

**QUARTERLY REPORT
FOR THE QUARTER ENDED JUNE 30, 2006**

**BARRINGTON BROADCASTING GROUP LLC
BARRINGTON BROADCASTING CAPITAL CORPORATION**

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(847) 884-1877**

Pursuant to Section 4.3 of the Indenture, dated as of August 11, 2006 (the “Indenture”), by and among Barrington Broadcasting Group LLC (“Barrington Group”), Barrington Broadcasting Capital Corporation (“Barrington Capital ” and, together with Barrington Group, the “Issuers”), certain subsidiaries of Barrington Group named therein, as guarantors, and U.S. Bank National Association, as Trustee (the “Trustee”), relating to the 10½% Senior Subordinated Notes due 2014 of the Issuers (the “Notes”), the Issuers are furnishing the information contained herein to the holders of the Notes.

**BARRINGTON BROADCASTING GROUP LLC
BARRINGTON BROADCASTING CAPITAL CORPORATION
QUARTERLY REPORT
FOR THE QUARTER ENDED JUNE 30, 2006**

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Quarterly Report are known as “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements may relate to, among other things:

- our significant amount of debt;
- our ability to maintain their network affiliations;
- our ability to generate advertising revenues;
- cyclical or other trends in advertising spending;
- the regulatory environment for our industry;
- competition in the our markets; and
- our ability to integrate the acquisition of television stations from Raycom Media Inc. and certain of its subsidiaries and achieve certain cost savings.

These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and intentions and other statements contained in this Quarterly Report that are not historical facts. When used in this Quarterly Report, the words “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar expressions are generally intended to identify forward-looking statements. Because these forward-looking statements involve known and unknown risks and uncertainties, there are important factors that could cause actual results, events or developments to differ materially from those expressed or implied by these forward-looking statements, including our plans, objectives, expectations and intentions and other factors discussed in Exhibit 99.1 to this Quarterly Report and elsewhere in this Quarterly Report. You should not place undue reliance on such forward-looking statements, which are based on the information currently available to us and speak only as of the date on which this Quarterly Report was furnished to the Trustee. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made on related subjects in our subsequent reports furnished to holders of the Notes.

PART I

As used in this Quarterly Report, the term "Issuers" refers to Barrington Broadcasting Group LLC, a Delaware limited liability company ("Barrington Group"), and Barrington Broadcasting Capital Corporation, a Delaware corporation ("Barrington Capital"); the term "Barrington Corporation" refers to Barrington Broadcasting Corporation, a Delaware corporation, and its consolidated subsidiaries prior to the merger of Barrington Broadcasting Corporation with Barrington Group; and unless the context otherwise requires, the terms "we," "us", "our" or similar terms refer to Barrington Group and its consolidated subsidiaries after giving effect to such merger and the acquisition of twelve television stations from Raycom Media, Inc. and certain of its subsidiaries as described herein.

ITEM 1. FINANCIAL STATEMENTS

On August 11, 2006 (i) all of Barrington Corporation's existing operating subsidiaries merged with and into newly-formed limited liability company subsidiaries of Barrington Corporation and Barrington Corporation merged with and into Barrington Group; (ii) Barrington Group, the survivor of such merger, acquired twelve television stations from Raycom Media, Inc. and (iii) Barrington Group entered into a new credit facility with a \$147.5 million term loan facility and a \$25.0 million revolving facility, the Issuers consummated a \$125.0 million offering of the Notes and Pilot Group LP, our equity sponsor, contributed \$60.3 million in additional equity capital. The financial statements below are Barrington Corporation's historical financial statements for the three month and six month periods ended June 30, 2006 and 2005 and do not reflect such transactions.

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BARRINGTON BROADCASTING CORPORATION

Condensed Consolidated Balance Sheets

June 30, 2006 and December 31, 2005

	<u>June 30,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
	(unaudited)	
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 382,513	\$ 1,336,820
Restricted cash	406,396	400,059
Trade receivables, less allowance for doubtful accounts of \$276,287 and \$126,642	8,161,306	6,538,652
Current portion of program broadcast rights	471,696	1,023,878
Prepaid expenses and other current assets	4,249,169	1,185,152
Total current assets	<u>13,671,080</u>	<u>10,484,561</u>
Program broadcast rights	112,337	31,056
Debt issuance costs	586,652	509,561
Other	278,954	43,868
Property and equipment, net	38,857,377	30,882,510
Goodwill	5,770,274	4,652,591
Other intangibles, net	<u>83,937,519</u>	<u>71,629,543</u>
TOTAL ASSETS	<u><u>\$ 143,214,193</u></u>	<u><u>\$ 118,233,690</u></u>
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 1,516,921	\$ 858,596
Current portion of program broadcast payable	674,585	1,231,007
Current maturities of long-term debt	4,576,338	2,700,892
Accrued expenses and other liabilities	3,664,031	1,574,351
Deferred revenue - current	87,996	87,996
Total current liabilities	<u>10,519,871</u>	<u>6,452,842</u>
Long-term debt	56,441,507	51,316,953
Program broadcast payable	120,462	19,717
Deferred revenue	393,968	437,966
STOCKHOLDER'S EQUITY		
Common stock, \$0.001 par value		
Authorized 5,000 shares; issued and outstanding 1,000 shares	1	1
Additional paid-in capital	86,689,032	67,439,032
Accumulated deficit	(10,950,648)	(7,432,821)
Total stockholder's equity	<u>75,738,385</u>	<u>60,006,212</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u><u>\$ 143,214,193</u></u>	<u><u>\$ 118,233,690</u></u>

BARRINGTON BROADCASTING CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30,	
	2006	2005
NET REVENUES	\$ 10,661,498	\$ 6,149,471
OPERATING EXPENSES		
Selling, technical and program expenses	4,955,646	3,037,082
General and administrative	2,020,607	1,103,045
Depreciation and amortization	3,081,935	1,686,682
Corporate	690,763	394,924
Total operating expenses	<u>10,748,951</u>	<u>6,221,733</u>
LOSS FROM OPERATIONS	<u>(87,453)</u>	<u>(72,262)</u>
INTEREST (EXPENSE) INCOME		
Interest expense	(1,204,393)	(633,014)
Amortization of debt issuance costs	(25,664)	(9,192)
Unrealized gain on interest rate caps	110,764	-
Interest income	14,947	9,444
Total net interest expense	<u>(1,104,346)</u>	<u>(632,762)</u>
LOSS BEFORE INCOME TAXES	(1,191,799)	(705,024)
INCOME TAX EXPENSE	(16,001)	321
NET LOSS	<u>\$ (1,207,800)</u>	<u>\$ (704,703)</u>

BARRINGTON BROADCASTING CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

	Six Months Ended June 30,	
	2006	2005
NET REVENUES	\$ 19,263,792	\$ 10,454,995
OPERATING EXPENSES		
Selling, technical and program expenses	9,429,764	5,702,886
General and administrative	3,931,535	2,105,375
Depreciation and amortization	5,934,487	3,053,899
Corporate	1,172,596	793,224
Total operating expenses	<u>20,468,382</u>	<u>11,655,384</u>
LOSS FROM OPERATIONS	<u>(1,204,590)</u>	<u>(1,200,389)</u>
INTEREST (EXPENSE) INCOME		
Interest expense	(2,411,136)	(1,221,561)
Amortization of debt issuance costs	(55,734)	(31,284)
Unrealized gain on interest rate caps	179,686	-
Loss on early extinguishment of debt	-	(1,628,263)
Interest income	30,948	11,199
Total net interest expense	<u>(2,256,236)</u>	<u>(2,869,909)</u>
LOSS BEFORE INCOME TAXES	(3,460,826)	(4,070,298)
INCOME TAX EXPENSE	(57,001)	(109,373)
NET LOSS	<u>\$ (3,517,827)</u>	<u>\$ (4,179,671)</u>

BARRINGTON BROADCASTING CORPORATION
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,517,827)	\$ (4,179,671)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	5,085,055	2,813,728
Amortization of program broadcast rights	865,000	510,876
Payments of program broadcast payable	(849,539)	(543,863)
Amortization of intangibles and debt issuance costs	899,950	272,322
Deferred income taxes	-	109,694
Unrealized gain on interest rate caps	(179,686)	-
Barter revenue net of expenses	(89,900)	(46,026)
Loss (gain) on disposal of assets	5,216	(867)
Loss on early extinguishment of debt	-	1,628,263
Changes in assets and liabilities that relate to operations, net of effect of acquisitions:		
Trade receivables	(1,545,379)	(861,864)
Prepaid expenses and other	(1,912,418)	(617,112)
Other assets	(1,000)	-
Accounts payable	672,489	63,602
Accrued expenses	889,678	531,457
Deferred revenue	(43,998)	69,472
Net cash provided by (used in) operating activities	277,641	(249,989)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,719,459)	(1,782,243)
Proceeds from disposition of assets	5,215	2,555
Other acquisition costs	-	(48,753)
Deposit on KVII acquisition	-	(1,125,000)
Acquisition of television stations, net of cash acquired	(24,628,543)	(42,942,378)
Net cash used in investing activities	(27,342,787)	(45,895,819)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted cash	(6,337)	(3,817)
Proceeds from guaranteed loan	2,450,000	-
Proceeds from long-term debt	4,550,000	18,517,845
Principal payments on notes and capital leases	-	(1,560)
Payment of related party loan	-	(500,000)
Contributed capital	19,250,000	29,008,543
Payment of debt issuance costs	(132,824)	(1,158,288)
Net cash provided by financing activities	26,110,839	45,862,723
NET DECREASE IN CASH AND CASH EQUIVALENTS	(954,307)	(283,085)
Cash and cash equivalents, beginning of period	1,336,820	1,436,995
Cash and cash equivalents, end of period	\$ 382,513	\$ 1,153,910

Continued

BARRINGTON BROADCASTING CORPORATION
Condensed Consolidated Statements of Cash Flows (continued)
(Unaudited)

	Six Months Ended June 30,	
	2006	2005
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments of interest	\$ 2,309,128	\$ 1,080,329
Cash payment (refund) of income taxes	\$ 41,000	\$ (321)
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of program broadcast rights	\$ 170,212	\$ 32,725
Equipment acquired by barter transactions	\$ 58,301	\$ 33,887
 ACQUISITION OF TELEVISION STATIONS		
Property and equipment acquired at fair market value	\$ 10,292,590	\$ 8,435,310
Intangible assets acquired	14,269,876	34,540,814
Accounts receivable acquired	83,273	-
Trade contracts assumed	(17,433)	(8,746)
Program broadcast rights acquired	223,887	57,200
Program broadcast liabilities assumed	(223,650)	(57,200)
Payment for acquisition of stations	\$ 24,628,543	\$ 42,967,378
Less amounts paid in prior year	-	(25,000)
Total acquisition of television stations	\$ 24,628,543	\$ 42,942,378

BARRINGTON BROADCASTING CORPORATION
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

(Note A) – Nature of Business and Basis of Presentation

Nature of Business - Barrington Corporation owns and operates eight television stations located in Illinois, Michigan, Missouri, South Carolina and Texas; and operates a ninth station in South Carolina. Barrington Corporation's revenues are derived primarily from the sale of advertising time and, to a lesser extent, from compensation paid by the networks for broadcasting network programming and barter transactions for goods and services. The stations sell commercial time during programs to national, regional and local advertisers. The networks also sell commercial time during the programs to national advertisers. The advertising revenue of the stations is generally highest in the second and fourth quarters of each year, due in part to increases in consumer advertising in the spring and retail advertising in the period leading up to and including the holiday season. Additionally, advertising revenue in even-numbered years can benefit from demand for advertising time in Olympic broadcasts and advertising placed by candidates for political offices. Credit arrangements are determined on an individual customer basis. Segment information is not presented because all of Barrington Corporation's revenue is attributed to a single reportable segment.

Basis of Presentation – The unaudited condensed consolidated financial statements have been prepared consistent with generally accepted accounting principles for interim financial information and the instructions for Form 10-Q and Article 10 of Regulation S-X. Some of the information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. It is recommended that these financial statements be read along with the annual financial statements and footnotes thereto of Barrington Corporation for the year ended December 31, 2005 which are available on the company website (www.barringtontv.com).

The unaudited condensed consolidated financial statements include the accounts of Barrington Corporation and its television station subsidiaries consisting of WEYI (Barrington Broadcasting Flint Corporation), WHOI (Barrington Broadcasting Peoria Corporation), KHQA (Barrington Broadcasting Quincy Corporation), KRCG (Barrington Missouri Corporation), KVII and KVIH (Barrington Broadcasting Texas Corporation), WBSF (Barrington Michigan Corporation), and WPDE (Barrington Broadcasting South Carolina Corporation), all of which are wholly-owned. Barrington Corporation also programs WWMB, owned by SagamoreHill of Carolina, LLC ("SagamoreHill"), in South Carolina, under a local marketing agreement ("LMA"). SagamoreHill is consolidated as a variable interest entity in accordance with Financial Accounting Standards Board Interpretation No. 46 (R) ("FIN 46R"), *Consolidation of Variable Interest Entities-an Interpretation of ARB No. 51*. All significant intercompany accounts and transactions have been eliminated.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary to present fairly Barrington Corporation's financial position, results of operations and cash flows at the dates and for the periods presented. Results of interim periods are not necessarily indicative of anticipated results for the year. Barrington Corporation believes that there is no material difference between the 2006 and 2005 reporting periods and that the results of both periods are comparable except for the effects of any acquisition in those periods.

(Note B) – Acquisitions of Television Stations

On November 12, 2004, Barrington Corporation entered into an asset purchase agreement with Mel Wheeler, Inc. pursuant to which Barrington Corporation purchased the television broadcast assets of KRCG, the CBS affiliate serving Columbia-Jefferson City, Missouri. The purchase was completed on February 28, 2005. The acquisition was funded with cash provided from contributed capital and bank

BARRINGTON BROADCASTING CORPORATION
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

financing. The total purchase price including costs of the acquisition of KRCG was approximately \$38,482,000 of which approximately \$4,000 was recorded in 2006. The total purchase price consisted of the fair market value of the assets of \$38,000,000 and fees and costs of the transaction. The purchase price is subject to the resolution of certain contingencies. The purchase price has been allocated to acquired assets and liabilities at fair value based on an appraisal of the acquired assets.

On June 18, 2004, Barrington Michigan Corporation entered into an asset purchase agreement to acquire a construction permit issued by the Federal Communications Commission for constructing a full-power broadcasting facility in the Flint-Saginaw-Bay City, Michigan area (the "Construction Permit") and certain other rights under various contracts from ACME Television, Inc. for \$4,500,000. The transaction closed on April 14, 2005 and the Construction Permit and other licenses were transferred to Barrington Michigan Corporation. Construction of the transmission facility was completed during the third quarter of 2006. The total purchase price including costs of the acquisition of the Construction Permit was approximately \$4,694,000, which consisted of the purchase price of the Construction Permit and various other licenses of \$4,500,000 plus assumed liabilities and fees and costs of the transaction of \$194,094.

On April 5, 2005, Barrington Corporation entered into an asset purchase agreement with New Vision Television ("New Vision") pursuant to which Barrington Corporation agreed to purchase the television broadcast assets of KVII, the CBS affiliate in Amarillo, Texas, and KVIH, its satellite in Clovis, New Mexico. The purchase was finalized on August 1, 2005. The total purchase price including costs of the acquisition of KVII and KVIH was approximately \$22,736,000, which consisted of the purchase price of the assets of \$22,275,000 including the acquired liabilities and fees and costs of the transaction of approximately \$461,000. The purchase price was subject to resolution of certain contingencies, of which a reduction of approximately \$200,000 was reflected during the six month period ended June 30, 2006. The purchase price has been allocated to acquired assets and liabilities on a preliminary basis at fair value based on an appraisal of the acquired assets. The acquisition was funded with cash provided by contributed capital and bank financing.

On July 19, 2005, Barrington Corporation entered into an asset purchase agreement to acquire all of the television broadcasting assets of WPDE, Myrtle Beach, South Carolina from Diversified Communications. In addition to the assets of WPDE, the contract provides that Diversified will assign its right to operate WWMB, Myrtle Beach, South Carolina and its rights under an option to purchase the station from its owner. The transactions closed on February 6, 2006. The acquisition was funded with cash provided by contributed capital and bank financing. Concurrently with the WPDE transaction, WWMB, the UPN affiliate serving Myrtle Beach, was purchased by SagamoreHill. Barrington Corporation is operating WWMB on behalf of SagamoreHill under a LMA. Under the terms of the LMA, Barrington Corporation makes periodic payments to SagamoreHill for the right to provide programming and sell advertising on WWMB. SagamoreHill retained ultimate control and responsibility for the operation of its station. Barrington Corporation guaranteed full payment of all obligations incurred by SagamoreHill and SagamoreHill of Carolina Licenses, LLC, which owns WWMB's FCC license, under a \$2,450,000 senior credit facility incurred by SagamoreHill and SagamoreHill of Carolina Licenses, LLC. SagamoreHill is considered a variable interest entity and in accordance with FIN 46R, Barrington Corporation's interest in SagamoreHill was consolidated into the consolidated financial statements as of February 6, 2006. Barrington Corporation has an option to acquire the assets of SagamoreHill for \$2,367,000. The option price escalates by 5% annually until it expires in 2021. The option term can be extended by Barrington Corporation through 2029. The total purchase price of WPDE and SagamoreHill's WWMB including costs of the acquisition was approximately \$24,832,000, which consisted of the fair market value of the assets of \$24,100,000 and fees and costs of the transaction amounting to \$732,000. The purchase price is subject to the resolution of various contingencies and the

BARRINGTON BROADCASTING CORPORATION
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

final transaction fee amounts. The purchase price has been allocated on a preliminary basis to acquired assets and liabilities at fair value based on an appraisal of the acquired assets.

The acquisitions of the stations have been recorded under the purchase method of accounting and are included in the operating results from the acquisition date forward. The FCC licenses and goodwill are considered indefinite-lived assets and as such are not subject to amortization. The definite-lived intangible assets are being amortized over a weighted average period of approximately eight years. All of Barrington Corporation's intangible assets are deductible over 15 years for tax purposes.

The aggregate purchase prices were allocated as follows:

	<u>2006 Acquisiton</u>	<u>2005 Acquisitions</u>		
		<u>KRCG-TV</u>	<u>KVII-TV KVIH-TV *</u>	<u>Construction Permit</u>
Current Assets	\$ 83,273	\$ -	\$ -	\$ -
Program broadcast rights	223,887	57,200	448,228	-
Total property and equipment	10,292,590	8,435,310	7,717,036	-
Intangible Assets				
FCC licenses	2,182,600	28,024,100	13,491,500	4,500,000
Goodwill	1,321,273	1,031,709	604,558	194,094
Other intangibles, subject to amortization	8,786,993	1,011,295	1,022,507	-
Other intangibles, not subject to amortization	2,182,600	-	-	-
Total intangible assets acquired	<u>14,473,466</u>	<u>30,067,104</u>	<u>15,118,565</u>	<u>4,694,094</u>
Total assets	<u>25,073,216</u>	<u>38,559,614</u>	<u>23,283,829</u>	<u>4,694,094</u>
Other liabilities	17,433	20,511	79,376	-
Program broadcast payable	223,650	57,196	468,904	-
Total liabilities	<u>241,083</u>	<u>77,707</u>	<u>548,280</u>	<u>-</u>
Total purchase price, including costs	<u>\$ 24,832,133</u>	<u>\$ 38,481,907</u>	<u>\$ 22,735,549</u>	<u>\$ 4,694,094</u>

* Acquired after June 30, 2005

BARRINGTON BROADCASTING CORPORATION
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

(Note B) – Acquisitions of Television Stations (Continued)

The unaudited condensed consolidated pro forma results of operations data for the six months and three months ended June 30, 2006 reflect adjustments as if the acquisitions that were completed during 2006 had occurred on January 1, 2005. For the six months and the three months ended June 30, 2005, the unaudited condensed consolidated pro forma results of operations data reflect adjustments as if all acquisitions completed during 2005 had occurred on the first day of the periods shown.

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Net revenues	\$ 10,661,498	\$ 7,870,810	\$20,021,525	\$ 14,521,918
Operating loss	(87,453)	(30,639)	(1,374,657)	(1,332,930)
Net loss	(1,207,800)	(661,372)	(3,687,894)	(4,318,095)

(Note C) – Other Intangible Assets

The composition of Barrington Corporation's other intangible assets and associated accumulated amortization is as follows as of June 30, 2006 and December 31, 2005:

	<u>June 30,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
<i>Unamortized Intangible Assets</i>		
FCC licenses	\$ 69,566,800	\$ 67,384,200
Other intangibles	2,182,600	-
<i>Amortized Intangible Assets</i>		
Network affiliation agreements	12,526,465	3,954,126
Other intangibles	1,957,841	1,743,187
Accumulated amortization	(2,296,187)	(1,451,970)
	<u>\$ 83,937,519</u>	<u>\$ 71,629,543</u>

The acquisition of WPDE and WWMB on February 6, 2006 increased intangibles by \$12,106,739 and \$2,366,727 respectively. WPDE has \$8,628,625 of amortized intangible assets and WWMB has \$158,368 of amortized intangible assets. Unamortized intangible assets include Barrington Corporation's FCC licenses and the rights to SagamoreHill's FCC license.

Amortization of intangible assets was \$439,237 and \$102,147 for the three months ended June 30, 2006 and the three months ended June 30, 2005, respectively. Amortization of intangible assets was \$844,217 and \$240,038 for the six months ended June 30, 2006 and the six months ended June 30, 2005, respectively. The weighted average amortization period at June 30, 2006 was approximately seven years.

BARRINGTON BROADCASTING CORPORATION
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

At June 30, 2006, the estimated future amortization of intangible assets was as follows:

<u>Period Ending December 31,</u>	<u>Estimated Future Amortization</u>	
	<u>Network Affiliation</u>	<u>Other Intangibles</u>
Six months ending 2006	\$ 806,229	\$ 68,544
2007	1,612,591	106,705
2008	1,612,591	76,626
2009	1,612,593	51,612
2010	1,439,454	50,643
Thereafter	4,237,044	513,487
	<u>\$ 11,320,502</u>	<u>\$ 867,617</u>

(Note D)– Long-Term Debt

Barrington Corporation borrowed \$25,500,000 in the form of a term loan pursuant to a loan facility dated May 14, 2004. The loan facility was amended during 2005 to provide for additional liquidity for pending and contemplated acquisitions, to reduce the interest rate on the facility, to extend the maturity and to restructure the covenants to reflect the acquisitions of KRCG, the Construction Permit (see Note B) and related capital expenditures and KVII (the “2005 Acquisitions”). The loan facility also provided a \$5,000,000 revolving credit line. The additional borrowings during the six months ended June 30, 2005 totaled \$12,342,074 and were used for the 2005 Acquisitions. The total borrowings during 2006 total \$4,550,000 for the WPDE acquisition and \$2,450,000 on the guaranteed loan for SagamoreHill. At June 30, 2006 and December 31, 2005, Barrington Corporation had \$61,017,845 and \$54,017,845 outstanding under the term loan, respectively. Barrington Corporation had not drawn on its revolving credit line at June 30, 2006.

The amendment of the loan facility during 2005 was considered a material modification of Barrington Corporation’s debt consistent with EITF Issue No. 96-19, Debtor's Accounting for a Modification or Exchange of Debt Instruments. Barrington Corporation incurred \$1,132,163 of additional debt acquisition costs related to the amendment, which together with the balance of the unamortized debt acquisition costs of the original loan facility resulted in a loss on the early extinguishment of debt of \$1,628,263.

During 2005, the interest rates on the term loan and the revolver were amended to bear interest at Barrington Corporation’s option, at a base rate plus an amount ranging from 0.375% to 1.875%, or at a LIBOR rate plus an amount ranging from 1.625% to 3.125%, depending upon the leverage ratio of Barrington Corporation. The weighted average interest rate on the outstanding borrowings was 7.922% and 6.181% at June 30, 2006 and June 30, 2005, respectively. The unused portion of the revolver was subject to a commitment fee of 0.500% per annum.

Barrington Corporation was required to make scheduled payments on the term loan beginning on September 30, 2006, through the maturity date of June 30, 2012. In addition, Barrington Corporation was required to make prepayments on the term loan and the revolver under certain circumstances, including the sale of certain assets, the receipt of insurance proceeds, and the issuance of certain debt or equity securities. Barrington Corporation had the right to pay down the term loan and the revolver without penalty in increments of \$100,000.

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The loan agreement contained certain financial covenants, including, but not limited to covenants related to total leverage, interest coverage and fixed charges. In addition, the loan agreement contained other affirmative and negative covenants relating to, among other things, preservation of assets, compliance with laws, maintenance of insurance, financial statements and reporting, liens, payments on other debt, disposition of assets, transactions with affiliates, mergers and acquisitions, sales of assets, guarantees, and investments. The loan agreement contained customary events of default for bank facilities of this kind, including default on payment of the loans or other indebtedness, certain changes in ownership, control or management of Barrington Corporation, bankruptcy, and loss of FCC licenses, among others. The loans were secured by Barrington Corporation's present and future property, mortgages on all presently owned and hereafter acquired real estate, guarantees by and security interests in the assets, and the common stock of each subsidiary of Barrington Corporation. Barrington Corporation was in compliance with these financial covenants at December 31, 2005 and June 30, 2006. During 2006, Barrington Corporation had received a waiver from its lenders to certain reporting requirements in order to obtain additional time to deliver its 2005 audit and compliance certificate.

At June 30, 2006, the term loan provided for annual payments as follows:

<u>Period Ending June 30,</u>	
2007	\$ 4,576,338
2008	4,576,338
2009	6,101,785
2010	7,627,230
2011	9,152,676
Thereafter	<u>28,983,478</u>
	<u>\$ 61,017,845</u>

The loan facility was refinanced in connection with the acquisition of the Raycom stations on August 11, 2006 (See Note G).

(Note E) – Accounting for Derivative Instruments and Hedging Activities

During the year ended December 31, 2005, Barrington Corporation entered into two interest rate cap agreements containing notional amounts of \$44,000,000 and \$20,000,000 that did not qualify for hedge accounting treatment. These agreements were outstanding at June 30, 2006.

These interest rate cap agreements, with a combined cost of \$108,800, limit Barrington Corporation's exposure to interest rate increases on its floating rate debt, thus reducing the impact of interest rate increases on future income. The 5.000% interest rate cap dated June 1, 2005 contains a notional amount of \$44,000,000 and expires May 31, 2007. The 5.500% interest rate cap dated November 9, 2005, contains a notional amount of \$20,000,000 and expires November 14, 2007. The notional principal amount of floating rate debt covered by the interest rate cap agreements effectively limits Barrington Corporation's exposure to LIBOR rates rising over 5.000% for the first \$44,000,000 and 5.500% for the next \$20,000,000.

The agreements provide payment to Barrington Corporation as of specified dates, without an exchange of the underlying principal, of a differential which represents the interest at the three-month LIBOR rate on the notional amounts in excess of 5.000% or 5.500%, as the case may be, during the term of the agreements. The differential to be received is accrued as interest rates increase above the stated LIBOR rate and is recognized as a reduction to interest expense related to debt.

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Barrington Corporation did not accrue any payments due under these agreements during the six months ending June 30, 2006. For the six months ended June 30, 2006, Barrington Corporation adjusted the amount of its interest rate caps to fair value of \$268,623. Barrington Corporation recorded an unrealized gain in the amount of \$110,764 and \$179,686 for the three months and six months ended June 30, 2006, respectively.

(Note F) – Income Taxes

For the three months and six month periods ended June 30, 2006, Barrington Corporation provided a valuation allowance for its deferred tax assets as their realization through future taxable earnings was not certain. Concurrently with the closing of the acquisition of the Raycom stations (see Note G), Barrington Corporation and each of its subsidiaries were merged into newly-formed limited liability companies resulting in a taxable gain of approximately \$23,000,000. The previously unrecorded tax benefits generated from net operating loss carryforwards (“NOLs”) and other book-tax differences generated through the date of the merger totaled approximately \$18,000,000 and are expected to partially offset a portion of the taxable gain during the three months ended September 30, 2006.

(Note G) – Subsequent Events

On March 24, 2006, Barrington Corporation entered into an asset purchase agreement with Raycom Media, Inc. (“Raycom”) and certain of Raycom’s subsidiaries, pursuant to which Barrington Corporation agreed to purchase the television broadcasting assets of certain of Raycom’s stations for a purchase price of \$262,000,000, subject to post-closing adjustments (the “Raycom Acquisition”). The stations included WNWO, the NBC affiliate in Toledo, Ohio; WSTM and WSTQ, the NBC and UPN affiliates, respectively, in Syracuse, New York; WACH, the FOX affiliate in Columbia, South Carolina; KGBT, the CBS affiliate in Harlingen, Texas; KXRM and KXTU, the CBS and UPN affiliates, respectively, in Colorado Springs, Colorado; WPBN and WTOM, the NBC affiliates in Traverse City and Sheboygan, Michigan; WLUC, the NBC affiliate in Marquette, Michigan; WFXL, the FOX affiliate in Albany, Georgia; and KTVO, the ABC affiliate in Kirksville, Missouri.

The Raycom Acquisition was completed on August 11, 2006. The Raycom Acquisition was financed with the proceeds from the \$125.0 million offering of senior subordinated notes the (“Notes”), a \$60,300,000 million capital contribution from Pilot Group LP and the proceeds from Barrington Group’s new credit facility in the form of a \$147,500,000 senior secured term loan B and a \$25,000,000 revolving credit facility. None of the revolving credit facility was used.

Concurrently with the Raycom Acquisition, Barrington Corporation refinanced all of its existing debt resulting in a loss on the early extinguishment of debt of \$586,652 which consisted of the unamortized balance of its existing debt issuance costs as of the date of the Raycom Acquisition.

The new term loan facility has a seven year maturity and the revolving credit facility has a six year maturity. The obligations under the credit facility are guaranteed by Barrington Broadcasting LLC and all of its direct and indirect subsidiaries. The new credit facility is secured by a first priority lien on substantially all of our existing and future assets and those of our direct and indirect subsidiaries.

Borrowings under the new credit facility bear interest at a floating rate, which can be either LIBOR plus an applicable margin or, at our option, a base rate plus an applicable margin payable at least quarterly. Base rate is defined as the higher of (i) the Bank of America prime rate or (ii) the federal funds effective rate plus 0.50%. The applicable margin for (x) the term loan is 2.25% for LIBOR loans and 1.25% for base rate loans and (y) the revolving facility is 2.25% for LIBOR loans and 1.25% for base rate

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loans for the first six months and subject to a pricing grid thereafter based on total leverage. The interest rate payable under the new credit facility will increase by 2.0% per annum during the continuance of an event of default. The unused portion of the revolving credit facility is subject to a commitment fee of 0.50%.

The Notes mature on August 15, 2014. Interest is payable on the Notes semi-annually in cash in arrears on February 15 and August 15 of each year. The Notes are unconditionally guaranteed on an unsecured senior subordinated basis by all of our current and future restricted subsidiaries (other than Barrington Capital) that guarantee our and our subsidiaries' other indebtedness. The Notes bear interest at a fixed rate of 10½%.

The new credit facility and the indenture governing the Notes limit our ability to incur additional indebtedness and issue certain preferred stock; pay dividends on our capital stock or repurchase our capital stock or subordinated debt; make investments; create certain liens; sell certain assets or merge or consolidate with or into other companies; incur restriction on the ability of our subsidiaries to make distributions or transfer assets to us; and enter into transactions with affiliates.

The new credit facility also contains certain covenants, including requirements to maintain various financial ratios, manage prudently, and defined conditions of default. Continued availability of the revolving facility will be predicated on compliance with these covenants.

Concurrently with the Raycom Acquisition, Barrington Corporation merged all of its subsidiary corporations into newly-formed limited liability companies. In addition, Barrington Corporation merged into a newly-formed limited liability company, Barrington Broadcasting Group LLC, which has the same ownership as Barrington Corporation. Due to the conversion to the new structure, Barrington Corporation estimates that it has a taxable gain on the transaction of approximately \$23,000,000. Previously unrecognized NOLs generated through the date of the merger of \$18,000,000 have been utilized to offset a portion of the gain. After utilizing NOLs, Barrington Corporation has an estimated tax liability of approximately \$2,000,000.

(Note H) – Recent Accounting Pronouncements

In April 2006, the FASB issued a FASB Staff Position, FIN 46(R)-6 (“FSP FIN 46R-6”) *Determining the Variability to be Considered in Applying FASB Interpretation No. 46(R)*, which is effective beginning the first day of the first reporting period beginning after June 15, 2006. FSP FIN 46R-6 addresses how a reporting enterprise should determine the variability to be considered in applying FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*. Barrington Corporation adopted FSP FIN 46R-6 during the quarter ended June 30, 2006. The adoption of FSP FIN 46R-6 did not materially impact Barrington Corporation's consolidated financial position or its consolidated results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with Barrington Corporation's consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report.

Introduction

We are a television broadcasting company focused on smaller markets across the United States. Including the stations we acquired in the Raycom Acquisition, which are referred to herein as the acquired stations, we own or program 21 network television stations, many of which have leading positions in 15 geographically diverse, smaller markets. In nine of our 15 markets, we operate a station ranked #1 or #2 in audience share, and all but two of our stations have a top three market share. All of our stations are affiliated with national television networks—six with NBC, five with ABC, three with CBS, three with FOX, three with WB and one with UPN. All four of our WB and UPN affiliated stations, along with new digital subchannels in two of our markets, have agreed to become affiliates of the CW network, which is scheduled to debut in September 2006. In the markets where we expect to operate a CW station, we will continue to operate duopolies.

We are subject to regulation by the FCC. In addition, we face risks that could materially adversely affect our business, consolidated financial condition, results of operations or liquidity. For a discussion of certain of the risks facing us, see the risk factors set forth in Exhibit 99.1 hereto.

Subsequent Event

Barrington Corporation entered into an Asset Purchase Agreement referred to herein as the Asset Purchase Agreement, dated as of March 24, 2006, with Raycom and certain of Raycom's subsidiaries, pursuant to which Barrington Corporation purchased substantially all of the assets of the acquired stations. Pursuant to the Asset Purchase Agreement, the purchase price payable in connection with the Raycom acquisition was approximately \$262.0 million, subject to a post-closing working capital adjustment. The Raycom Acquisition was consummated on August 11, 2006.

Concurrently with the closing of the Raycom Acquisition, all of Barrington Corporation's exiting operating subsidiaries merged with and into newly-formed limited liability company subsidiaries of Barrington Corporation and Barrington Corporation merged with and into Barrington Group. Such mergers are referred to herein as the LLC conversion.

In connection with the Raycom Acquisition, we repaid Barrington Corporation's existing credit facilities and entered into a new credit facility, which is referred to herein as our new credit facility. Our new credit facility is comprised of a \$147.5 million senior secured term loan facility, or the term facility, and a \$25.0 million senior secured revolving credit facility, or the revolving facility. The term facility has a seven year maturity and the revolving facility has a six year maturity. Our obligations under our new credit facility are guaranteed by Barrington Broadcasting LLC, our parent, which is referred to herein as Barrington Broadcasting, and all of our direct and indirect subsidiaries. Our new credit facility is secured by a first priority lien on substantially all of our existing and future assets and those of our direct and indirect subsidiaries.

In addition, concurrently with the closing of the Raycom Acquisition, Pilot Group LP, our equity sponsor contributed \$60.3 million in additional equity capital to Barrington Broadcasting that was immediately contributed to Barrington Group. Our equity sponsor may contribute an additional

\$2.0 million during the fourth quarter of 2006 to pay a portion of certain tax liabilities payable by us in connection with the LLC conversion.

The Raycom Acquisition will be accounted for using the purchase method of accounting under SFAS No. 141, *Business Combinations*. As a result, the Raycom Acquisition will affect our future results of operations in certain significant respects. The aggregate acquisition consideration will be allocated to the tangible and intangible assets acquired and liabilities assumed by us based upon their respective fair values as of the acquisition date. In addition, our corporate overhead expenses will increase and, due to the effects of the increased borrowings to finance the Raycom Acquisition, our interest expense will increase significantly in the periods following the Raycom Acquisition.

Revenues

Our revenues are primarily derived from the sale of local and national advertising. We compete for advertising revenues primarily with other broadcast television stations, radio stations, cable system operators and programmers, and newspapers serving the same market. All network-affiliated stations are required to carry advertising sold by their networks, which reduces the amount of advertising time available for sale by our stations. Our stations sell the remaining advertising time in network programming and the advertising time in non-network programming, retaining all of the revenues received from these sales.

Advertisers wishing to reach a national audience usually purchase time directly from the networks, or advertise nationwide on a case-by-case basis. National advertisers who wish to reach the audience within one of our markets often buy advertising time directly from our stations through national advertising sales representative firms. Local businesses purchase advertising time directly from our stations' local sales staffs.

Advertising rates are based upon a number of factors, including:

- a program's popularity among the viewers that an advertiser wishes to target (demographic ratings);
- the number of advertisers competing for the available time;
- the size of the market served by the station;
- the availability of alternative advertising media in the market area;
- the effectiveness of the sales forces; and
- development of projects, features and programs that tie advertiser messages to programming.

Our advertising revenues are positively affected by strong local economies, national and regional political election campaigns, and certain events such as the Olympics or the Super Bowl. Because television broadcast stations rely on advertising revenues, declines in advertising budgets, particularly in recessionary periods, adversely affect the broadcast industry, and as a result may contribute to a decrease in the revenues of broadcast television stations. The gross advertising revenues of our stations are generally highest in the second and fourth quarters of each year, due in part to increases in consumer advertising in the spring and retail advertising in the period leading up to and including the holiday season. Additionally, our gross advertising revenues in even-numbered years can benefit from demand for advertising time in Olympic broadcasts and advertising placed by candidates for political offices. A

station's local market strength, especially in local news ratings, is the primary factor that buyers use when placing political advertising. From time to time, proposals have been advanced in Congress to require television broadcast stations to provide some advertising time to political candidates at no charge, which could potentially reduce advertising revenues from political candidates. Our stations experienced a greater than expected amount of political advertising for the first six months of fiscal 2006. We expect this trend to continue through the remainder of fiscal 2006.

Local and regional advertising is sold by each station's own sales representatives to local and other non-national advertisers or agencies. Generally, these contracts are short-term, although occasionally, longer-term packages will be sold. National spot advertising (generally a series of spot announcements between programs or within the station's own programs) is sold by the station or its sales representatives directly to agencies representing national advertisers. Political advertising is generated by national and local elections, which can vary greatly from both market to market and year to year.

We also derive revenues from other sources, including trade and barter programming, internet and network compensation. A national syndicated program distributor will often retain a portion of the available advertising time for programming it supplies in exchange for no fees or reduced fees charged to the stations for such programming. These programming arrangements are referred to as barter programming. Network compensation is the amount, if any, paid by a network to its affiliated stations for broadcasting network programs.

Compared to revenues from national advertising accounts, revenues from local advertising is generally more stable and more controllable. We seek to attract new advertisers to television and to increase the amount of advertising time sold to existing local advertisers by relying on experienced local sales forces with strong community ties, producing news and other programming with local advertising appeal and sponsoring or co-promoting local events and activities. We place a strong emphasis on the experience of our local sales staff and maintain an on-going training program for sales personnel.

A television station's rates are primarily determined by the estimated number of television homes it can provide for an advertiser's message. The estimates of the total number of television homes in a market and the station's share of those homes are based on the Nielsen Media Research industry-wide television rating service. The demographic make-up of the viewing audience is equally important to advertisers. A station's rate card for national and local advertisers takes into account, in addition to audience delivered, such variables as the length of the commercial announcements and the quantity purchased. Because television stations rely on advertising revenues, they are sensitive to cyclical changes in the national and local economy. The sizes of advertisers' budgets, which are affected by broad economic trends, affect the broadcast industry in general. The strength of the local economy in each station's market also significantly impacts revenues.

Results of Operations

Three Months Ended June 30, 2006 Compared to Three Months Ended June 30, 2005

The following table sets forth Barrington Corporation's operating results for the three months ended June 30, 2006 as compared to the three months ended June 30, 2005.

(Dollars in thousands)	<u>Three Months Ended June 30,</u>			
	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>% Change</u>
Local	\$ 7,581	\$ 4,084	\$ 3,497	85.6%
National	3,699	2,303	1,396	60.6
Political	428	19	409	2,152.6
Other	983	868	115	13.2
	<u>12,691</u>	<u>7,274</u>	<u>5,417</u>	<u>74.5</u>
Direct costs	<u>2,030</u>	<u>1,125</u>	<u>905</u>	<u>80.4</u>
Net revenues	<u>10,661</u>	<u>6,149</u>	<u>4,512</u>	<u>73.4</u>
Operating expenses:				
Selling, technical and program expenses	4,956	3,037	1,919	63.2
General and administrative	2,021	1,103	918	83.2
Depreciation and amortization	3,081	1,686	1,395	82.7
Corporate	691	395	296	74.9
	<u>10,749</u>	<u>6,221</u>	<u>4,528</u>	<u>72.8</u>
Loss from operations	<u>(88)</u>	<u>(72)</u>	<u>(16)</u>	<u>22.2</u>
Net interest expense	<u>1,104</u>	<u>633</u>	<u>471</u>	<u>74.4</u>
Loss before income taxes	<u>(1,192)</u>	<u>(705)</u>	<u>(487)</u>	<u>69.1</u>
Income tax expense	<u>(16)</u>	<u>-</u>	<u>(16)</u>	<u>-</u>
Net loss	<u>\$ (1,208)</u>	<u>\$ (705)</u>	<u>\$ (503)</u>	<u>71.3%</u>

Barrington Corporation's net revenue for the three months ended June 30, 2006 was \$10.7 million, as compared to \$6.1 million for the three months ended June 30, 2005, an increase of \$4.5 million or 73.4%. The major components of, and changes to, net revenue were as follows:

- Barrington Corporation acquired KVII in August 2005 and WPDE/WWMB in February 2006. The acquisitions of KVII and WPDE/WWMB are included in Barrington Corporation's results of operations since the respective acquisition dates. For the three months ended June 30, 2006, the acquisitions of KVII and WPDE/WWMB increased Barrington Corporation's net revenues by \$4.2 million, including an increase of \$0.2 million in gross political revenues.
- Barrington Corporation's gross political revenue for the three months ended June 30, 2006 was \$0.4 million, as compared to \$0 for the three months ended June 30, 2005, an increase of approximately \$0.4 million. Approximately half of the increase, or \$0.2 million, was attributable to the acquisitions of KVII and WPDE/WWMB. Political revenue for the three months ended June 30, 2006 was positively impacted by the mid-term congressional and gubernatorial races in Michigan, Missouri, and Illinois.

- For the stations that were part of the group during 2005, gross local revenues increased by \$0.4 million, or 10.8%. The increase in gross local revenues was caused by an increased focus on local accounts and improved selling strategies.
- Gross national revenues decreased by \$0.1 million, or 4.4%, for the stations that were part of the group during 2005. The decrease in gross national revenues for the three months ended June 30, 2006 was mainly due to decreased spending by national automotive accounts.

Barrington Corporation's operating expenses for the three months ended June 30, 2006 were \$10.7 million, as compared to \$6.2 million for the three months ended June 30, 2005, an increase of \$4.5 million, or 72.8 %. The major changes to operating expenses were as follows:

- The expenses of KVII and WPDE/WWMB were \$3.7 million for the three months ended June 30, 2006. Because both of these stations were acquired subsequent to June 30, 2005, the quarterly comparison of the three months ended June 30, 2006 and the three months ended June 30, 2005 was affected.
- Excluding the effect of the acquisitions, Barrington Corporation's selling, technical and programming expenses increased \$0.3 million primarily due to the automation of KRCG's news production facility and the restructuring of KCRG and WEYI's respective sales management. During 2005, KRCG automated its news production facility which required that salaries of certain persons dedicated to the project were capitalized with the other installation costs. In addition, KRCG and WEYI restructured their sales management in late 2005 to further enhance their selling efforts resulting in additional costs.
- Barrington Corporation's expenses increased by \$0.3 million for the three months ended June 30, 2006 to \$0.7 million from \$0.4 million for the three months ended June 30, 2005 as result of staffing changes made in anticipation of the Raycom Acquisition.

Barrington Corporation's net interest expense for the three months ended June 30, 2006 was \$1.1 million as compared to \$0.6 million for the three months ended June 30, 2005, an increase of \$0.5 million or 69.1%. The increase was caused by additional borrowings made to finance the acquisitions of KRCG, KVII and WPDE/WWMB and an increase in LIBOR interest rates. The rise in interest rates was partially offset by an unrealized gain on Barrington Corporation's interest rate caps, the market value of which increased by \$0.1 million during the three months ended June 30, 2006.

Barrington Corporation's income tax expense for the three months ended June 30, 2006 was approximately \$16,000 which reflected an accrual for state income taxes.

The net loss for Barrington Corporation was \$1.2 million for the three months ended June 30, 2006, compared to \$0.7 million for the six months ended June 30, 2005, a change of \$0.5 million or 71.3%.

Six Months Ended June 30, 2006 Compared to Six Months Ended June 30, 2005

The following table sets forth Barrington Corporation's operating results for the six months ended June 30, 2006 as compared to the six months ended June 30, 2005.

(Dollars in thousands)	Six Months Ended June 30,			
	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>% Change</u>
Local	\$ 13,602	\$ 7,048	\$ 6,554	93.0%
National	6,764	3,780	2,984	78.9
Political	938	51	887	1,739.2
Other	1,645	1,408	237	16.8
	<u>22,949</u>	<u>12,287</u>	<u>10,662</u>	<u>86.8</u>
Direct costs	<u>3,685</u>	<u>1,832</u>	<u>1,853</u>	<u>101.1</u>
Net revenues	<u>19,264</u>	<u>10,455</u>	<u>8,809</u>	<u>84.3</u>
Operating expenses:				
Selling, technical and program expenses	9,430	5,703	3,727	65.4
General and administrative	3,932	2,105	1,827	86.8
Depreciation and amortization	5,934	3,054	2,880	94.3
Corporate	1,173	793	380	47.9
	<u>20,469</u>	<u>11,655</u>	<u>8,814</u>	<u>75.6</u>
Loss from operations	<u>(1,205)</u>	<u>(1,200)</u>	<u>(5)</u>	<u>0.4</u>
Interest expense	2,411	1,222	1,189	97.3
Amortization of debt issuance costs	56	31	25	80.6
Unrealized gain on interest rate caps	(180)	-	(180)	#DIV/0!
Loss on early extinguishment of debt	-	1,628	(1,628)	(100.0)
Interest income	(31)	(11)	(20)	181.8
Net interest expense	<u>2,256</u>	<u>2,870</u>	<u>(614)</u>	<u>-21.4</u>
Loss before income taxes	<u>(3,461)</u>	<u>(4,070)</u>	<u>609</u>	<u>-15.0</u>
Income tax expense	<u>(57)</u>	<u>(110)</u>	<u>53</u>	<u>-</u>
Net loss	<u>\$ (3,518)</u>	<u>\$ (4,180)</u>	<u>\$ 662</u>	<u>-15.8%</u>

Barrington Corporation's net revenue for the six months ended June 30, 2006 was \$19.3 million, as compared to \$10.5 million for the six months ended June 30, 2005, an increase of \$8.8 million or 84.3%. The major components of, and changes to, net revenue were as follows:

- Barrington Corporation acquired KRCG in March 2005, KVII in August 2005 and WPDE/WWMB in February 2006. The acquisitions of KRCG, KVII and WPDE/WWMB are included in Barrington Corporation's results or operations since the respective acquisition dates. For the six months ended June 30, 2006, the acquisitions of KRCG, KVII and WPDE/WWMB increased Barrington Corporation's net revenues by \$8.2 million, including an increase of \$0.4 million in gross political revenues.
- Barrington Corporation's gross political revenue for the six months ended June 30, 2006 was \$0.9 million, as compared to \$0 for the six months ended June 30, 2005, an increase of approximately \$0.9 million. Approximately half of the increase, or \$0.4 million, was attributable to the acquisitions of KRCG, KVII and WPDE/WWMB. Political revenue for the six months ended June 30, 2006 was positively impacted by the mid-term congressional and gubernatorial races in Michigan, Missouri, Texas and Illinois.

- For the stations that were part of the group during 2005, gross local revenues increased by \$0.7 million, or 12.0%. The increase in gross local revenues was caused by an increased focus on local accounts and improved selling strategies.
- Barrington Corporation's gross national revenues decreased by \$0.1 million, or 3.1%, for the stations that were part of the group during 2005. The decrease in gross national revenues for the six months ended June 30, 2006 was mainly due to decreased spending by national automotive accounts.

Barrington Corporation's operating expenses for the six months ended June 30, 2006 were \$20.5 million, as compared to \$11.7 million for the six months ended June 30, 2005, an increase of \$8.8 million, or 75.6 %. The major changes to operating expenses were as follows:

- The expenses of KRCG, KVII and WPDE/WWMB were \$9.9 million for the six months ended June 30, 2006. The expenses of KRCG, which are included in Barrington Corporation's results of operations from March 1, 2005, were \$2.0 million for the six months ended June 30, 2005. Also, because Barrington Corporation acquired KVII and WPDE/WWMB subsequent to June 30, 2005, the comparison between the six months ended June 30, 2006 and the six months ended June 30, 2005 was also affected by these acquisitions.
- Excluding the effect of the acquisitions of KRCG, KVII, and WPDE/WWMB, Barrington Corporation's selling, technical and programming expenses and general and administrative expenses increased \$0.3 million, or 3.8%, for the six months ended June 30, 2006, as a result of increased costs associated with restructured sales management at WEYI and scheduled payroll increases.
- Barrington Corporation's corporate expenses increased by \$0.4 million for the six months ended June 30, 2006 to \$1.2 million from \$0.8 million for the six months ended June 30, 2005 as result of staffing changes made in anticipation of the Raycom Acquisition.

Barrington Corporation's net interest expense for the six months ended June 30, 2006 was \$2.3 million as compared to \$2.9 million for the six months ended June 30, 2005, a decrease of \$0.6 million, or 21.4%. The decrease was caused by the loss on the early extinguishment of Barrington Corporation's debt in connection with the purchase of KRCG in 2005. The refinancing increased Barrington Corporation's total debt and significantly amended the terms of the debt resulting in the write-off of unamortized debt issuance costs of \$1.6 million for the six months ended June 30, 2005.

Barrington Corporation's cash interest expense was \$2.3 million in the six months ended June 30, 2006, as compared to \$1.1 million for the six months ended June 30, 2005, an increase of \$1.2 million, or 113.7% due to the increased amount of Barrington Corporation's total debt and an increase in LIBOR interest rates. The rise in interest rates was partially offset by an unrealized gain on Barrington Corporation's interest rate caps, the market value of which increased by \$0.2 million for the six months ended June 30, 2006.

Barrington Corporation's income tax expense for the six months ended June 30, 2006 was approximately \$57,000 and reflected an accrual for state income taxes.

The net loss for Barrington Corporation was \$3.5 million for the six months ended June 30, 2006, as compared to \$4.2 million for the six months ended June 30, 2005, a change of \$0.7 million, or 16.7%.

Liquidity and Capital Resources

Our primary sources of liquidity are cash flow from operating activities, borrowings under our credit facilities and capital contributions. Our need for liquidity arises primarily from acquisitions, capital expenditures and interest payable on our new credit facilities.

After consummation of the Raycom Acquisition, the offering of the Notes, our borrowings under our new credit facility and our guarantee of the SagamoreHill term loan facility, we are highly leveraged. As of June 30, 2006, on a pro forma basis, after giving effect to such transactions, we would have had outstanding \$275.0 million in aggregate indebtedness.

Cash flows from operating activities. Barrington Corporation's cash flows provided by operating activities for the six months ended June 30, 2006 were \$0.3 million as compared to cash flows used in operating activities of \$0.2 million for the six months ended June 30, 2005. Excluding depreciation and amortization, Barrington Corporation's operating income for the six months ended June 30, 2006 was \$4.7 million, as compared to \$1.9 million for the six months ended June 30, 2005, an increase of \$2.8 million or 155.1%. Offsetting the increase in Barrington Corporation's operating income for the six months ended June 30, 2006, cash payments of interest were \$2.3 million for the six months ended June 30, 2006, as compared to \$1.1 million for the six months ended June 30, 2005, an increase of \$1.2 million or 113.8%.

Cash flows from investing activities. Barrington Corporation's cash flows used in investing activities were \$27.3 million for the six months ended June 30, 2006, as compared to \$45.9 million for the six months ended June 30, 2005. Barrington Corporation acquired WPDE and the associated operating rights for WWMB in February 2006 for \$24.6 million. Barrington Corporation acquired KRCG and a construction permit for the build-out of WBSF in the first half of 2005 for an aggregate of \$42.9 million. Barrington Corporation's cash purchases of property and equipment were \$2.7 million for the six months ended June 30, 2006, as compared to \$1.8 million for the six months ended June 30, 2005.

Cash flows from financing activities. Barrington Corporation's cash flows from financing activities were \$26.1 million for six months ended June 30, 2006, compared to \$45.9 million for the six months ended June 30, 2005. Capital contributions for the six months ended June 30, 2006 and the six months ended June 30, 2005 were \$19.3 million and \$29.0 million, respectively. In February 2006, Barrington Corporation borrowed \$7.0 million from long-term bank loans to fund the acquisitions of WPDE and WWMB. Barrington Corporation also borrowed \$18.5 million under long-term debt bank loans to fund the purchase of KRCG in February 2005.

Our New Credit Facility and Notes. During February 2006, Barrington Corporation borrowed an additional \$7.0 million under its old credit facility in the form of an additional term loan and became a guarantor of SagamoreHill's term loan for the acquisitions of WPDE and WWMB, resulting in \$61.0 million of debt outstanding at June 30, 2006. As of June 30, 2006, there was \$5.0 million of unused revolving credit commitments under its old credit facility, all of which was available to Barrington Corporation. The old credit facility was repaid in connection with the offering of the Notes and the Raycom Acquisition. For additional information regarding the old credit facility, see Note D of the "Notes to Condensed Consolidated Financial Statements" in this Quarterly Report.

In order to finance the Raycom Acquisition which closed during the third quarter 2006, Barrington Corporation entered into a new credit facility on August 11, 2006. Our new credit facility is comprised of a \$147.5 million senior secured term loan facility and a \$25.0 million senior secured revolving credit facility. Together with \$125.0 million of funds from the Issuers' offering of the Notes and capital

contributions from our equity sponsor in the amount of \$60.3 million, our new credit facility provided the resources to complete the Raycom Acquisition, as well as refund \$61.0 million of Barrington Corporation's existing long-term debt. The refunding of long-term debt caused a loss on the early extinguishment of debt for the third quarter of 2006 in the form of a write-off of the balance of unamortized debt issuance costs which were \$0.7 million at June 30, 2006.

The term loan facility has a seven year maturity and the revolving credit facility has a six year maturity. The obligations under our new credit facility are guaranteed by Barrington Broadcasting LLC and all of its direct and indirect subsidiaries. Our new credit facility is secured by a first priority lien on substantially all of our and our direct and indirect subsidiaries' existing and future assets.

Borrowings under our new credit facility bear interest at a floating rate, which can be either LIBOR plus an applicable margin or, at our option, a base rate plus an applicable margin payable at least quarterly. Base rate is defined as the higher of (i) the Bank of America prime rate or (ii) the federal funds effective rate plus 0.50%. The applicable margin for (x) the term loan is 2.25% for LIBOR loans and 1.25% for base rate loans and (y) the revolving facility is 2.25% for LIBOR loans and 1.25% for base rate loans for the first six months and subject to a pricing grid thereafter based on total leverage. The interest rate payable under our new credit facility will increase by 2.0% per annum during the continuance of an event of default. The unused portion of the revolving credit facility is subject to a commitment fee of 0.50%.

In addition, on August 11, 2006, we issued \$125.0 million aggregate principal amount of 10½% Senior Subordinated Notes due 2014, the net proceeds of which were used to consummate the Raycom Acquisition.

The Notes mature on August 15, 2014. Interest is payable on the Notes semi-annually in cash in arrears on February 15 and August 15 of each year. The Notes are unconditionally guaranteed on an unsecured senior subordinated basis by all of our current and future restricted subsidiaries (other than Barrington Capital) that guarantee our and our subsidiaries' other indebtedness. The Notes bear interest at a fixed rate of 10½%.

Our new credit facility and the indenture governing the Notes limit our ability to:

- incur additional indebtedness and issue certain preferred stock;
- pay dividends on our capital stock or repurchase our capital stock or subordinated debt;
- make investments;
- create certain liens;
- sell certain assets or merge or consolidate with or into other companies;
- incur restriction on the ability of our subsidiaries to make distributions or transfer assets to us; and
- enter into transactions with affiliates.

Our new credit facility also contains certain covenants, including requirements to maintain various financial ratios, manage prudently, and defined conditions of default. Continued availability of the revolving facility will be predicated on compliance with these covenants. For additional information

regarding our new credit facility and the Notes, see Note G of the “Notes to Condensed Consolidated Financial Statements” in this Quarterly Report.

Seasonality

Our business has experienced and is expected to continue to experience significant seasonality due to, among other things, seasonal advertising patterns and seasonal influences on people’s viewing habits. The advertising revenue of television broadcasting stations is generally highest in the second and fourth quarters of each year, due in part to increases in consumer advertising in the spring and retail advertising in the period leading up to and including the holiday season. In addition, advertising revenue tends to be higher in even-numbered years, when national, state and local political advertising is a significant element of advertising revenue. In odd-numbered years, little if any revenue is obtained from political advertising.

Critical Accounting Policies and Estimates

Financial statements prepared in accordance with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Actual results could differ from those assumptions and estimates. The accounting policies that are most significant and sensitive to assumptions and estimates include allocation of a station’s purchase price to identifiable assets, and the procedures used to evaluate various assets for impairment.

Purchase accounting. The purchases of stations involve allocation of the purchase price according to the estimated fair market values of the monetary, tangible, and intangible assets acquired. The allocated values are “pushed-down” to become the restated asset costs on the books of the subsidiary companies representing the individual stations. Barrington Corporation obtains outside appraisals following its purchases of stations. The values assigned by the appraisals may differ from the estimates initially assigned by Barrington Corporation at the time of purchase. Generally accepted accounting principals allow up to one year for completion of the determination of allocation of values, so changes might materially change the depreciation and amortization expenses reported up to one year from purchase.

Impairment of long-lived assets. Generally accepted accounting principles require that most long-lived assets are carried at the lower of cost or fair value. Such assets compose the major portion of Barrington Corporation’s total assets and exceed stockholder’s equity. Barrington Corporation reviews and tests its long-lived assets for potential impairment at least annually. This review requires assumptions and estimates of future cash flows to be generated by its stations, discount rates to be used in present value calculations, expected future benefits from network affiliation contracts, and other future conditions. Changes in market conditions or our plans could change management’s judgments regarding impairment of assets.

During the six months ended June 30, 2005, Barrington Corporation wrote-off \$1.6 million of unamortized debt issuance costs because of an early extinguishment of the related debt by a refinancing. During the third quarter of 2006, our entrance into our new credit facility and the offering of the Notes required the write-off of approximately \$0.6 million of unamortized debt issuance costs because of early extinguishment of the related debt by the refinancing.

Interest rate caps. We invest in derivative financial instruments to limit our exposure to interest rate increases on its floating rate debt. These interest rate caps agreements do not qualify for hedge accounting treatment, and their carrying value must be periodically adjusted to fair value, with any gain or loss recognized in operating results.

Recoverability of deferred tax assets. Barrington Corporation has incurred net tax losses in both of the tax years since it commenced operations. Such tax losses normally would have been available to be carried forward to offset taxable profits for up to 20 years from the date they were generated, but the future tax benefit has not been recognized in the financial statements because the estimates of future taxable profits did not indicate a reasonable likelihood of realization. In conjunction with the Raycom acquisition, Barrington Corporation converted from a corporation into a limited liability company (LLC), which allows it to pass all taxable profits or losses for reporting directly to its members, in a manner similar to a partnership. Accordingly, commencing after 2006, Barrington Corporation will neither be subject to federal income taxes nor eligible for carry forward of previous tax losses. Barrington Corporation will utilize essentially all of its net operating losses to offset the expected gain on the LLC conversion.

Recently Issued Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123R *Share-Based Payments* (“SFAS 123R”). SFAS 123R requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. SFAS 123R also establishes fair value as the measurement method in accounting for share-based payments to employees. As required by SFAS 123R, Barrington Corporation adopted this new accounting standard effective January 1, 2006 under the prospective method. The adoption of SFAS 123R did not materially impact Barrington Corporation’s financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. We have no cash flow exposure due to rate changes on the Notes because they bear interest at fixed rates. However, our new credit facility bears interest at floating rates based on LIBOR. Accordingly, we are exposed to potential losses related to changes in interest rates. If there is a rise in interest rates, our debt service obligations on the borrowings under our new credit facility would increase even though the amount borrowed remained the same, which would affect our results of operations. A 1% change in LIBOR would result in our interest expense for our new credit facility fluctuating approximately \$1.5 million per year, without taking into account any hedging instruments.

We do not enter into derivatives or other financial instruments for trading or speculative purposes; however, in order to manage our interest rate risk, we have entered into two interest rate cap agreements and intend to enter into other such derivative instruments to effectively fix the interest rate on the borrowings under our credit facility. The agreement governing our 5.000% interest rate cap dated June 1, 2005, specifies a notional amount of \$44.0 million and expires May 31, 2007. The agreement governing our 5.500% interest rate cap dated November 9, 2005, specifies a notional amount of \$20.0 million and expires November 14, 2007. We are required to reflect our interest rate caps on our balance sheet at fair market value. As such, we are exposed to potential losses due to increases in interest rates. We have recorded an unrealized gain on interest rate caps of \$0.1 million and \$0.2 million for the three months and the six months ended June 30, 2006 as compared to \$0 for the three months and the six months ended June 30, 2005.

ITEM 4. CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer, with the assistance of management, have evaluated our disclosure controls and procedures as of June 30, 2006, and based upon that evaluation have concluded that our disclosure controls and procedures were effective, in all material respects, as of June 30, 2006, to provide reasonable assurance that information the Company is required to disclose in this Quarterly Report is recorded, processed, summarized and reported as and when required. Further, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures have been designed to ensure that information required to be disclosed in this Quarterly Report, is accumulated and communicated to management including the Chief Executive Officer and Chief Financial Officer, in a manner to allow timely decisions regarding the required disclosure. It should be noted, however, that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within the Company have been detected. Furthermore, the design of any control system is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how unlikely. Because of these inherent limitations in a cost-effective control system, misstatements or omissions due to error or fraud may occur and not be detected. There has been no change in our internal control over financial reporting that occurred during the second fiscal quarter of 2006 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in litigation arising out of operations. Management believes that we are not currently party to any legal proceedings, the adverse outcome of which, individually or in the aggregate, would have a material adverse effect on our financial position or results of operations.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

The exhibits to this Quarterly Report, including the Risk Factors set forth in Exhibit 99.1, are available on our website.

<u>Exhibit Number</u>	<u>Title</u>
2.1	Asset Purchase Agreement, dated as of March 24, 2006, by and among Raycom Media, Inc., certain subsidiaries thereof and Barrington Broadcasting Corporation*
2.2	Amendment to Asset Purchase Agreement, dated as of August 11, 2006, by and among Raycom Media, Inc., certain subsidiaries thereof and Barrington Broadcasting Corporation*
3.1	Certificate of Formation of Barrington Broadcasting Group LLC*
3.2	Certificate of Incorporation of Barrington Broadcasting Capital Corporation*
3.3	Limited Liability Company Operating Agreement of Barrington Broadcasting Group LLC*
3.4	Bylaws of Barrington Broadcasting Capital Corporation*
4.1	Indenture, dated as of August 11, 2006, by and among Barrington Broadcasting Group LLC, Barrington Broadcasting Capital Corporation and U.S. Bank National Association, as trustee*
4.2	Note Guarantee, dated as of August 11, 2006, by subsidiaries of Barrington Broadcasting Group LLC relating to 10½% Senior Subordinated Notes due 2014*
4.3	Form of 10½% Senior Subordinated Note due 2014 ⁽¹⁾
4.4	Registration Rights Agreement, dated as of August 11, 2006, by and among Barrington

	Broadcasting Group LLC, Barrington Broadcasting Capital Corporation and Banc of America Securities LLC and Wachovia Capital Markets, LLC, as initial purchasers*
10.1	Credit Agreement, dated as of August 11, 2006, by and among Barrington Broadcasting Group LLC, as borrower, all subsidiaries thereof and Barrington Broadcasting LLC, as guarantors, Bank of America, N.A., as administrative agent, and lenders party thereto*
10.2	Guaranty Agreement, dated as of August 11, 2006, by and among Barrington Broadcasting Group LLC, as borrower, all subsidiaries thereof and Barrington Broadcasting LLC, as guarantors, and Bank of America, N.A., as collateral agent*
10.3	Security Agreement, dated as of August 11, 2006, by and among Barrington Broadcasting Group LLC, as borrower, all subsidiaries thereof and Barrington Broadcasting LLC, as guarantors, and Bank of America, N.A., as collateral agent*
10.4	Credit Agreement, dated as of August 11, 2006, by and among SagamoreHill of Carolina, LLC, as borrower, Bank of America, N.A., as administrative agent, and lenders party thereto*
10.5	Barrington Guaranty, dated as of August 11, 2006, by and among Barrington Broadcasting Group LLC, as borrower, all subsidiaries thereof and Barrington Broadcasting LLC, as guarantors, and Bank of America, N.A., as collateral agent*
10.6	Management Agreement, dated as of December 31, 2003, by and between Barrington Broadcasting LLC and Barrington Broadcasting Company, LLC, as amended*
10.7	Transition Services Agreement, dated as of August 11, 2006, by and among Raycom Media, Inc., certain subsidiaries thereof and Barrington Broadcasting Group LLC*
10.8	Time Brokerage Agreement dated as of April 28, 1994, as amended, by and between Atlantic Media Group, Inc. and Vision Communications, Inc.*
21	List of Subsidiaries of Barrington Broadcasting Group LLC*
99.1	Risk Factors*

* Posted on company website (www.barringtontv.com) under corresponding exhibit number.

(1) Included in Exhibit 4.1 to this Quarterly Report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrants have duly caused this Quarterly Report to be signed on their behalf by the undersigned, thereunto duly authorized.

BARRINGTON BROADCASTING GROUP LLC
BARRINGTON BROADCASTING CAPITAL CORPORATION

By: /s/ Warren Spector

Date: October 2, 2006

Name: Warren Spector
Title: Director and Chief Financial Officer
(Principal Financial Officer)