

EMMIS COMMUNICATIONS CORP
Form SC 13D
December 20, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No.)

EMMIS COMMUNICATIONS CORPORATION
(Name of Issuer)

6.25% Series A Cumulative Convertible Preferred Stock, \$0.01 par value per share

Class A Common Stock, \$0.01 par value per share
(Title of Class of Securities)

291525202

291525103
(CUSIP Number)

Richard A. Denmon

Carlton Fields, P.A.

4221 W. Boy Scout Boulevard

Suite 1000

Tampa, FL 33607-5780

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

December 12, 2011

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a Statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Sections 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. "

The information required for the remainder of this cover page shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 (the Exchange Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13D

CUSIP No. 291525202

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1 NAME OF REPORTING PERSON

DJD Group LLLP

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO (1)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(E):

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Florida

7 SOLE VOTING POWER

NUMBER OF 76,810 Preferred Stock (2)

SHARES 187,416 Common Stock (2)

8 SHARED VOTING POWER

BENEFICIALLY

OWNED BY 0

9 SOLE DISPOSITIVE POWER

EACH

REPORTING

PERSON 76,810 Preferred Stock (2)

WITH 187,416 Common Stock (2)

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

76,810 Preferred Stock (2)

187,416 Common Stock (2)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.94% Preferred Stock (3)

0.56% Common Stock (4)

14 TYPE OF REPORTING PERSON

PN

1. The 6.25% Series A Cumulative Convertible Preferred Stock of the Issuer (Preferred Stock) reported herein was previously owned prior to entering into the Lock-Up Agreement, dated December 12, 2011, described in Item 4 of this Schedule 13D (the Lock-Up Agreement).
2. The 76,810 shares of Preferred Stock is convertible into approximately 187,416 shares of Class A Common Stock, par value \$0.01 per share, of the Issuer (Common Stock). Until converted, the reporting person does not have any sole or shared voting or dispositive power over any shares of Common Stock.
3. Based on 2,612,420 shares of Preferred Stock outstanding as of December 1, 2011 as disclosed in Schedule TO-1/A filed by the Company on December 12, 2011 (Schedule TO-1/A).
4. Based on 33,691,082 shares of Common Stock deemed outstanding pursuant to Rule 13d-3(d)(1) of the Securities Exchange Act of 1934 (based on 33,503,666 shares outstanding as of December 1, 2011 as disclosed in Schedule TO-1/A plus the shares issuable to upon the conversion of the reporting person s Preferred Stock).

SCHEDULE 13D

CUSIP No. 291525202

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1 NAME OF REPORTING PERSON

Don DeFosset

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO (1)

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Item 1. Security and Issuer

This Schedule 13D (this Schedule 13D) relates to shares of 6.25% Series A Cumulative Convertible Preferred Stock, \$0.01 par value per share (Preferred Stock), and the Class A Common Stock, \$0.01 par value per share (Class A Common Stock), of Emmis Communications Corporation, an Indiana corporation (the Issuer or the Company). The principal executive offices of the Issuer are located at One Emmis Place, 40 Monument Circle, Suite 700, Indianapolis, Indiana 46204.

Item 2. Identity and Background

This Schedule 13D is filed on behalf of the DJD Group, LLLP, a Florida limited liability limited partnership (the DJD Group) and Don DeFosset, its general partner (the General Partner or Mr. DeFosset). The DJD Group is a family-owned privately-held limited liability limited partnership which invests in various types of securities. Mr. DeFosset, a citizen of the United States whose principal occupation consists of serving as the managing general partner of the DJD Group. The principal executive offices of the DJD Group, and the business address of the General Partner is 4221 W. Boy Scout Boulevard, Suite 1000, Tampa, FL 33607-5780. The DJD Group and the General Partner are sometimes referred to collectively herein as the Reporting Persons.

During the past five years, none of the Reporting Persons has been convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors) and none has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which any such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

The DJD Group purchased the Preferred Stock of the Issuer as identified in Item 5 below over a period of time commencing on October 12, 2009 for an aggregate purchase price of approximately \$1,972,472. The purchase price was paid out of the DJD Group's own investment capital which, in turn, was provided out of the personal funds of Mr. DeFosset. No payments were made to or by either of the Reporting Persons in connection with the Lock-Up Agreement described in Items 4 and 6 of this Schedule 13D.

Item 4. Purpose of Transaction

On December 1, 2011, the Company launched a modified Dutch auction tender offer to purchase up to \$6,000,000 in value of Preferred Stock at a price per share not less than \$12.50 and not greater than \$15.56 (the Tender Offer). The Tender Offer is currently scheduled to expire at 5:00 p.m., New York City time, on December 30, 2011, unless extended. Depending on the final purchase price of the offer, if the offer is fully subscribed, the Company could purchase between 385,604 and 480,000 shares of the Preferred Stock representing approximately 14.8% to 18.4% of the issued and outstanding shares of Preferred Stock as of December 1, 2011. Prior to commencement of the Tender Offer, the Company entered into securities purchase agreements structured as total return swaps (the Purchase Agreements) with certain holders of the Preferred Stock representing a total of 1,484,679 shares of Preferred Stock (the Purchased Shares). Under the terms of the Purchase Agreements, the Purchased Shares remain outstanding and eligible to be voted, and the Company obtains the authority to direct the voting of the Purchased Shares.

Furthermore, as disclosed in the Offer to Purchase filed by the Company on December 1, 2011, if the Company is able to obtain the ability to direct the vote of at least 66 ²/₃% of the issued and outstanding shares of Preferred Stock following the completion of the Tender Offer, the Company may elect to, among other

things, amend or eliminate various rights of the Preferred Stock, including but not limited to: (i) reducing or eliminating the liquidation preference of the Preferred Stock, (ii) removing the ability of the holders of Preferred Stock to require the Company to repurchase all or any portion of such holders' Preferred Stock upon a change of control or certain going-private transactions, (iii) removing the Company's obligation to pay to holders of the Preferred Stock the amount of dividends in respect of their shares of Preferred Stock that are currently accrued and unpaid, (iv) changing the designation of the Preferred Stock from Cumulative to Non-Cumulative such that dividends or distributions on the Preferred Stock shall cease to accrue, (v) eliminating the rights of the holders of the Preferred Stock to nominate directors to the Company's Board of Directors as a result of arrearages in dividends, and (vi) eliminating the restrictions on the Company's ability to pay dividends or make distributions on its Class A Common Stock and its Class B Common Stock, \$0.01 par value per share, prior to paying accrued and unpaid dividends or distributions on the Preferred Stock. If the above-described amendments are made, the market value of the Preferred Stock remaining outstanding will be materially and adversely affected, and the Company may engage in various actions that are currently prohibited or limited by the various terms and provisions of the Preferred Stock.

On December 12, 2011 Zazove Associates, LLC, Corre Opportunities Fund, L.P., Kevan A. Fight and DJD Group, LLLP (collectively, the Locked-Up Holders) entered into a written lock-up agreement (the Lock-Up Agreement) pursuant to which, among other things, each of them agreed, subject to certain exceptions, not to sell, assign, transfer, hypothecate or otherwise dispose of, directly or indirectly, including, without limitation, by any total return swap arrangement or derivative transaction, or any other agreement, arrangement or understanding which could cause the ability to direct the vote of the Preferred Stock to be transferred or otherwise restricted, (i) any Preferred Stock or (ii) any option, interest in or right to acquire any Preferred Stock, in either case absent the prior written consent of at least two Locked-Up Holders that hold at least two thirds of the Preferred Stock subject to the Lock-Up Agreement and unless the transferee thereof agrees in writing to be bound by the terms of the Lock-Up Agreement by executing and delivering a joinder to all Locked-Up Holders.

The description of the Lock-Up Agreement in this Schedule 13D is qualified in its entirety by reference to full text of the Lock-Up Agreement, a copy of which is filed herewith as an Exhibit and is hereby incorporated herein by reference.

The Reporting Persons acquired and continue to hold the shares reported herein for investment purposes. The Reporting Persons may from time to time engage the Company, its representatives or other relevant parties in discussions regarding the Tender Offer and other related matters relevant to the Reporting Persons' investment in the Company, and may discuss with such parties alternatives to such Tender Offer. Depending on market conditions and other factors that the Reporting Persons may deem material to their investment decisions, the Reporting Persons may sell all or a portion of their shares, or may purchase additional securities of the Issuer, on the open market or in a private transaction, in each case to the extent permitted by the Lock-up Agreement. Except as described in this Schedule 13D, neither of the Reporting Persons has any plans or proposals that relate to or would result in: (i) the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company; (ii) an extraordinary corporate transaction, such as a merger, organization or liquidation, involving the Company or any of its subsidiaries; (iii) a sale or transfer of a material amount of assets of the Company or of any of its subsidiaries; (iv) change in the present board of directors or the management of the Company; (v) any material change in the present capitalization or dividend policy of the Company; (vi) any other material change in the Company's business or corporate structure; (vii) changes in the Company's charter, bylaws or instruments corresponding thereto or other actions that may impede the acquisition of control of the Company by any person; (viii) causing a class of securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (ix) a class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act; or (x) any action similar to any of those enumerated above.

The Reporting Persons continually analyze and evaluate their investment in the Issuer and reserve the right to change their intentions with respect to any of the foregoing.

Item 5. Interest in Securities of Issuer

(a) The Reporting Persons beneficially own 76,810 shares of Preferred Stock, representing approximately 2.94% of the outstanding shares of Preferred Stock of the Issuer (based on 2,612,420 shares of Preferred Stock as disclosed as outstanding in the Issuer's Offer to Purchase included as an Exhibit to its Schedule TO-1/A filed with the Securities and Exchange Commission on December 1, 2011).

Because the Preferred Stock currently is convertible into shares of Class A Common Stock, the Reporting Persons also are deemed under Rule 13d-3(d)(1)(i)(B) of the Exchange Act to have beneficial ownership of the shares of Class A Common Stock issuable upon conversion of the Preferred Stock. Each share of Preferred Stock currently is convertible in 2.44 shares of Class A Common Stock. Accordingly, as of the date of this Schedule 13D, the 76,810 shares of Preferred Stock beneficially owned by the Reporting Persons are convertible into approximately 187,416 shares of Class A Common Stock, representing 0.56% of the 33,691,082 shares of Class A Common Stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) of the Exchange Act (based on 33,503,666 shares of Class A Common Stock as disclosed as outstanding in the Issuer's Offer to Purchase included as an Exhibit to its Schedule TO-1/A filed with the Securities and Exchange Commission on December 1, 2011).

(b) The DJD Group has sole voting and dispositive power over the shares of such Preferred Stock held directly by it, as well as over any Class A Common Stock that may be issued upon conversion of the Preferred Stock. Because the General Partner has the sole responsibility and authority to make and execute all voting and investment decisions on behalf of the DJD Group, he may be deemed to have the sole voting and dispositive power over all shares owned by the DJD Group. However, prior to any conversion of the Preferred Stock, neither of the Reporting Persons has sole or shared voting or dispositive power over any of the Class A Common Stock.

Other than as described herein, neither of the Reporting Persons has the right to vote or dispose of any shares of Preferred Stock or Class A Common Stock.

(c) Neither of the Reporting Persons has effected any transactions in Preferred Stock during the past 60 days.

(d) Other than the Reporting Persons, no person is known to have the right to receive dividends from, or proceeds from the sale of, the Reporting Persons' shares of Preferred Stock (or, if such Preferred Stock is converted as described above, the resulting Class A Common Stock).

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Other than the Lock-Up Agreement, the Reporting Persons have no contracts, arrangements, understandings or relationships (legal or otherwise) with respect to any securities of the Issuer.

Pursuant to Rule 13d-1(k) promulgated under the Exchange Act, the Reporting Persons have entered into an agreement with respect to the joint filing of this statement, and any amendment or amendments thereto.

By virtue of the relationship between and among the Reporting Persons, as described in Item 2, the Reporting Persons may be deemed to be a group under the Federal securities laws. Except as otherwise set forth in this Schedule 13D, the Reporting Persons expressly disclaim beneficial ownership of any of the shares of Preferred Stock or Class A Common Stock and the filing of this Schedule 13D shall not be construed as an admission, for the purposes of Sections 13(d) and 13(g) or under any provision of the Exchange Act or the rules promulgated thereunder or for any other purpose, that the Reporting Persons is a beneficial owner of any such shares.

Item 7. Material to Be Filed as Exhibits

The following documents are incorporated by reference as exhibits:

1. Lock-Up Agreement, dated as of December 12, 2011, by and among Zazove Associates, LLC, Corre Opportunities Fund, L.P., Kevan A. Fight and DJD Group, LLLP.
2. Joint Filing Agreement, dated as of December 20, 2011, by and between the Reporting Persons.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: December 20, 2011

THE DJD GROUP, LLLP

By: /s/ Don DeFosset
Don DeFosset,
General Partner

DON DEFOSSET, Individually

By: /s/ Don DeFosset

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INDEX TO EXHIBITS

Exhibit

Number

Description of Exhibits

- | | |
|---|--|
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Exhibit 1

LOCK-UP AGREEMENT

This Lock-up Agreement (this **Agreement**), is dated as of December 12, 2011, and is made by and among the undersigned parties (each, a **Locked-Up Holder** and, collectively, the **Locked-Up Holders**), each solely in its capacity as a beneficial owner (as defined below) of shares of 6.25% Series A Cumulative Convertible Preferred Stock (the **Preferred Shares**) and all holders of such shares, the **Preferred Shareholders**) issued by Emmis Communications Corporation (**Emmis**).

RECITALS

- A. On December 1, 2011, Emmis launched a modified Dutch auction tender offer to purchase up to \$6,000,000 in value of Preferred Shares at a price per share not less than \$12.50 and not greater than \$15.56 (the **Tender Offer**). The Tender Offer is currently scheduled to expire at 5:00 p.m., New York City time, on December 30, 2011, unless extended. Depending on the final purchase price of the offer, if the offer is fully subscribed, Emmis could purchase between 385,604 and 480,000 Preferred Shares representing approximately 14.8% to 18.4% of the issued and outstanding Preferred Shares as of December 1, 2011.
- B. Prior to commencement of the Tender Offer, Emmis entered into securities purchase agreements structured as total return swaps (the **Purchase Agreements**) with holders of Preferred Shares representing a total of 1,484,679 Preferred Shares (the **Purchased Shares**). Under the terms of the Purchase Agreements, the Purchased Shares remain outstanding and eligible to be voted, and Emmis obtains the authority to direct the voting of the Purchased Shares.
- C. Furthermore, as disclosed in the Offer to Purchase filed by Emmis on December 1, 2011, if Emmis is able to obtain the ability to direct the vote of at least 66²/₃% of the issued and outstanding Preferred Shares following the completion of the Tender Offer, Emmis may elect to, among other things, amend or eliminate various rights of the Preferred Shares, including but not limited to: (i) reducing or eliminating the liquidation preference of the Preferred Shares, (ii) removing the ability of the holders of Preferred Shares to require Emmis to repurchase all or any portion of such holders Preferred Shares upon a change of control or certain going-private transactions, (iii) removing Emmis obligation to pay to holders of Preferred Shares the amount of dividends in respect of their Preferred Shares that are currently accrued and unpaid, (iv) changing the designation of the Preferred Shares from Cumulative to Non-Cumulative such that dividends or distributions on the Preferred Shares shall cease to accrue, (v) eliminating the rights of the holders of Preferred Shares to nominate directors to Emmis Board of Directors as a result of arrearages in dividends, and (vi) eliminating the restrictions on Emmis ability to pay dividends or make distributions on its Common Shares prior to paying accrued and unpaid dividends or distributions on Preferred Shares. If the above-described amendments are made, the market value of the Preferred Shares remaining outstanding will be materially and adversely affected, and Emmis may engage in various actions that are currently prohibited or limited by the various terms and provisions of the Preferred Shares.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Locked-Up Holders hereby agree as follows:

1. Agreement. Solely in its capacity as a beneficial owner of Preferred Shares, each Locked-Up Holder covenants and agrees that it will not (i) tender any Preferred Shares beneficially owned by it (whether beneficially owned on the date hereof or with respect to which beneficial ownership is acquired after the date hereof (such Preferred Shares with respect to which beneficial ownership is acquired after the date hereof, the **Future Preferred Shares**)) into the Tender Offer, as may be amended and / or extended, or (ii) sell, assign, transfer, hypothecate or otherwise dispose of, directly or indirectly, including, without limitation, by any total return swap arrangement or derivative transaction, or any other agreement, arrangement or understanding which could cause the ability to direct the vote of the Preferred Shares to be transferred or otherwise restricted, any Preferred Shares to Emmis, any affiliate or associate of Emmis (each as defined under Rule 12b-2 under the Exchange Act), Zell Credit Opportunities Master Fund, L.P. (**Zell**) or any affiliate or associate of Zell, in either case without the prior written consent of the Requisite Locked-Up Holders, and it will take all necessary action to achieve the foregoing.

2. Sale/Acquisition.

(a) For a period commencing with the date hereof until the termination of this Agreement pursuant to Section 4 hereof each Locked-Up Holder hereby agrees not to sell, assign, transfer, hypothecate or otherwise dispose of, directly or indirectly, including, without limitation, by any total return swap arrangement or derivative transaction, or any other agreement, arrangement or understanding which could cause the ability to direct the vote of the Preferred Shares to be transferred or otherwise restricted, (i) any Preferred Shares or (ii) any option, interest in or right to acquire any Preferred Shares, in either case absent the prior written consent of the Requisite Locked-Up Holders and unless the transferee thereof agrees in writing to be bound by the terms of this Agreement by executing and delivering to all Locked-Up Holders a joinder substantially in the form attached hereto as Annex A. In the event any Locked-Up Holder receives the prior written consent of the Requisite Locked-Up Holders to effect any of the transactions described in the foregoing clauses (i) and (ii), it shall give written notice to all Locked-Up Holders no later than the first business day after giving effect to any such transaction. This Agreement shall in no way be construed to preclude the Locked-Up Holders from acquiring Future Preferred Shares or Common Shares or any interest therein; *provided*, that any Future Preferred Shares so acquired shall automatically be deemed to be subject to the terms and conditions of this Agreement for so long as this Agreement remains in effect; *provided further*, that a Locked-Up Holder shall give written notice to all Locked-Up Holders no later than the five business days after acquiring beneficial ownership of any such Future Preferred Shares or Common Shares; *provided further* that notice shall be given within one business day following the purchase of 10,000 or more Preferred Shares.

(b) Each Locked-Up Holder further agrees that, without the prior written consent of the Requisite Locked-Up Holders, it shall not, and shall cause its affiliates and associates (each as defined in Rule 12b-2 under the Exchange Act) not to, enter into any agreement, arrangement or understanding with any person for the purpose of holding, voting or disposing of any securities of Emmis, or derivative instruments with respect to securities of Emmis.

3. Ownership and Authority: Additional Information. Each Locked-Up Holder shall deliver to Gibson Dunn & Crutcher LLP (**Gibson Dunn**), at the address provided in Section 13 hereof, a beneficial ownership certificate, substantially in the form attached hereto as Annex B (the **Ownership Certificate**), promptly upon any change (by acquisition, sale or otherwise) of its beneficial ownership of Preferred Shares or Common Shares. In addition, each Locked-Up Holder agrees to promptly furnish to Gibson Dunn (a) any information necessary or appropriate for the making of any required or advisable public filing or amendment thereto and (b) any other information supplementing information contained in any publicly filed statement or amendment thereto as is necessary in order to make the statements contained in such publicly filed statement or amendment not misleading.

4. Conditions: Termination.

(a) Except for the obligations contained in Section 1 hereof, this Agreement shall automatically terminate upon the earlier of (i) January 31, 2012 (the **Termination Date**) or (ii) the written notice of the Requisite Locked-Up Holders of the termination of this Agreement. The Termination Date may be extended to a later date by written notice of the Requisite Locked-Up Holders. The obligations imposed by Section 1 hereof shall survive the termination of this Agreement pursuant to clause (i) or (ii) of this Section 4(a), and shall only terminate upon the prior written consent of the Requisite Locked-Up Holders.

(b) In the event of termination of this Agreement pursuant to this Section 4, the obligations of the Locked-Up Holders hereunder, except those obligations imposed by Section 1 hereof, shall cease, and no party shall have any liability to any other party hereunder; *provided, however*, that no such termination shall relieve any party of liability for any willful and material breach of this Agreement prior to the effectiveness of such termination.

5. Representations and Warranties. Each of the Locked-Up Holders hereby represents and warrants as to itself, that the following statements are true, correct and complete, as of the date hereof:

(a) *Beneficial Ownership.* It is the beneficial owner of the Emmis securities and swaps or other derivative transactions relating to Emmis securities set forth on the signature page hereto.

(b) *Securities Laws.* Neither it nor its affiliates or associates (i) is the beneficial owner of any securities of Emmis or is a party to any swaps or other derivative transactions relating to securities of Emmis, other than as described in the signature page hereto or (ii) has any agreement, arrangement or understanding with any person for the purpose of acquiring, holding, voting or disposing of any securities of Emmis, other than this Agreement.

(c) *Power and Authority.* It has all requisite power and authority to enter into this Agreement and to perform its respective obligations under this Agreement.

(d) *Authorization.* The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part.

6. **Acknowledgement.** Each Locked-Up Holder agrees that it shall be responsible for compliance with any obligations such Locked-Up Holder may have pursuant to Section 13(d) or Section 16 of the Exchange Act, if any, to the extent it may be deemed part of a Group within the meaning of Rule 13d-5(b) under the Exchange Act or otherwise relating to its beneficial ownership of securities of Emmis (including, without limitation, making all filings, if any, required to be made by it on Schedule 13D and Forms 3, 4 and 5), it being agreed that no Locked-Up Holder shall be responsible for any such non-compliance by any other Locked-Up Holder other than itself.

7. **Effectiveness.** This Agreement shall not become effective and binding on the parties hereto unless and until counterpart signature pages hereto shall have been executed and delivered by the parties hereto and it is executed by beneficial owners of at least seven hundred and fifty thousand (750,000) Preferred Shares.

8. **Miscellaneous.**

(a) **Additional Signatories.** Additional beneficial owners of Preferred Shares, with the prior consent of the Requisite Locked-Up Holders, may join and be bound by all of the terms of this Agreement by executing and delivering to all Locked-Up Holders a joinder substantially in the form attached hereto as Annex A.

(b) **Definitions.** As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

(i) **beneficially own** or **beneficial ownership** with respect to any securities shall mean having beneficial ownership of such securities as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the **Exchange Act**).

(ii) **Common Shares** shall mean shares of any class of Emmis Common Stock.

(iii) **Requisite Locked-Up Holders** shall mean Locked-Up Holders party hereto beneficially owning more than two-thirds of the Subject Preferred Shares, but in no event shall less than two (2) Locked-Up Holders constitute the Requisite Locked Up-Holders.

(iv) **Subject Preferred Shares** shall mean the Preferred Shares beneficially owned by the Locked-Up Holders on the date hereof and any Future Preferred Shares.

9. **Amendments.** This Agreement may not be modified or amended except in a writing signed by the Requisite Locked-Up Holders.

10. **Governing Law: Jurisdiction.** This Agreement shall be construed in accordance with, and this Agreement shall be governed by, the laws of the State of New York, without regard to any conflicts of law provision which would require the application of the law of any other jurisdiction. By its execution and delivery of this Agreement, each of the Locked-Up Holders hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding against it with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment in any such action, suit or proceeding, may be brought in any federal or state court of competent jurisdiction in the Borough of Manhattan of The City of New York.

By execution and delivery of this Agreement, each Locked-Up Holder hereby irrevocably accepts and submits itself to the exclusive jurisdiction of any such court, generally and unconditionally, with respect to any such action, suit or proceeding and hereby waives any defense of *forum non conveniens* or based upon venue if such action, suit or proceeding is brought in accordance with this provision.

11. Headings. The headings of the Sections, paragraphs and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof.

12. Limitation on Assignment; Successors and Permitted Assigns. None of the parties hereto may assign any of its respective rights or obligations under this Agreement. This Agreement is intended to bind and inure to the benefit of the parties and their respective successors, heirs, executors, administrators and representatives.

13. Notice. Any notices or other communications to one or more Locked-Up Holders required or permitted hereunder shall be in writing, and shall be sufficiently given if made by hand delivery, by telecopier or registered or certified mail, postage prepaid, return receipt requested, at the names and addresses on the applicable signature page or pages hereto, with a copy to, Gibson, Dunn & Crutcher LLP, 3161 Michelson Drive, Irvine, California 92612, Attn: James J. Moloney, Esq. Any notice or communication to any party shall be deemed to have been given or made as of the date so delivered, if personally delivered; on the date actually received if sent by registered or certified mail, postage prepaid; and when receipt is acknowledged, if telecopied.

14. No Agency or Advisory Relationship. Except as expressly provided herein, each Locked-Up Holder is acting independently of the others with respect to its investment in securities of Emmis and no Locked-Up Holder has the authority to represent or bind any other Locked-Up Holder. Each Locked-Up Holder (either itself or together with its investment manager) is a sophisticated financial investor that has conducted and will continue to conduct its own investigation into the affairs of Emmis as it may deem necessary for the purposes of its own investment, and no Locked-Up Holder is providing any other Locked-Up Holder with investment, tax, legal or other advice. No Locked-Up Holder is a fiduciary of any other Locked-Up Holder.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement. Faxed or pdf signatures shall be valid and binding for all purposes.

16. Coordination of Public Statements. Each Locked-Up Holder agrees that it shall, and shall cause its affiliates to, consult with the other Locked-Up Holders prior to making any public announcement concerning Emmis and/or its investment in Emmis and, where the Requisite Locked-Up Holders object to all or any part of a public announcement, not make such public announcement except to the extent it is believed in good faith, based on the advice of counsel, to be required by applicable law or regulation.

17. Expenses. The Requisite Locked-Up Holders may from time to time agree in writing that certain expenses to be incurred in connection with their respective investments in the Preferred Shares shall be **Joint Expenses** for purposes of this Section 17. Unless otherwise agreed, any

Joint Expenses will be for the ratable account of the Locked-Up Holders in accordance with the percentage of the Preferred Shares beneficially owned by them as of the date of the designation of such expenses as Joint Expenses (disregarding, for this purpose, any shares held by another Locked-Up Holder that may be deemed to be beneficially owned solely by virtue of the Locked-Up Holders being deemed a group within the meaning of Rule 13d-5(b) under the Exchange Act). Amounts incurred by a Locked-Up Holder with respect to Joint Expenses in excess of its ratable share will be reimbursed by the other Locked-Up Holders on demand upon presentation of appropriate supporting documentation. Other than Joint Expenses, each Locked-Up Holder shall bear its own costs and expenses in connection with this Agreement and its investment in Emmis.

18. Liability. No Locked-Up Holder nor any of its affiliates, or any of their respective partners, members, employees, counsel, agents or representatives shall be liable to any other Locked-Up Holder or its affiliates, in each case for any loss, liability, damage or expense arising out of or in connection with this Agreement, any Schedule 13D or any Form 3, 4 or 5, or amendment thereto, filed by any Locked-Up Holder or its affiliates, or the actions or transactions contemplated hereby or thereby, except to the extent such loss, liability, damage or expense is caused by such party's actual and material breach of the express provisions of this Agreement, gross negligence, fraud, bad faith or willful misconduct.

19. No Third Party Beneficiaries. Unless expressly stated herein, this Agreement shall be solely for the benefit of the parties hereto and no other person or entity.

20. Specific Performance. It is understood and agreed by each of the parties hereto that money damages would not be a sufficient remedy for any breach of this Agreement by any party and each non-breaching party shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach.

21. Further Acknowledgement. The parties to this Agreement agree and acknowledge that certain Locked-Up Holders are executing this Agreement as investment advisors for, and on behalf of, certain investment funds and institutional separate accounts. Notwithstanding the foregoing, by executing this Agreement, each such Locked-Up Holder executing this Agreement in such capacity further represents and warrants to the other Locked-Up Holders that (i) it has the requisite power and authority to agree to all of the matters set forth in this Agreement with respect to the Emmis securities such Locked-Up Holder beneficially owns in its capacity as investment advisor with discretionary authority, (ii) it has the full authority on behalf of all such funds and accounts to vote, transfer and hold all the Emmis securities such Locked-Up Holder beneficially owns, and (iii) it has all requisite power and authority to enter into this Agreement and to perform its respective obligations under, this Agreement, on behalf of each such fund.

* * * * *

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first above written.

LOCKED-UP HOLDER

Zazove Associates LLC

By: /s/ Steven M. Kleiman
Name: Steven M. Kleiman
Title: Chief Operating Officer

Address: 1001 Tahoe Blvd.
City/State/Zip: Incline Village, NV 89451
Country: USA

Telecopy: (847) 239-7101

Preferred Shares Beneficially Owned by Such Locked-Up
Holder: 473,153

Common Shares Beneficially Owned by Such Locked-Up
Holder: -0-

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first above written.

LOCKED-UP HOLDER

Corre Opportunities Fund, LP

By: /s/ John Barrett
Name: John Barrett
Title: Managing Partner

Address: 1370 Avenue of the Americas, 29th Floor
City/State/Zip: New York, NY 10019
Country: USA

Telecopy: (646) 863-7161

Preferred Shares Beneficially Owned by Such Locked-Up
Holder: 159,090

Common Shares Beneficially Owned by Such Locked-Up
Holder: -0-

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first above written.

LOCKED-UP HOLDER

DJD Group LLLP

By: /s/ Don DeFosset
Name: Don DeFosset
Title: General Partner

Address: 4221 W. Boy Scout Blvd. Suite 1000
City/State/Zip: Tampa, FL 33607
Country: USA

Telecopy: (813) 902-9408

Preferred Shares Beneficially Owned by Such Locked-Up
Holder: 76,810

Common Shares Beneficially Owned by Such Locked-Up
Holder: -0-

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first above written.

LOCKED-UP HOLDER

By: /s/ Kevan A. Fight
Name: Kevan A. Fight
Title: N/A

Address: 6787 Walter Waite Ct.
City/State/Zip: Brecksville, Ohio 44141
Country: USA

Telecopy: (440) 570-0202

Preferred Shares Beneficially Owned by Such Locked-Up
Holder: 57,750

Common Shares Beneficially Owned by Such Locked-Up
Holder: -0-

ANNEX A

This Joinder to the Lock-Up Agreement, dated as of December , 2011, by and among the Locked-Up Holders signatory thereto (the **Agreement**), is executed and delivered by (the **Joining Party**) as of , 2011. Each capitalized term used herein but not otherwise defined shall have the meaning set forth in the Agreement.

1. Agreement to be Bound. The Joining Party hereby agrees to join and be bound by all of the terms of the Agreement. The Joining Party shall hereafter be deemed to be a Locked-Up Holder for all purposes under the Agreement.
2. Representations and Warranties. The Joining Party hereby makes, as of the date hereof, the representations and warranties of the Locked-Up Holders set forth in the Agreement in Sections 1 and 5 thereof.
3. Governing Law. This Joinder shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to any conflicts of law provisions which would require the application of the law of any other jurisdiction.

* * * * *

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IN WITNESS WHEREOF, the Joining Party has caused this Joinder to be executed as of the date first written above.

JOINING PARTY

By:

Name:

Title:

Address:

City/State/Zip:

Country:

Telecopy:

Preferred Shares Beneficially Owned by Such Joining
Party: _____

Common Shares Beneficially Owned by Such Joining
Party: _____

ANNEX B

OWNERSHIP CERTIFICATE

This Ownership Certificate, dated as of December , 2011 is being delivered pursuant to Section 3 of the Lock-Up Agreement (the *Agreement*), dated as of December , 2011, by and among the Locked-Up Holders¹ signatory thereto. The undersigned, on behalf of itself and its affiliates, certifies, represents and warrants that, as of the date hereof, it has acquired or transferred and is the beneficial owner of Preferred Shares and Common Shares of Emmis as follows.

	Preferred Shares	Class A Common Stock	Class B Common Stock	Class C Common Stock
Previously Owned				
Acquired				
Transferred				

Current Ownership

The undersigned, on behalf of itself and its affiliates, further certifies, represents and warrants that, as of the date hereof, it does not beneficially own any other securities of Emmis other than as set forth herein, and that it is not a party to any swaps or other derivative transactions relating to Preferred Shares or Common Shares of Emmis, except as disclosed on Schedule I hereto.

* * * * *

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¹ Each capitalized term used herein but not otherwise defined shall have the meaning set forth in the Agreement.

IN WITNESS WHEREOF, the undersigned has caused this Ownership Certificate to be executed and delivered by its duly authorized officer as of the date first above written.

LOCKED-UP HOLDER

By:

Name:

Title:

Address:

City/State/Zip:

Country:

Telecopy:

SCHEDULE 1

[NONE]

Exhibit 2

JOINT FILING AGREEMENT

The undersigned acknowledge and agree that the foregoing statement on Schedule 13D is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13D shall be filed on behalf of each of the undersigned without the necessity of filing additional joint filing agreements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning it or him contained therein, but shall not be responsible for the completeness or accuracy of the information concerning the other, except to the extent that such person or entity knows or has reason to believe that such information is inaccurate. This agreement may be executed in any number of counterparts and all of such counterparts taken together shall constitute one and the same instrument.

Dated: December 20, 2011

THE DJD GROUP, LLLP

By: /s/ Don DeFosset
Don DeFosset,
General Partner

DON DEFOSSET, Individually

By: /s/ Don DeFosset