

Emmis Communications Corporation

Computation of Company Leverage Ratio under Third Amendment to credit facility

As of August 31, 2011

Dollars in Thousands

Computation of Emmis Operating Company Total Leverage Ratio Under the Revolving Credit and Term Loan Agreement:	August 31, 2011 As Defined	August 31, 2011 Pro Forma for Station Sales and Los Angeles LMA
Numerator:		
Senior credit facility debt outstanding	\$ 333,275	\$ 213,057
Plus: Letters of credit outstanding	625	625
Plus: Other	3	3
Total Emmis Operating Company debt outstanding, as defined	<u>\$ 333,903</u>	<u>\$ 213,685</u>
Denominator:		
Trailing twelve-months operating income from continuing operations	\$ 15,775	\$ 15,775
Plus: Depreciation and amortization	8,776	8,776
Plus: Noncash compensation	1,200	1,184
Plus: Impairment loss	7,005	7,005
Plus/Less: Loss/(Gain) on disposal of assets	817	817
Less: Austin actual revenues	(27,148)	(27,148)
Plus: Austin actual operating expenses	16,742	16,742
Plus/Less: Other reconciling items as defined in senior credit agreement, including cash distributions from Austin	6,670	6,660
Consolidated EBITDA, as defined in the credit agreement	<u>\$ 29,837</u>	
		790
Plus: Pro forma adjustment for trailing twelve-months operating losses of WLUP, WKQX and WRXP		4,375
Plus: Pro forma adjustment for trailing twelve-months Los Angeles LMA fee revenue not included above		<u>\$ 34,976</u>
Pro forma consolidated EBITDA		
Emmis Operating Company total leverage ratio	<u>11.2</u>	<u>6.1</u>
Requirement	<u>See Note A</u>	<u>See Note A</u>

Note A > Total Leverage Ratio, as defined, is not applicable during the Suspension Period, as defined.

⁽¹⁾ On September 1, 2011, Emmis closed on the sale of radio stations WLUP and WKQX (Chicago) and WRXP (New York). Net proceeds of \$120.2 million were used to repay senior credit facility debt outstanding.

⁽²⁾ In April 2009, the counterparty to our Los Angeles LMA prepaid the first two years of LMA payments (the LMA fee is \$7 million/yr). Emmis used the \$14 million it received for debt repurchases under the First Amendment to the credit agreement. Effective with the Second Amendment in August 2009, Emmis could only include LMA revenue in covenant EBITDA to the extent it was received in cash in the trailing twelve months (and excluding amounts prepaid in April 2009). The counterparty resumed monthly LMA payments in cash on April 15, 2011. Thus, in the trailing twelve months ended August 31, 2011, only \$2.625 million of the \$7 million annual LMA revenue is included in covenant EBITDA. For pro forma purposes, we are reflecting a full twelve months of LMA fee revenue.