

## NOTE CONVERSION AGREEMENT

**THIS NOTE CONVERSION AGREEMENT** (this "Agreement") is made this 12<sup>th</sup> day of January 2004 by, between and among **CONVERGENT BROADCASTING, LLC**, a Delaware limited liability company (the "Company"), and **HOUSATONIC EQUITY INVESTORS SBIC, L.P.**, a Delaware limited partnership ("Housatonic Equity"), and **HOUSATONIC MICRO FUND SBIC, L.P.**, a Delaware limited partnership ("Housatonic Micro") (Housatonic Equity and Housatonic Micro being sometimes hereinafter together referred to as the "Housatonic Members").

### BACKGROUND:

A. The Company has issued to Housatonic Equity a Convertible Subordinated Promissory Note dated November 19, 2002 in principal amount of \$1,537,500 (the "Housatonic Equity Note"). The Company has issued to Housatonic Micro (i) a Convertible Subordinated Promissory Note dated November 19, 2002 in original principal amount of \$1,537,500, (ii) a Convertible Subordinated Promissory Note dated September 3, 2003 in principal amount of \$750,000, and (iii) a Convertible Subordinated Promissory Note dated of even date herewith in principal amount of \$1,125,000 (the notes described in the foregoing clauses (i), (ii) and (iii) being hereinafter referred to collectively as the "Housatonic Micro Notes"). The Housatonic Equity Note and the Housatonic Micro Notes are sometimes hereinafter referred to collectively as the "Convertible Notes."

B. The Company is, on or about the date hereof, issuing to BIA Digital Partners LP, a Delaware limited partnership ("BIA"), (i) a Tranche A Senior Note in principal amount of \$3,500,000 (the "Tranche A Note"), and (ii) a Tranche B Senior Note in principal amount of \$2,000,000 (the "Tranche B Note"). The Tranche A Note and Tranche B Note are being issued pursuant to a Securities Purchase Agreement dated on or about the date hereof between the Company and BIA (the "Securities Purchase Agreement").

C. In fulfillment of a condition to closing of the purchase and sale of the Tranche A Note and the Tranche B Note, the members of the Company have, on or about the date hereof, entered into an Amended and Restated Operating Agreement of the Company (the "Operating Agreement"). Defined terms used but not defined in this Agreement shall have the meanings assigned to such terms in the Operating Agreement.

D. In fulfillment of another condition to closing of the purchase and sale of the Tranche A Note and Tranche B Note, and in order to induce BIA to purchase the Tranche A Note and Tranche B Note, Housatonic Equity and Housatonic Micro are entering into this Agreement to set forth their irrevocable election to convert the Convertible Notes into Preferred Interests and Class A Profits Points and to set forth certain other agreements.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Housatonic Equity hereby irrevocably elects, and hereby gives notice to the Company of its irrevocable election, to convert the entire outstanding principal balance and unpaid accrued interest of the Housatonic Equity Note into Membership Interests as provided therein and as further provided in the Operating Agreement. Housatonic Micro hereby

irrevocably elects, and hereby gives notice to the Company of its irrevocable election, to convert the entire outstanding principal balance and unpaid accrued interest of the Housatonic Micro Note into Membership Interests as provided therein and as further provided in the Operating Agreement. The Company hereby acknowledges and accepts the Housatonic Members' election to convert the entire outstanding principal balances and unpaid accrued interest of the Convertible Notes.

2. The conversion of the Convertible Notes into Membership Interests shall, ipso facto, become effective, without any requirement of any further act, action, document, instrument or acknowledgement of any kind, upon the date (the "Conversion Effective Date") of issuance of the FCC Consent (as hereinafter defined). The conversion of the Convertible Notes into Membership Interests shall not become effective (and the Convertible Notes shall remain outstanding) until the issuance of the FCC Consent. Upon the conversion of the Convertible Notes into Membership Interests, the Company shall be forever released from all of its obligations and liabilities under the Convertible Notes.

3. As soon as practicable, and in no event later than two (2) business days after the date of this Agreement, the Company and the Housatonic Members shall join in and file an application or applications requesting the written consent of the Federal Communications Commission (the "FCC") to the transfer of control of the FCC licenses of the Company and its Subsidiaries to the Housatonic Members (the "Transfer Applications"). The Company and the Housatonic Members will each diligently take all commercially reasonable steps necessary or advisable and proper to prosecute expeditiously the Transfer Applications and to obtain a grant by the FCC of its consent to the Transfer Applications in accordance with the terms thereof (the "FCC Consent").

4. The Housatonic Members each acknowledge and agree that (i) the indebtedness and obligations of the Company to BIA under the Tranche A Note, the Tranche B Note and the Securities Purchase Agreement constitutes "Senior Indebtedness" (as such term is used and defined in the Convertible Notes), and (ii) except for payments of interest required pursuant to Section 4 of each of the Convertible Notes prior to the maturity dates thereof (and only to the extent so required under Section 4 of each of the Convertible Notes) in an aggregate amount not to exceed \$30,000 (the "Permitted Tax Payment"), for so long as the Convertible Notes remain outstanding, the indebtedness of the Company evidenced by the Convertible Notes shall be subordinated in accordance with the terms of the Convertible Notes to all indebtedness and obligations of the Company under the Tranche A Note, the Tranche B Note and the Securities Purchase Agreement. Without limitation of the foregoing, each of the parties hereby agrees and acknowledges that (a) no payments of principal, interest or other amounts payable under or in respect of any Convertible Note shall be paid in cash, or otherwise (other than the Permitted Tax Payment and issuance of the Membership Interests issued on the Conversion Effective Date), to any holder of any Convertible Note without the prior written consent of BIA and that any amount received in violation of this agreement or the subordination provisions of the Convertible Notes shall be held in trust and promptly paid over to BIA upon request and (b) neither Housatonic Member shall transfer any Convertible Note to any Person without the prior written consent of BIA.


5. The Company and the Housatonic Members each acknowledge and agree that, if any party defaults in the performance of its obligations hereunder, the other parties would be irreparably harmed thereby if this Agreement is not specifically enforced after such default. The parties agree, therefore, that if any party defaults in the performance of its obligations under this Agreement, the other party shall, without limiting any other remedies available to such party,

have the right to specifically enforce performance under this Agreement. The Company and the Housatonic Members further acknowledge and agree that BIA is an intended third-party beneficiary of this Agreement (and, as such, BIA will have the same rights to specifically enforce the performance of each party's obligations under this Agreement), that the execution of this Agreement is a condition precedent to BIA's purchase of the Tranche A Note and the Tranche B Note and that BIA has relied upon the agreements set forth herein.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the choice of law rules utilized in that jurisdiction.

**IN WITNESS WHEREOF**, the parties herein have caused this Agreement to be executed on the day and year first above written.

**CONVERGENT BROADCASTING LLC**

By:   
Bruce Biette  
Its President

**HOUSATONIC EQUITY INVESTORS SBIC, L.P.**

By: Housatonic Equity Partners SBIC, L.L.C.  
Its General Partner

By: \_\_\_\_\_  
Name:  
Title:

**HOUSATONIC MICRO FUND SBIC, L.P.**

By: Housatonic Micro Partners SBIC, L.L.C.  
Its General Partner

By: \_\_\_\_\_  
Name:  
Title:

**IN WITNESS WHEREOF**, the parties herein have caused this Agreement to be executed on the day and year first above written.

**CONVERGENT BROADCASTING LLC**

By: \_\_\_\_\_  
Bruce Biette  
Its President

**HOUSATONIC EQUITY INVESTORS SBIC, L.P.**

By: Housatonic Equity Partners SBIC, L.L.C.  
Its General Partner

By: \_\_\_\_\_  
Name: William N. Thundike Jr.  
Title: Managing General Partner

**HOUSATONIC MICRO FUND SBIC, L.P.**

By: Housatonic Micro Partners SBIC, L.L.C.  
Its General Partner

By: \_\_\_\_\_  
Name: William N. Thundike Jr.  
Title: Managing General Partner