specified in clauses (7) and (8) of the prior paragraph) shall occur and be continuing, the Trustee or the holders of not less than 25% in aggregate principal amount of the Notes outstanding may, and the Trustee at the request of such holders shall, declare all unpaid principal of, premium, if any, and accrued interest on, all the Notes to be due and payable immediately by a notice in writing to us (and to the Trustee if given by the holders of the Notes); provided that so long as the Bank Credit Agreement is in effect, such declaration shall not become effective until the earlier of (a) five business days after receipt of such notice of acceleration from the holders or the Trustee by the agent under the Bank Credit Agreement or (b) acceleration of the Indebtedness under the Bank Credit Agreement. Thereupon the Trustee may, at its discretion, proceed to protect and enforce the rights of the holders of Notes by appropriate judicial proceeding. If an Event of Default specified in clause (7) or (8) of the prior paragraph occurs and is continuing, then all the Notes shall ipso facto become and be immediately due and payable, in an amount equal to the principal amount of the Notes, together with accrued and unpaid interest, if any, to the date the Notes become due and payable, without any declaration or other act on the part of the Trustee or any holder. The Trustee or, if notice of acceleration is given by the holders of the Notes, the holders of the Notes shall give notice to the agent under the Bank Credit Agreement of such acceleration.

After a declaration of acceleration, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in aggregate principal amount of Notes outstanding, by written notice to us and the Trustee, may rescind and annul such declaration if (a) we have paid or deposited with the Trustee a sum sufficient to pay (1) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, (2) all overdue interest on all Notes, (3) the principal of and premium, if any, on any Notes which have become due otherwise than by such declaration of acceleration and interest thereon at a rate borne by the Notes and (4) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Notes; and (b) all Events of Default, other than the non-payment of principal of the Notes which have become due solely by such declaration of acceleration, have been cured or waived.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may on behalf of the holders of all the Notes waive any past default under the Indenture and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any Note, or in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the holder of each Note outstanding.

We are also required to notify the Trustee within five Business Days of the occurrence of any Default. We are required to deliver to the Trustee, on or before a date not more than 60 days after the end of each fiscal quarter and not more than 120 days after the end of each fiscal year, a written statement as to compliance with the Indenture, including whether or not any default has occurred. The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the holders of the Notes unless such holders offer to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred thereby.

The Trust Indenture Act contains limitations on the rights of the Trustee, should it become a creditor of ours or any Guarantor, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions, provided that if it acquires any conflicting interest it must eliminate such conflict upon the occurrence of an Event of Default or else resign.

Defeasance or Covenant Defeasance of the Indenture

We may, at our option, at any time, elect to have our obligations, each of the Guarantors and any other obligor upon the Notes discharged with respect to the outstanding Notes and the Indenture (defeasance). Such defeasance means that we, each of the Guarantors and any other obligor under the Indenture shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, except for

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due,

(2) our obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes, and the maintenance of an office or agency for payment and money for security payments held in trust,

(3) the rights, powers, trusts, duties and immunities of the Trustee, and

(4) the defeasance provisions of the Indenture.

In addition, we may, at our option and at any time, elect to have the obligations of the Issuer and any Guarantor released with respect to certain covenants that are described in the Indenture (covenant defeasance) and any omission to comply with such obligations shall not constitute a Default or an Event of Default with respect to the Notes. In the event covenant defeasance occurs, certain events (not including non-payment, enforceability of any Guarantee, bankruptcy and insolvency events) described under Events of Default will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either defeasance or covenant defeasance,

(1) we must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in United States dollars, U.S. Government Obligations (as defined in the Indenture), or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants or a nationally recognized investment banking firm expressed in a written certification thereof delivered to the Trustee, to pay and discharge the principal of, premium, if any, and interest on the outstanding Notes on the Stated Maturity of such principal or installment of principal or interest (or on any date after the initial redemption date, if any, for such outstanding Notes (such date being referred to as the Defeasance Redemption Date), if when exercising either defeasance or covenant defeasance, we have delivered to the Trustee an irrevocable notice to redeem all of the outstanding Notes on the Defeasance Redemption Date);

(2) in the case of defeasance, we shall have delivered to the Trustee an opinion of independent counsel in the United States stating that (A) we have received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of the Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of independent counsel in the United States shall confirm that, the holders and beneficial owners of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;

(3) in the case of covenant defeasance, we shall have delivered to the Trustee an opinion of independent counsel in the United States to the effect that the holders and beneficial owners of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as clause (7) or (8) under the first paragraph under Events of Default are concerned, at any time during the period ending on the 91st day after the date of deposit;

(5) such defeasance or covenant defeasance shall not cause the Trustee for the Notes to have a conflicting interest with respect to any securities of the Issuer or any Guarantor;

(6) such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a Default under, the Indenture or any other material agreement or instrument to which we or any Guarantor is a party or by which it is bound;

(7) we shall have delivered to the Trustee an opinion of independent counsel to the effect that (A) the trust funds will not be subject to any rights of holders of Indebtedness that ranks *pari passu* with the Notes or the Guarantees, including, without limitation, those arising under the Indenture and (B) after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors rights generally;

(8) we shall have delivered to the Trustee an officers certificate stating that the deposit was not made by us with the intent of preferring the holders of the Notes or any Guarantee over the other creditors of the Issuer or any Guarantor with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer, any Guarantor or others;

(9) no event or condition shall exist that would prevent us from making payments of the principal of, premium, if any, and interest on the Notes on the date of such deposit or at any time ending on the 91st day after the date of such deposit; and

(10) we shall have delivered to the Trustee an officers certificate and an opinion of independent counsel, each stating that all conditions precedent provided for relating to either the defeasance or the covenant defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

(a) either:

(1) all Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid) have been delivered to the Trustee for cancellation; or

(2) all Notes not theretofore delivered to the Trustee for cancellation (a) have become due and payable, or (b) will become due and payable at their Stated Maturity within one year, or (c) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer and we or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee funds in an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, including principal of, premium, if any, and accrued interest at such Stated Maturity or redemption date;

(b) we or any Guarantor has paid or caused to be paid all other sums payable under the Indenture relating to the Notes by us or any Guarantor; and

(c) we have delivered to the Trustee an officers certificate and an opinion of counsel stating that (1) all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture relating to the Notes have been complied with and (2) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Indenture relating to the Notes or any other material agreement or instrument to which we or any Guarantor is a party or by which we or any Guarantor is bound.

Modifications and Amendments

Modifications and amendments of the Indenture relating to the Notes may be made by us, any Guarantor and the Trustee with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding Notes; *provided, however,* that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Note or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which the principal of any Note or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment after the Stated Maturity thereof (or in the case of redemption, on or after the redemption date) (other than provisions relating to the covenants set forth under Certain Covenants Limitation on Sale of Assets);

(2) amend, change or modify our obligation to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with Certain Covenants Purchase of Notes upon a Change of Control, including amending, changing or modifying any definitions with respect thereto;

(3) reduce the percentage in principal amount of outstanding Notes, the consent of whose holders is required for any supplemental indenture, or the consent of whose holders is required for any waiver or compliance with certain provisions of the Indenture or certain defaults or with respect to any Guarantee;

(4) modify any of the provisions relating to supplemental indentures requiring the consent of holders or relating to the waiver of past defaults or relating to the waiver of certain covenants, except to increase the percentage of outstanding Notes required for such actions or to provide that certain other provisions of the Indenture relating to the Notes cannot be modified or waived without the consent of the holder of each Note affected thereby;

(5) except as otherwise permitted under Consolidation, Merger, Sale of Assets, consent to the assignment or transfer by us or any Guarantor of any of its rights and obligations under the Indenture; or

(6) amend or modify any of the provisions of the Indenture relating to the ranking of the Notes or any Guarantee in any manner adverse to the holders of the Notes or any Guarantee;

provided further, that no such modification or amendment may, without the consent of the holders of 662/3% of the outstanding Notes affected thereby, amend, change or modify our obligation to make and consummate an Offer with respect to any Asset Sale or Asset Sales in accordance with Certain Covenants Limitation on Sale of Assets including amending, changing or modifying any definitions with respect thereto.

Without the consent of any holders, we and the Guarantors, when authorized by a resolution of the board of directors and upon delivery of an Opinion of Counsel to the effect that such supplemental indentures or agreements are permitted under the Indenture, and the Trustee, at any time and from time to time, may enter into one or more supplemental indentures or agreements, or other instruments with respect to any Guarantee, in form and substance satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another Person to us, any Guarantor or any other obligor upon the Notes, and the assumption by any such successor of our covenants or such Guarantor or obligor under the Indenture and in the Notes and in any Guarantee, in each case in compliance with the provisions of the Indenture;

(2) to add to the covenants of the Issuer, any Guarantor or any other obligor upon the Notes for the benefit of the holders, or to surrender any right or power conferred in the Indenture upon us, any Guarantor or any other obligor upon the Notes, as applicable, in the Indenture, in the Notes or in any Guarantee;

(3) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be defective or inconsistent with any other provision in the Indenture or in any Guarantee, or to make any other provisions with respect to matters or questions arising under the Indenture, the Notes or any Guarantee; provided that, in each case, such provisions shall not adversely affect the interests of the holders;

(4) to comply with the requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act, as contemplated by the Indenture or otherwise;

(5) to add a Guarantor pursuant to the requirements under Certain Covenants Limitation on Issuances of Guarantees of and Pledges for Indebtedness ;

(6) to evidence and provide the acceptance of the appointment of a successor trustee under the Indenture;

(7) to mortgage, pledge, hypothecate or grant a security interest in favor of the Trustee for the benefit of the holders as additional security for the payment and performance of the Indenture obligations, in any property or assets, including any which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Trustee pursuant to this Indenture or otherwise; or

(8) to provide for uncertificated Notes in place of or in addition to certificated Notes.

The holders of a majority in aggregate principal amount of the Notes outstanding may waive compliance with certain restrictive covenants and provisions of the Indenture relating to the Notes.

Governing Law

The Indenture, the Notes and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to the conflicts of law principles thereof.

Payment and Paying Agent

Payments in respect of the Notes shall be made to DTC, which shall credit the relevant accounts at DTC on the applicable payment dates or, if the Notes are not held by DTC, such payments shall be made at the office or agency of the Paying Agent maintained for such purpose, or at our option, by check mailed to the address of the holder entitled thereto as such address shall appear on the Notes Register. The Paying Agent shall initially be U.S. Bank National Association. The Paying Agent shall be permitted to resign as Paying Agent upon 30 days written notice to us. In the event that U.S. Bank National Association chooses no longer to be the Paying Agent, we shall appoint a successor (which shall be a bank or trust company) acceptable to us to act as Paying Agent.

Registrar and Transfer Agent

U.S. Bank National Association will act as registrar and transfer agent for the Notes (the Notes Registrar).

As described under Book-Entry Securities; The Depository Trust Company; Delivery and Form, so long as the Notes are in book-entry form, registration of transfers and exchanges of Notes will be made through direct participants and indirect participants in DTC. If physical certificates representing the Notes are issued, registration of transfers and exchanges of Notes will be effected without charge by us or on our behalf, but, in the case of a transfer, upon payment (with the giving of such indemnity as we may require) in respect of any tax or other governmental charges which may be imposed in relation to it.

We will not be required to register or cause to be registered any transfer of Notes during a period beginning 15 days prior to the mailing of notice of redemption of Notes and ending on the day of such mailing.

Certain Definitions

Acquired Indebtedness means Indebtedness of a Person (1) existing at the time such Person becomes a Subsidiary or (2) assumed in connection with the acquisition of assets from such Person, in each case, other than Indebtedness incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to be incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary.

Affiliate means, with respect to any specified Person, (1) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person, (2) any executive officer or director of such Person or (3) any other Person 10% or more of the voting Equity Interests of which are beneficially owned or held directly or indirectly by such specified Person. For the purposes of this definition, control when used with respect to any specified Person means the power to direct the management and policies of such Person directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms controlling and controlled have meanings correlative to the foregoing.

Applicable Premium means, with respect to a Note on any date of redemption, the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess, if any, of (a) the present value as of such date of redemption of (1) the redemption price of such Note on April 1, 2016, (each such redemption price being described under Optional Redemption) plus (2) all required interest payments due on such Note through April 1, 2016 (excluding accrued but unpaid interest to the date of redemption), computed using a discount rate equal to the Treasury Rate as of such date of redemption plus 50 basis points, over (b) the then-outstanding principal of such Note.

Asset Sale means any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger, consolidation or Sale and Leaseback Transaction) (collectively, a transfer), directly or indirectly, in one or a series of related transactions, of

(1) any Equity Interest of any Restricted Subsidiary;

(2) all or substantially all of the properties and assets of any division or line of business of the Issuer or any Restricted Subsidiary; or

(3) any other properties or assets of the Issuer or any Restricted Subsidiary, other than in the ordinary course of business.

For the purposes of this definition, the term Asset Sale shall not include any transfer of properties and assets (A) that is governed by the provisions described under Consolidation, Merger, Sale of Assets, (B) that is by the Issuer to any Wholly Owned Restricted

Subsidiary that is a Guarantor, or by any Restricted Subsidiary to the Issuer or any Wholly Owned Restricted Subsidiary that is a Guarantor in accordance with the terms of the Indenture or (C) that aggregates not more than $25,000,000 in gross proceeds.

Asset Swap means an Asset Sale by the Issuer or any Restricted Subsidiary in exchange for properties or assets that will be used in the business of the Issuer and its Restricted Subsidiaries existing on the date of the Indenture or reasonably related thereto.

Average Life to Stated Maturity means, as of the date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from the date of determination to the date or dates of each successive scheduled principal payment of such Indebtedness multiplied by (b) the amount of each such principal payment by (2) the sum of all such principal payments.

Bank Credit Agreement means the Fourth Amended and Restated Credit Agreement, dated as of October 29, 2009, as amended on August 19, 2010, March 15, 2011, December 16, 2011 and September 20, 2012, between the Issuer, the guarantors party thereto, the lenders named therein and J.P. Morgan Chase Bank, N.A., as agent, J.P. Morgan Securities LLC, as sole lead arranger and bookrunner, Wells Fargo Bank, National Association, as syndication agent, and Citadel Securities LLC, as documentation agent, as such agreement may be amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time (including, without limitation, any successive renewals, extensions, substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing and including, for the avoidance of doubt, any renewals, extensions, substitutions, refinancing, restructurings, replacements, supplements or any other modifications through any indenture, note purchase agreement or similar instrument). For all purposes under the Indenture, Bank Credit Agreement shall include any amendments, renewals, extensions, substitutions, refinancings, restructurings, replacements, supplements or any other modifications that increase the principal amount of the Indebtedness or the commitments to lend thereunder and have been made in compliance with Certain Covenants Limitation on Indebtedness; provided that, for purposes of the definition of Permitted Indebtedness set forth in Certain Covenants Limitation on Indebtedness, no such increase may result in the principal amount of Indebtedness of the Company under the Bank Credit Agreement exceeding the amount permitted by clause (1) of the definition of Permitted Indebtedness. References herein to the Fifth Amended and Restated Credit Agreement refer to the Bank Credit Agreement as of the date of the Indenture as proposed to be amended and restated as described in Summary Recent Developments Amended and Restated Bank Credit Agreement.

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

Broadcast Licenses means (a) the licenses, permits, authorizations or certificates to construct, own or operate the Stations granted by the FCC, and all extensions, additions and renewals thereto or thereof, and (b) the licenses, permits, authorizations or certificates which are necessary to construct, own or operate the Stations granted by administrative law courts or any state, county, city, town, village or other local government authority, and all extensions, additions and renewals thereto or thereof.

Business Day means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

Capital Lease Obligation means any obligation of the Issuer and the Restricted Subsidiaries on a Consolidated basis under any capital lease of real or personal property which, in accordance with GAAP, has been recorded as a capitalized lease obligation.

Commission means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of the Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

Company means Sinclair Broadcast Group, Inc., a corporation incorporated under the laws of the State of Maryland, until a successor Person shall have become such pursuant to the applicable provisions of the Indenture, and thereafter Company shall mean such successor Person.

Consolidated Interest Expense means, without duplication, for any period, the sum of

(a) the cash interest expense of the Issuer and its Consolidated Restricted Subsidiaries for such period, on a Consolidated basis, including, without limitation,

(1) amortization of debt discount,

(2) the net cost under interest rate contracts (including amortization of discounts),

(3) the interest portion of any deferred payment obligation, and

(4) accrued interest, plus

(b) the interest component of the Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by the Issuer during such period, and all capitalized interest of the Issuer and its Consolidated Restricted Subsidiaries, minus

(c) cash interest income of the Issuer and its Consolidated Restricted Subsidiaries for such period, on a Consolidated basis,

in each case as determined in accordance with GAAP consistently applied; provided that, for the avoidance of doubt, Consolidated Interest Expense shall not include any cash interest expense associated with the Existing Convertible Notes.

Consolidated Net Income (Loss) means, for any period, the Consolidated net income (or loss) of the Issuer and its Consolidated Restricted Subsidiaries for such period as determined in accordance with GAAP consistently applied, adjusted, to the extent included in calculating such net income (or loss), (a) by excluding, without duplication,

(1) all extraordinary gains but not losses (less all fees and expenses relating thereto),

(2) the portion of net income (or loss) of the Issuer and its Consolidated Restricted Subsidiaries allocable to interests in unconsolidated Persons or Unrestricted Subsidiaries, except to the extent of the amount of dividends or distributions actually paid to the Issuer or its Consolidated Restricted Subsidiaries by such other Person during such period,

(3) any gain or loss, net of taxes, realized upon the termination of any employee pension benefit plan,

(4) net gains but not losses (less all fees and expenses relating thereto) in respect of dispositions of assets other than in the ordinary course of business,

(5) the net income of the Issuer or any Restricted Subsidiary to the extent that the declaration of dividends or similar distributions by the Issuer or that Restricted Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to the Issuer, that Restricted Subsidiary or its shareholders,

(6) any impairment charge or asset write-off, in each case, pursuant to GAAP and the amortization of intangibles and other assets or any depreciation expense, in each case, pursuant to GAAP, or

(7) expenses relating to the issuance of the Notes and the Initial Debt Transactions;

and (b) by including, to the extent excluded in calculating such net income (or loss), without duplication, any cash contributions to the Issuer or any Restricted Subsidiary by Unrestricted Subsidiaries.

Solely for purposes of the calculation of Consolidated Net Income (Loss) Any cash amounts dividended, distributed, loaned or otherwise transferred to the Company by the Issuer or its Restricted Subsidiaries pursuant to clause (9) of the second paragraph of the

covenant described under Certain Covenants Limitation on Restricted Payments, without duplication of any amounts otherwise deducted in calculating Consolidated Net Income (Loss), the funds for which are provided by the Issuer and/or the Restricted Subsidiaries shall be deducted in calculating the Consolidated Net Income of the Issuer and the Restricted Subsidiaries.

Consolidation means, with respect to any Person, the consolidation of the accounts of such Person and each of its subsidiaries (other than any Unrestricted Subsidiaries) if and to the extent the accounts of such Person and each of its subsidiaries (other than any Unrestricted Subsidiaries) would normally be consolidated with those of such Person, all in accordance with GAAP consistently applied. The term Consolidated shall have a similar meaning.

Contract Stations means (a) each television or radio station identified as such in a schedule to the Indenture, (b) each television or radio station that is the subject of an acquisition referred to in clause (b) of the definition of Acquisitions in the Bank Credit Agreement consummated by the Issuer or any Subsidiary on or after the date hereof and (c) any television or radio station with which the Issuer or any Subsidiary has entered into any Local Marketing Agreement on or after the date hereof, in each case until such time, if any, as the Issuer or any Subsidiary acquires the Broadcast License of such television or radio station and such station becomes an Owned Station.

Cumulative Consolidated Interest Expense means, as of any date of determination, Consolidated Interest Expense from October 29, 2009 to the end of the Issuer s most recently ended full fiscal quarter prior to such date, taken as a single accounting period.

Cumulative Operating Cash Flow means, as of any date of determination, Operating Cash Flow from October 29, 2009 to the end of the Issuer s most recently ended full fiscal quarter prior to such date, taken as a single accounting period.

Cunningham means Cunningham Broadcasting Corporation, a Maryland corporation.

Debt to Operating Cash Flow Ratio means, as of any date of determination, the ratio of

(a) the aggregate principal amount of all outstanding Indebtedness of the Issuer and its Restricted Subsidiaries as of such date on a Consolidated basis plus the aggregate liquidation preference or redemption amount of all Disqualified Equity

Interests of the Issuer (excluding any such Disqualified Equity Interests held by the Issuer or a Wholly Owned Restricted Subsidiary of the Issuer) to

(b) Operating Cash Flow of the Issuer and its Restricted Subsidiaries on a Consolidated basis for the four most recent full fiscal quarters ending immediately prior to such date, determined on a pro forma basis (and after giving pro forma effect to

(1) the incurrence of such Indebtedness and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, at the beginning of such four-quarter period;

(2) the incurrence, repayment or retirement of any other Indebtedness by the Issuer and its Restricted Subsidiaries since the first day of such four-quarter period as if such Indebtedness was incurred, repaid or retired at the beginning of such four-quarter period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility shall be computed based upon the average balance of such Indebtedness at the end of each month during such four-quarter period);

(3) in the case of Acquired Indebtedness, the related acquisition as if such acquisition had occurred at the beginning of such four-quarter period; and

(4) any acquisition or disposition by the Issuer and its Restricted Subsidiaries of any company or any business or any assets out of the ordinary course of business, or any related repayment of Indebtedness, in each case since the first day of such four-quarter period, assuming such acquisition or disposition had been consummated on the first day of such four-quarter period).

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

Designated Noncash Consideration means the Fair Market Value of non-cash consideration (other than any Local Marketing Agreement valuation treated as cash) received by the Issuer or any of its Restricted Subsidiaries in connection with an Asset Sale (other than an Asset Swap) that is conclusively designated pursuant to an Officers Certificate. The aggregate fair market value of the Designated Noncash Consideration, taken together with the fair market value at the time of receipt of all other Designated Noncash Consideration then held by the Issuer or its Restricted Subsidiaries, may not exceed $25,000,000 at any time outstanding.

Designated SBG Subsidiary means (a) KDSM, LLC and KDSM Licensee, LLC and (b) each other Subsidiary of the Company that is designated as a Designated SBG Subsidiary after the date of the Indenture pursuant to the Indenture, in each case so long as such Subsidiary remains a Designated SBG Subsidiary.

Disqualified Equity Interests means any Equity Interests that, either by their terms or by the terms of any security into which they are convertible or exchangeable or otherwise, are, or upon the happening of an event or passage of time would be required to be, redeemed prior to any Stated Maturity of the principal of the Notes or are redeemable at the option of the holder thereof at any time prior to any such Stated Maturity (other than upon a change of control of or sale of assets by the Issuer in circumstances where the holders of the Notes would have similar rights), or are convertible into or exchangeable for debt securities at any time prior to any such Stated Maturity at the option of the holder thereof.

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

Equity Offering means a public or private offering for cash by the Issuer or the Company, as the case may be, of its Equity Interests, other than (x) public offerings with respect to the Issuer s or the Company s Equity Interests registered on Form S-4 or S-8, (y) an issuance to any Subsidiary or (z) any offering of Equity Interests issued in connection with a transaction that constitutes a Change of Control.

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

Existing Convertible Notes means the Company s existing 3.0% Convertible Senior Notes due 2027 and 4.875% Convertible Senior Notes due 2018.

Existing Secured Notes means the Issuer s 9.25% Senior Secured Second Lien Notes due 2017.

Existing Senior Notes means the Issuer s 8.375% Senior Notes due 2018 and 6.125% Senior Notes due 2022.

Fair Market Value means, with respect to any asset or property, the sale value that would be obtained in an arm s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy.

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

Generally Accepted Accounting Principles or GAAP means generally accepted accounting principles in the United States, consistently applied, which are in effect on the date of the Indenture.

Guarantee means the guarantee by any Guarantor of the Issuer s Indenture Obligations pursuant to a guarantee given in accordance with the Indenture.

Guaranteed Debt of any Person means, without duplication, all Indebtedness of any other Person referred to in the definition of Indebtedness guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement

(1) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness,

(2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss,

(3) to supply funds to, or in any other manner invest in, the debtor (including any agreement to pay for property or services without requiring that such property be received or such services be rendered),

(4) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor or

(5) otherwise to assure a creditor against loss;

provided that the term guarantee shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

Guarantor means (1) initially the Company, the subsidiaries of the Issuer listed as guarantors in the Indenture, each SBG Guarantor and any other guarantor of the Indenture Obligations. The Guarantors include WLFL, Inc., a Maryland corporation, Sinclair Media I, Inc., a Maryland corporation, WSMH, Inc., a Maryland corporation, WSTR Licensee, Inc., a Maryland corporation, WGME, Inc., a Maryland corporation, Sinclair Media III, Inc., a Maryland corporation, WTTO, Inc., a Maryland corporation, WTVZ, Inc., a Maryland corporation, KOCB, Inc., an Oklahoma corporation, WDKY, Inc., a Delaware corporation, WYZZ Licensee, Inc., a Delaware corporation, WSYX Licensee, Inc., a Maryland corporation, WTWC, Inc., a Maryland corporation, Sinclair Television of Nashville, Inc., a Tennessee corporation, Sinclair Acquisition VII, Inc., a Maryland corporation, Sinclair Acquisition VIII, Inc., a Maryland corporation, Sinclair Acquisition IX, Inc., a Maryland corporation, Sinclair Acquisition X, Inc., a Maryland corporation, Montecito Broadcasting Corporation, a Delaware corporation, Channel 33, Inc., a Nevada corporation, New York Television, Inc., a Maryland corporation, Sinclair Properties, LLC, a Virginia limited liability company, KBSI Licensee L.P., a Virginia limited partnership, KOKH, LLC, a Nevada limited liability company, WMMP Licensee L.P., a Virginia limited partnership, WSYT Licensee L.P., a Virginia limited partnership, WKEF Licensee L.P., a Virginia limited partnership, WGME Licensee, LLC, a Maryland limited liability company, WICD Licensee, LLC, a Maryland limited liability company, WICS Licensee, LLC, a Maryland limited liability company, KGAN Licensee, LLC, a Maryland limited liability company, WSMH Licensee, LLC, a Maryland limited liability company, WPGH Licensee, LLC, a Maryland limited liability company, KDNL Licensee, LLC, a Maryland limited liability company, WCWB Licensee, LLC, a Maryland limited liability company, WTVZ Licensee, LLC, a Maryland limited liability company, Chesapeake Television Licensee, LLC, a Maryland limited liability company, KABB Licensee, LLC, a Maryland limited liability company, WLOS Licensee, LLC, a Maryland limited liability company, KLGT Licensee, LLC, a Maryland limited liability company, WCGV Licensee, LLC, a Maryland limited liability company, KUPN Licensee, LLC, a Maryland limited liability company, WEAR Licensee, LLC, a Maryland limited liability company, Illinois Television, LLC, a Maryland limited liability company, WLFL Licensee, LLC, a Maryland limited liability company, WTTO Licensee, LLC, a Maryland limited liability company, WTWC Licensee, LLC, a Maryland limited liability company, KOCB Licensee, LLC, a Maryland limited liability company, WDKY Licensee, LLC, a Maryland limited liability company, KOKH Licensee, LLC, a Maryland limited liability company, WUPN Licensee, LLC, a Maryland limited liability company, WUXP Licensee, LLC, a Maryland limited liability company, WCHS Licensee, LLC, a Maryland limited liability company, Birmingham (WABM-TV) Licensee, Inc., a Maryland corporation, Raleigh (WRDC-TV) Licensee, Inc., a Maryland corporation, San Antonio (KRRT-TV) Licensee, Inc., a Maryland corporation, WVTV Licensee, Inc., a Maryland corporation, WUHF Licensee, LLC, a Nevada limited liability company, Milwaukee Television, LLC, a Wisconsin limited liability company, WMSN Licensee, LLC, a Nevada limited liability company, WRLH Licensee, LLC, a Nevada limited liability company, WUTV Licensee, LLC, a Nevada limited liability company, WXLV Licensee, LLC, a Nevada limited liability company, WZTV Licensee, LLC, a Nevada limited liability company, WVAH Licensee, LLC, a Nevada limited liability company, WTAT Licensee, LLC, a Nevada limited liability company, WRGT Licensee, LLC, a Nevada limited liability company, KSAS Licensee, LLC, a Nevada limited liability company, WHP Licensee, LLC, a Nevada limited liability company, WKRC Licensee, LLC, a Nevada limited liability company, WOAI Licensee, LLC, a Nevada limited liability company, WTTA Licensee, LLC, a Nevada limited liability company, KDSM Licensee, LLC, a Maryland limited liability company, KDSM, LLC, a Maryland limited liability company, KFXA Licensee, LLC, a Nevada limited liability company, San Antonio Television, LLC, a Delaware limited liability company, Sinclair Communications, LLC, a Maryland limited liability company, Sinclair Programming Company, LLC, a Maryland limited liability company, WDKA Licensee, LLC, a Nevada limited liability company, WFGX Licensee, LLC, a Nevada limited liability company, WTVC Licensee, LLC, a Nevada limited liability company, KEYE Licensee, LLC, a Nevada limited liability company, KUTV Licensee, LLC, a Nevada limited liability company, WLWC Licensee, LLC, a Nevada limited liability company, WTVX Licensee, LLC, a Nevada limited liability company, WPEC Licensee, LLC, a Nevada limited liability company, WWMT Licensee, LLC, a Nevada limited liability company, WRGB Licensee, LLC, a Nevada limited liability company, WCWN Licensee, LLC, a Nevada limited liability company, WLAJ Licensee, LLC,

a Nevada limited liability company, KTVL Licensee, LLC, a Nevada limited liability company, KFDM Licensee, LLC, a Nevada limited liability company, WUCW, LLC, a Maryland limited liability company, WWHO Licensee, LLC, a Nevada limited liability company, WNAB Licensee, LLC, a Nevada limited liability company, WNYS

Licensee, LLC, a Nevada limited liability company, WRDC, LLC, a Nevada limited liability company, KFOX Licensee, LLC, a Nevada limited liability company, KRXI Licensee, LLC, a Nevada limited liability company, WTOV Licensee, LLC, a Nevada limited liability company, WJAC Licensee, LLC, a Nevada limited liability company, WFXL Licensee, LLC, a Nevada limited liability company, KVII Licensee, LLC, a Nevada limited liability company, KXRM Licensee, LLC, a Nevada limited liability company, WACH Licensee, LLC, a Nevada limited liability company, KGBT Licensee, LLC, a Nevada limited liability company, KTVO Licensee, LLC, a Nevada limited liability company, WPDE Licensee, LLC, a Nevada limited liability company, KHQA Licensee, LLC, a Nevada limited liability company, WSTQ Licensee, LLC, a Nevada limited liability company, WPBN Licensee, LLC, a Nevada limited liability company, KRCG Licensee, LLC, a Nevada limited liability company, WLUC Licensee, LLC, a Nevada limited liability company, WHOI Licensee, LLC, a Nevada limited liability company, WNWO Licensee, LLC, a Nevada limited liability company, Chesapeake Television, Inc., a Maryland corporation, Sinclair Television of Illinois, LLC, a Nevada limited liability company, and Chesapeake Media I, LLC, a Nevada limited liability company, and (2) each of the Issuer s Subsidiaries and each Designated SBG Subsidiary which becomes a Guarantor of the Notes pursuant to the provisions of the Indenture, and their successors, in each case, until released from its respective Guarantee pursuant to the Indenture.

Hedging Agreement means any swap agreement, cap agreement, collar agreement, put or call, future contract, forward contract or similar agreement or arrangement entered into to protect against or mitigate the effect of fluctuations in the price of the Issuer s publicly issued common stock or in interest rates, foreign exchange rates or prices of commodities used in the business of the Issuer and its Subsidiaries and any master agreement relating to any of the foregoing.

Indebtedness means, with respect to any Person, without duplication,

(1) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities arising in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities and in connection with any agreement to purchase, redeem, exchange, convert or otherwise acquire for value any Equity Interests of such Person, or any warrants, rights or options to acquire such Equity Interests, now or hereafter outstanding,

(2) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments,

(3) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business,

(4) all obligations under Interest Rate Agreements of such Person (but excluding any terminated derivatives being amortized),

(5) all Capital Lease Obligations of such Person,

(6) all Indebtedness referred to in clauses (1) through (5) above of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by)

any Lien, upon or with respect to property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness,

(7) all Guaranteed Debt of such Person,

(8) all Disqualified Equity Interests valued at the greater of their voluntary or involuntary maximum fixed repurchase price plus accrued and unpaid dividends, and

(9) any amendment, supplement, modification, deferral, renewal, extension, refunding or refinancing of any liability of the types referred to in clauses (1) through (8) above;

provided, however, that the term Indebtedness shall not include any obligations of the Issuer and its Restricted Subsidiaries with respect to Film Contracts entered into in the ordinary course of business. The amount of Indebtedness of any Person at any date shall be, without duplication, the principal amount that would be shown on a balance sheet of such Person prepared as of such date in

accordance with GAAP and the maximum determinable liability of any Guaranteed Debt referred to in clause (7) above at such date. The Indebtedness of the Issuer and its Restricted Subsidiaries shall not include any Indebtedness of Unrestricted Subsidiaries so long as such Indebtedness is non-recourse to the Issuer and the Restricted Subsidiaries. For purposes hereof, the maximum fixed repurchase price of any Disqualified Equity Interests which do not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Equity Interests as if such Disqualified Equity Interests were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Equity Interests, such Fair Market Value to be determined in good faith by the Board of Directors of the issuer of such Disqualified Equity Interests. The amount of any Indebtedness outstanding as of any date shall be (1) the accreted value thereof in the case of any Indebtedness issued with original issue discount or the aggregate principal amount outstanding in the

case of Indebtedness issued with interest payable in kind and (2) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

Indenture Obligations means the obligations of the Issuer and any other obligor under the Indenture or under the Notes, including any Guarantor, to pay principal, premium, if any, and interest when due and payable, and all other amounts due or to become due under or in connection with the Indenture, the Notes and the performance of all other obligations to the Trustee and the holders under the Indenture and the Notes, according to the terms thereof.

Independent Director means a director of the Company other than a director (1) who (apart from being a director of the Company or any Subsidiary) is an employee, insider, associate or Affiliate of the Company or a Subsidiary or has held any such position during the previous five years or (2) who is a director, an employee, insider, associate or Affiliate of another party to the transaction in question.

Initial Debt Transactions means (1) the issuance of the Notes by the Issuer and the Guarantees by the Guarantors, and (2) the amendment of the Bank Credit Agreement, in each case as described in this prospectus.

Interest Rate Agreements means one or more of the following agreements which shall be entered into from time to time by one or more financial institutions: interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) and any obligations in respect of any Hedging Agreements.

Investment Grade Rating means a rating equal to or higher than Baa3 by Moody s (or the equivalent rating by a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer (as certified by a resolution of the Board of Directors) which shall be substituted for Moody s) or BBB- by S&P (or the equivalent rating by a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer (as certified by a resolution of the Board of Directors) which shall be substituted for S&P).

Investment Grade Rating Event means the first day on which the Notes are assigned an Investment Grade Rating by both Rating Agencies and no Default or Event of Default has occurred and is continuing.

Investments means, with respect to any Person, directly or indirectly, any advance, loan (including guarantees), or other extension of credit or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase, acquisition or ownership by such Person of any Equity Interests, bonds, notes, debentures or other securities or assets issued or owned by any other Person and all other items that would be classified as investments on a balance sheet prepared in accordance

with GAAP.

Lien means any mortgage, charge, pledge, lien (statutory or otherwise), privilege, security interest, hypothecation or other encumbrance upon or with respect to any property of any kind (including any conditional sale or other title retention agreement, any leases in the nature thereof, and any agreement to give any security interest), real or personal, movable or immovable, now owned or hereafter acquired.

Local Marketing Agreement means a local marketing arrangement, sale agreement, time brokerage agreement, management agreement, outsourcing agreement, joint sale agreement, shared services agreement, program services agreement or similar arrangement pursuant to which a Person

(1) obtains the right to sell at least a majority of the advertising inventory of a television station on behalf of a third party,

(2) purchases at least a majority of the air time of a television station to exhibit programming and sell advertising time,

(3) manages the selling operations of a television station with respect to at least a majority of the advertising inventory of such station,

(4) manages or controls the acquisition of programming for a television station,

(5) acts as a program consultant for a television station,

(6) manages the operation of a television station generally,

(7) obtains the right to negotiate retransmission consent on behalf of a third party,

(8) provides non-programming related management and/or consulting services to a television station, or

(9) any put or option agreement entered into in connection with any agreement referred to in clauses (1) through (8) above that provides a right to acquire or sell the license or non-license assets of a television station.

Maturity, when used with respect to any Note, means the date on which the principal of such Note becomes due and payable as provided in the Note or as provided in the Indenture, whether at Stated Maturity, the offer date, or the redemption date and whether by declaration of acceleration, Offer in respect of excess proceeds, Change of Control, call for redemption or otherwise.

Moody s means Moody s Investors Service Inc. and any successor to the rating agency business thereto.

Net Cash Proceeds means

(a) with respect to any Asset Sale by any Person, the proceeds thereof in the form of cash or Temporary Cash Investments including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash or Temporary Cash Investments (except to the extent that such obligations are financed or sold with recourse to the Issuer or any Restricted Subsidiary) net of

(1) brokerage commissions and other reasonable fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale,

(2) provisions for all taxes payable as a result of such Asset Sale,

(3) payments made to retire Indebtedness where payment of such Indebtedness is secured by the assets or properties the subject of such Asset Sale,

(4) amounts required to be paid to any Person (other than the Issuer or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale and

(5) appropriate amounts to be provided by the Issuer or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Issuer or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an Officers Certificate delivered to the Trustee and

(b) with respect to any issuance or sale of Equity Interests, or debt securities or Equity Interests that have been converted into or exchanged for Equity Interests, as referred to under Certain Covenants Limitation on Restricted Payments, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed for, cash or Temporary Cash Investments (except to the extent that such obligations are financed or sold with recourse to the Issuer or any Restricted Subsidiary), net of attorney s fees, accountant s fees and brokerage, consultation, underwriting and other fees and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

Operating Cash Flow means, for any period, the Consolidated Net Income (Loss) of the Issuer and its Restricted Subsidiaries for such period, plus (a) extraordinary net losses and net losses on sales of assets outside the ordinary course of business during such period, to the extent such losses were deducted in computing Consolidated Net Income (Loss), plus (b) provision for taxes based on income or profits, to the extent such provision for taxes was included in computing such Consolidated Net Income (Loss), and any provision for taxes utilized in computing the net losses under clause (a) hereof, plus (c) Consolidated Interest Expense of the Issuer and its Restricted Subsidiaries for such period, plus (d) depreciation, amortization and all other non-cash charges, to the extent such depreciation, amortization and other non-cash charges were deducted in computing such Consolidated Net Income (Loss)(including amortization of goodwill and other intangibles, including Film Contracts and write-downs of Film Contracts), plus (e) to the extent deducted from Consolidated Net Income (Loss), all transaction costs relating to the Initial Debt Transactions, plus (f) cash distributions received from Unrestricted Subsidiaries, minus (g) any cash payments contractually required to be made with respect to Film Contracts (to the extent not previously included in computing such Consolidated Net Income (Loss)).

Owned Stations means (a) each television or radio station identified as such in a schedule to the Indenture and (b) any television or radio station the Broadcast Licenses of which are owned or held by the Issuer or any of its Subsidiaries on or after the date hereof.

Pari Passu Indebtedness means any Indebtedness of the Issuer or any Guarantor that is pari passu in right of payment to the Notes or any Guarantees, as the case may be.

Permitted Investment means

(1) Investments in the Issuer or any Wholly Owned Restricted Subsidiary;

(2) Indebtedness of the Issuer or a Restricted Subsidiary described under clauses (5) and (6) of the definition of Permitted Indebtedness set forth in Certain Covenants Limitation on Indebtedness ;

(3) Temporary Cash Investments;

(4) Investments acquired by the Issuer or any Restricted Subsidiary in connection with an Asset Sale permitted under Certain Covenants Limitation on Sale of Assets, to the extent such Investments are non-cash proceeds as permitted under such covenant;

(5) guarantees of Indebtedness otherwise permitted by the Indenture;

(6) Investments in existence on the date of this Indenture;

(7) loans up to an aggregate of $1,000,000 outstanding at any time to employees pursuant to benefits available to the employees of the Issuer or any Restricted Subsidiary from time to time in the ordinary course of business;

(8) any Investments in the Notes;

(9) a Guarantee by any Guarantor and any other guarantee given by a Guarantor of any Indebtedness of the Issuer in accordance with this Indenture;

(10) Investments by the Issuer or any Restricted Subsidiary in a Person, if as a result of such Investment (I) such Person becomes a Restricted Subsidiary or (II) such Person is merged, consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary;

(11) other Investments relating to broadcast divisions that do not exceed $100,000,000 at any time outstanding

(12) any Investments in any subsidiary of the Company (other than Restricted Subsidiaries) to allow for the payment of general and administrative overhead of subsidiaries of the Company so long as the aggregate payments pursuant to this clause (12) shall not in any fiscal year exceed an amount equal to $25,000,000 minus any payments made pursuant to clause (9)(d) of the definition of Permitted Payments set forth in Certain Covenants Limitation on Restricted Payments;

(13) any Investments in any subsidiary of the Company (other than Restricted Subsidiaries) that allow for the payment of unfunded commitments relating to operating divisions other than broadcast divisions, so long as the amount of all payments

pursuant to this clause (13) shall not exceed an amount equal to $75,000,000 in the aggregate minus any payments made pursuant to clause (9)(f) of the definition of Permitted Payments set forth in Certain Covenants Limitation on Restricted Payments;

(14) (a) Investments in Local Marketing Agreement purchase options (other than Local Marketing Agreement purchase options with Cunningham or a wholly-owned subsidiary of Cunningham or in existence as of the date of the Indenture) in an amount of up to $100,000,000 in the aggregate plus customary closing fees and expenses and (b) Investments in Local Marketing Agreement purchase options with Cunningham or a wholly-owned subsidiary of Cunningham;

(15) if otherwise permitted pursuant to FCC rules and regulations and the terms and conditions of the Bank Credit Agreement, the acquisition of any television station which is subject to an option agreement, merger agreement or any similar agreement existing between the Company, the Issuer and any of their respective subsidiaries and the owners of such television station; and

(16) any Investments in the Existing Convertible Notes or any Investments which refinance, replace, redeem or repurchase the Existing Convertible Notes in accordance with clauses (9) and (10) of the second paragraph under Limitation on Indebtedness.

Permitted Subsidiary Indebtedness means: (1) Indebtedness of any Guarantor under Capital Lease Obligations incurred in the ordinary course of business; and (2) Indebtedness of any Guarantor (a) issued to finance or refinance the purchase or construction of any assets of such Guarantor or (b) secured by a Lien on any assets of such Guarantor where the lender s sole recourse is to the assets so encumbered, in either case (x) to the extent the purchase or construction prices for such assets are or should be included in property and equipment in accordance with GAAP and (y) if the purchase or construction of such assets is not part of any acquisition of a Person or business unit.

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

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

Qualified Equity Interests of any Person means any and all Equity Interests of such Person other than Disqualified Equity Interests.

Rating Agency means each of S&P and Moody s, or if S&P or Moody s or both shall not make a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer (as certified by a resolution of the Board of Directors) which shall be substituted for S&P and Moody s, or both, as the case may be.

Restricted Subsidiary means a Subsidiary of the Issuer (including, for the avoidance of doubt, any Designated SBG Subsidiary) other than an Unrestricted Subsidiary.

S&P means Standard & Poor s Ratings Services, a division of Standard & Poor s Financial Services LLC, a division of The McGraw-Hill Companies, Inc., and any successor to the rating agency business thereto.

Sale and Leaseback Transaction means any transaction or series of related transactions pursuant to which the Company or a Restricted Subsidiary sells or transfers any property or asset in connection with the leasing, or the resale against installment payments, of such property or asset to the seller or transferor.

SBG Guarantor means each Designated SBG Subsidiary and each other Subsidiary of the Company that becomes a Guarantor after the date of the Indenture pursuant to the terms of the Indenture, in each case, so long as such Subsidiary remains an SBG Guarantor under the Indenture.

Secured Debt to Operating Cash Flow Ratio means, as of the date of determination, the ratio of

(a) the aggregate principal amount of all outstanding secured Indebtedness of the Issuer and the Restricted Subsidiaries as of such date on a Consolidated basis to

(b) Operating Cash Flow of the Issuer and the Restricted Subsidiaries on a Consolidated basis for the four most recent full fiscal quarters ending immediately prior to such date, determined on a pro forma basis (and after giving pro forma effect to

(1) the incurrence of such Indebtedness and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, at the beginning of such four-quarter period;

(2) the incurrence, repayment or retirement of any other Indebtedness by the Issuer and the Restricted Subsidiaries since the first day of such four-quarter period as if such Indebtedness was incurred, repaid or retired at the beginning of such four-quarter period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility shall be computed based upon the average balance of such Indebtedness at the end of each month during such four-quarter period);

(3) in the case of Acquired Indebtedness, the related acquisition as if such acquisition had occurred at the beginning of such four-quarter period; and

(4) any acquisition or disposition by the Issuer and the Restricted Subsidiaries of any company or any business or any assets out of the ordinary course of business, or any related repayment of Indebtedness, in each case since the first day of such four-quarter period, assuming such acquisition or disposition had been consummated on the first day of such four-quarter period).

Separation Transaction means the sale or separation of the non-television business of the Company and its Subsidiaries in whole or in part, whether by asset sale or otherwise.

Significant Subsidiary means, at any date of determination: (1) each Guarantor or Restricted Subsidiary that, together with its Subsidiaries that constitute Restricted Subsidiaries, (A) for the most recent fiscal year of the Company accounted for more than 10% of the consolidated revenues of the Company and the Restricted Subsidiaries or (B) as of the end of such fiscal year, owned more than 10% of the consolidated assets of the Company and the Restricted Subsidiaries, all as set forth on the consolidated financial statements of the Company and the Restricted Subsidiaries for such year in conformity with GAAP; and (2) any Restricted Subsidiary which, when aggregated with all other Restricted Subsidiaries that are not otherwise Significant Subsidiaries and as to which any event described in clause (7) or (8) of the section Events of Default has occurred, would constitute a Significant Subsidiary under clause (1) of this definition.

Stated Maturity, when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in such Indebtedness as the fixed date on which the principal of such Indebtedness or such installment of interest is due and payable.

Stations means the Owned Stations and the Contracted Stations.

Subordinated Indebtedness means Indebtedness of the Issuer or any Guarantor subordinated in right of payment to the Notes or any Guarantee, as the case may be.

Subsidiary means any Person a majority of the equity ownership or the Voting Stock of which is at the time owned, directly or indirectly, by the Issuer or by one or more other Subsidiaries, or by the Issuer and one or more other Subsidiaries; provided that each Designated SBG Subsidiary shall be deemed to be a Subsidiary of the Issuer for all purposes of the Notes and the Indenture (unless the context requires otherwise).

Temporary Cash Investments means

(1) any evidence of Indebtedness, maturing not more than one year after the date of acquisition, issued by the United States of America, or an instrumentality or agency thereof and guaranteed fully as to principal, premium, if any, and interest by the United States of America,

(2) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by, or time deposit of, a commercial banking institution that is a member of the Federal Reserve System and that has combined capital and

surplus and undivided profits of not less than $500,000,000, whose debt has a rating, at the time as of which any investment therein is made, of P-1 (or higher) according to Moody s or any successor rating agency or A-1 (or higher) according to S&P or any successor rating agency,

(3) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate or Subsidiary of the Issuer) organized and existing under the laws of the United States of America with a rating, at the time as of which any investment therein is made, of P-1 (or higher) according to Moody s or A-1 (or higher) according to S&P and

(4) any money market deposit accounts issued or offered by a domestic commercial bank having capital and surplus in excess of $500,000,000.

Treasury Rate means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source or similar market data)) most nearly equal to the period from the redemption date to April 1, 2016; provided, however, that if the period from the redemption date to April 1, 2016 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to April 1, 2016 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Trustee means U.S. Bank National Association, a national banking association organized under the laws of the United States of America, or any successor trustee that shall have become such pursuant to the applicable provisions of the Indenture.

Trust Indenture Act means the Trust Indenture Act of 1939, as amended.

Unrestricted Subsidiary means (1) any Subsidiary of the Issuer that at the time of determination shall be an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer, as provided below) and (2) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary (and remove any Designated SBG Subsidiary as a Restricted Subsidiary and a Subsidiary) if all of the following conditions apply: (a) such Subsidiary is not liable, directly or indirectly, with respect to any Indebtedness other than Unrestricted Subsidiary Indebtedness and (b) any Investment in such Subsidiary made as a result of designating such Subsidiary an Unrestricted Subsidiary shall not violate the provisions of the Certain Covenants Limitation on Unrestricted Subsidiaries covenant. Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a Board resolution giving effect to such designation and an Officers Certificate certifying that such designation complies with the foregoing conditions. The Board of Directors of the Issuer may designate any Unrestricted Subsidiary as a Restricted Subsidiary; provided that immediately after giving effect to such designation, the Issuer could incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the restrictions under the Certain Covenants Limitation on Indebtedness covenant.

Unrestricted Subsidiary Indebtedness of any Unrestricted Subsidiary means Indebtedness of such Unrestricted Subsidiary (1) as to which neither the Issuer nor any Restricted Subsidiary is directly or indirectly liable (by virtue of the Issuer or any such Restricted Subsidiary being the primary obligor on, guarantor of, or otherwise liable in any respect to, such Indebtedness), except Guaranteed Debt of the Issuer or any Restricted Subsidiary to any Affiliate, in which case (unless the incurrence of such Guaranteed Debt resulted in a Restricted Payment at the time

of incurrence) the Issuer shall be deemed to have made a Restricted Payment equal to the principal amount of any such Indebtedness to the extent guaranteed at the time such Affiliate is designated an Unrestricted Subsidiary and (2) which, upon the occurrence of a default with respect thereto, does not result in, or permit any holder of any indebtedness of the Issuer or any Restricted Subsidiary to declare, a default on such Indebtedness of the Issuer or any Restricted Subsidiary or cause the payment thereof to be accelerated or payable prior to its Stated Maturity.

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

Wholly Owned Restricted Subsidiary means a Restricted Subsidiary all the Equity Interest of which is owned by the Issuer or another Wholly Owned Restricted Subsidiary. The Wholly Owned Restricted Subsidiaries of the Issuer currently consist of all the Issuer s Restricted Subsidiaries.

Book-Entry Securities; The Depository Trust Company; Delivery and Form

The Notes will be issued only in fully registered form, without interest coupons, in denominations of $2,000 and integral multiples of $1,000 thereof. Notes will not be issued in bearer form.

Rule 144A and Regulation S Global Notes

Notes issued in accordance with Rule 144A are represented by one or more Notes in registered, global form without interest coupons (collectively, the Rule 144A Global Note). Notes issued in accordance with Regulation S are represented by one or more Notes in registered, global form without interest coupons (collectively, the Regulation S Global Note and, together with the Rule 144A Global Note, the Global Notes). The Global Notes have been deposited with the Trustee as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below.

Exchanges between the Rule 144A Global Note and the Regulation S Global Note

Beneficial interests in one Global Note may be exchanged for beneficial interests in another Global Note, subject to compliance with the certification requirements of the Trustee. Any beneficial interest in one of the Global Notes that is exchanged for an interest in the other Global Note will cease to be an interest in such Global Note and will become an interest in the other Global Note. Accordingly, such interest will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

Exchange of Book-Entry Notes for Certificated Notes

A beneficial interest in a Global Note may not be exchanged for a Note in certificated form unless:

(1) DTC (a) notifies us that it is unwilling or unable to continue as depositary for the Global Note or (b) has ceased to be a clearing agency registered under the Exchange Act, and in either case we thereupon fail to appoint a successor Depositary within 90 days,

(2) we, at our option, notify the Trustee in writing that we elect to cause the issuance of the Notes in certificated form or

(3) there shall have occurred and be continuing an Event of Default or any event which after notice or lapse of time or both would be an Event of Default with respect to the Notes.

In all cases, certificated Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the Depositary (in accordance with its customary procedures). Any certificated Note issued in exchange for an interest in a Global Note will bear the legend restricting transfers that is borne by such Global Note. Any such exchange will be effected through the DWAC system and an appropriate adjustment will be made in the records of the Notes Registrar to reflect a decrease in the principal amount of the relevant Global Note.

Certain Book-Entry Procedures for Global Notes

The descriptions of the operations and procedures of DTC, Euroclear System (Euroclear) and Clearstream Banking, société anonyme (Clearstream) that follow are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. We take no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York,

- a banking organization within the meaning of the New York Banking Law,

- a member of the Federal Reserve System, and

- a clearing corporation within the meaning of the Uniform Commercial Code and a Clearing Agency registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities for its participants (participants) and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (indirect participants).

DTC has advised us that its current practice, upon the issuance of the Rule 144A Global Notes and the Regulation S Global Note, is to credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such Global Notes to the accounts with DTC of the participants through which such interests are to be held. Ownership of beneficial interest in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominees (with respect to interest of participants) and the records of participants and indirect participants (with respect to interests of persons other than participants).

As long as DTC, or its nominee, is the registered holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner and holder of the Notes represented by such Global Note for all purposes under the Indenture and the Notes. Except in the limited circumstances described above under Exchanges of Book-Entry Notes for Certificated Notes, owners of beneficial interests in a Global Note will not be entitled to have any portions of such Global Note registered in their names, and will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the owners or holders of the Global Note (or any Notes represented thereby) under the Indenture or the Notes.

Investors may hold their interests in the Rule 144A Global Note directly through DTC, if they are participants in such system, or indirectly through organizations (including Euroclear and Clearstream) which are participants in such system. Investors may, and during the Restricted Period must, hold their interests in the Regulation S Global Note through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations which are participants in such systems. After the expiration of the Restricted Period (but not earlier), investors may also hold their interests in the Regulation S Global Note through organizations other than Euroclear and Clearstream that are participants in the DTC system. Euroclear and Clearstream will hold interests in the Regulation S Global Note on behalf of their participants through customers securities accounts in their respective names on the books of their respective depositories. The depositories, in turn, will hold such interests in the Regulation S Global Note in customers securities accounts in the depositories names on the books of DTC. All interests in a Global Note, including those held through Euroclear or Clearstream, will be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream will also be subject to the procedures and requirements of such system. Transfers and exchanges of interests in a Global Note will also be subject to the procedures described above under Exchanges between the Rule 144A Global Note and the Regulation S Global Note, if applicable.

The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons may be limited to that extent. Because DTC can act only on behalf of its

participants, which in turn act on behalf of indirect participants and certain banks, the ability of a Person having beneficial interests in a Global Note to pledge such interest to Persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Payments of the principal, of, premium, if any, and interest on Global Notes will be made to DTC or its nominee as the registered owner thereof. Neither the Issuer, the Trustee nor any of their respective agents will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that DTC or its nominee, upon receipt of any payment of principal of, premium, if any, or interest in respect of a Global Note representing any Notes held by it or its nominee, will credit participants accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note for such Notes as shown on the records of DTC or its

nominee. We also expect that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in street name. Such payments will be the responsibility of such participants. None of the Issuer or the Trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the Notes, and the Issuer and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee as the registered owner of the Notes for all purposes.

Except for trades involving only Euroclear and Clearstream participants, interests in the Global Notes will trade in DTC s Same-Day Funds Settlement System and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its participants. Transfers between participants in DTC will be effected in accordance with DTC s procedures, and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be affected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer and exchange restrictions applicable to the Notes described elsewhere herein, cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected by DTC in accordance with DTC s rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interest in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures or same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

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

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

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfer of beneficial ownership interests in the Global Notes among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations, including maintaining, supervising or reviewing the records relating to or payments made on account of, beneficial ownership interests in Global Notes.

PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired as a result of market-making activities or other trading activities. The Issuer has agreed that, starting on the expiration date of the exchange offer and ending one hundred and eighty days after such date, it will make this prospectus available to any broker-dealer for use in connection with any such resale.

The Issuer will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an underwriter within the meaning of the Securities Act and any profit of any such resale of exchange notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

For a period of 180 days after the expiration of the exchange offer, the Issuer will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests these documents in the letter of transmittal. The Issuer will indemnify the holders of the original notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of material U.S. federal income tax consequences to a holder who exchanges its original notes for exchange notes pursuant to the exchange offer. This summary is based upon existing U.S. federal income tax law, which is subject to change, possibly with retroactive effect. This summary does not discuss all aspects of U.S. federal income taxation which may be important to particular investors in light of their individual investment circumstances, such as original notes held by investors subject to special tax rules (e.g., financial institutions, insurance companies, broker-dealers, tax-exempt organizations (including private foundations) and partnerships and their partners), or to persons that hold the original notes as part of a straddle, hedge, conversion, constructive sale, or other integrated security transaction for U.S. federal income tax purposes or that have a functional currency other than the U.S. dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this summary does not address any state, local, or non-U.S. tax considerations.

EACH HOLDER SHOULD CONSULT ITS TAX ADVISORS REGARDING THE PARTICULAR U.S. FEDERAL, STATE AND LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF EXCHANGING ORIGINAL NOTES FOR EXCHANGE NOTES PURSUANT TO THE EXCHANGE OFFER AND OTHER TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF THE EXCHANGE NOTES.

Exchange of an Original Note for an Exchange Note Pursuant to the Exchange Offer

The exchange of an original note for an exchange note pursuant to the exchange offer will not be a taxable event to holders for U.S. federal income tax purposes. Consequently, a holder of original notes will not recognize gain or loss, for U.S. federal income tax purposes, as a result of exchanging original notes for exchange notes pursuant to the exchange offer. In addition, an exchanging holder will have a holding period in the exchange notes that includes the holding period of the original notes exchanged therefor, such holder s adjusted tax basis in the exchange notes received will be the same as the adjusted tax basis of the original notes exchanged therefor immediately before such exchange.

LEGAL MATTERS

The validity of the exchange notes being offered hereby and certain other legal matters regarding the exchange notes will be passed upon for us by Pillsbury Winthrop Shaw Pittman LLP, our special securities counsel.

EXPERTS

The financial statements and management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Report on Internal Control over Financial Reporting) incorporated in this Prospectus by reference to Sinclair s Annual Report on Form 10-K for the year ended December 31, 2012 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The combined financial statements of the High Plains Broadcasting Operating Company LLC Stations and Newport Television LLC Stations in Cincinnati, OH; Harrisburg, PA; Mobile, AL; Rochester, NY; San Antonio, TX; and Wichita, KS as of December 31, 2011 and for the year then ended incorporated by reference in this prospectus and elsewhere in the registration statement have been so incorporated by reference in reliance upon the report of Grant Thornton LLP, independent certified public accountants, upon the authority of said firm as experts in accounting and auditing in giving said reports.

INCORPORATION BY REFERENCE

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

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, filed with the SEC on March 12, 2013; and

- our Current Reports on Form 8-K, filed with the SEC on February 15, 2013, March 1, 2013, March 15, 2013, March 21, 2013 and April 4, 2013.

We are also incorporating by reference the documents that we file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, other than reports or portions thereof furnished under Item 2.02 or 7.01 on Form 8-K and not specifically incorporated by reference, between the date of this prospectus and termination of the exchange offer. Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any other subsequently filed document that is deemed to be incorporated by reference herein modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You may request a copy of any or all of the documents incorporated by reference in this prospectus, at no cost, by writing or calling our offices at the following address:

Sinclair Broadcast Group, Inc.
10706 Beaver Dam Road
Hunt Valley, MD 21030
Attention: David B. Amy

WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement on Form S-4 that we have filed with the SEC. The registration statement covers the exchange notes being offered and the guarantees of the exchange notes, and encompasses all amendments, exhibits, annexes, and schedules to the registration statement. This prospectus does not contain all the information in the exchange offer registration statement. For further information about the Issuer and the exchange offer, reference is made to the registration statement. This prospectus summarizes material provisions of agreements and other documents to which we refer herein. For a more complete understanding and description of such agreements or other documents, you should read the full text of these agreements and documents. We have filed such agreements and documents as exhibits to our registration statement.

We file periodic reports, proxy statements and other information with the SEC. You may read and copy any document that we file with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain further information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings also are available to the public over the Internet at the SEC s website at http://www.sec.gov.

SINCLAIR TELEVISION GROUP, INC.

Offer to Exchange

$600,000,000
5.375% Senior Notes due 2021, registered under the Securities Act of 1933,
for any and all outstanding 5.375% Senior Notes due 2021

PROSPECTUS

May 23, 2013