
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 30, 2007**.

Or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number **333-140510**

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

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

**2500 W. Higgins Road, Suite 155
Hoffman Estates, Illinois**
(Address of Principal Executive Offices)

**20-4841532
20-5172909**
(I.R.S. Employer Identification No.)

60169
(Zip Code)

847-884-1877
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Documents incorporated by reference: None

**BARRINGTON BROADCASTING GROUP LLC
BARRINGTON BROADCASTING CAPITAL CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2007**

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Quarterly Report on Form 10-Q 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 our 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 filed with the Securities and Exchange Commission, or SEC. 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 periodic reports filed with the SEC on Forms 10-K, 10-Q and 8-K.

PART I

As used in this Quarterly Report, the term “Issuers” refers to Barrington Broadcasting Group LLC, a Delaware limited liability company, or Barrington Group, and Barrington Broadcasting Capital Corporation, a Delaware corporation, or 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.

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., or Raycom, 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 10½% Senior Subordinated Notes due 2014, or the notes, and our equity sponsor contributed \$60.5 million in additional equity capital. The financial statements below include the consolidated financial statements of Barrington Group (formerly Barrington Corporation) for the three and six months ended June 30, 2007 and 2006.

BARRINGTON BROADCASTING GROUP LLC
Condensed Consolidated Balance Sheets

	<u>June 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
(dollars in thousands)	(unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,106	\$ 4,920
Trade receivables, less allowance for doubtful accounts of \$692 and \$744	23,765	23,229
Current portion of program broadcast rights	1,413	3,599
Prepaid expenses and other current assets	1,165	1,436
Total current assets	28,449	33,184
Program broadcast rights	1,008	1,068
Debt issuance costs	10,727	11,318
Investment in joint venture	2,054	2,065
Other	295	141
Property and equipment, net	88,013	95,425
Goodwill	9,623	9,278
Other intangibles, net	269,116	272,142
TOTAL ASSETS	\$ 409,285	\$ 424,621
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,633	\$ 1,721
Current portion of program broadcast payable	2,552	4,449
Revolving credit facility	1,000	—
Current maturities of long-term debt	1,500	1,500
Current portion of contracts payable	252	327
Accrued interest	6,424	5,722
Accrued expenses and other liabilities	4,443	4,963
Deferred revenue - current	157	149
Total current liabilities	17,961	18,831
Long-term debt	272,326	273,076
Contracts payable	1,259	1,502
Program broadcast payable	1,313	1,434
Deferred revenue	1,456	1,289
MEMBER'S EQUITY		
Member's equity	114,733	128,489
Other comprehensive income	237	—
Total member's equity	114,970	128,489
TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ 409,285	\$ 424,621

See the accompanying notes to condensed consolidated financial statements.

BARRINGTON BROADCASTING GROUP LLC
Condensed Consolidated Statements of Operations
(Unaudited)

(dollars in thousands)	Three Months Ended June 30,	
	2007	2006
NET REVENUES	\$ 29,066	\$ 10,662
OPERATING EXPENSES		
Selling, technical and program expenses	14,255	4,956
General and administrative	4,663	2,021
Depreciation and amortization	7,503	3,082
Corporate	1,297	691
Total operating expenses	27,718	10,750
INCOME (LOSS) FROM OPERATIONS	1,348	(88)
INTEREST (EXPENSE) INCOME		
Interest expense	(6,281)	(1,093)
Amortization of debt issuance costs	(409)	(26)
Interest income	11	15
Total net interest expense	(6,679)	(1,104)
LOSS BEFORE INCOME TAXES	(5,331)	(1,192)
INCOME TAX BENEFIT (EXPENSE)	224	(16)
NET LOSS	\$ (5,107)	\$ (1,208)

See the accompanying notes to condensed consolidated financial statements.

BARRINGTON BROADCASTING GROUP LLC
Condensed Consolidated Statements of Operations
(Unaudited)

(dollars in thousands)	Six Months Ended June 30,	
	2007	2006
NET REVENUES	\$ 55,071	\$ 19,264
OPERATING EXPENSES		
Selling, technical and program expenses	28,282	9,430
General and administrative	9,806	3,932
Depreciation and amortization	15,332	5,934
Corporate	2,457	1,173
Total operating expenses	55,877	20,469
LOSS FROM OPERATIONS	(806)	(1,205)
INTEREST (EXPENSE) INCOME		
Interest expense	(12,398)	(2,231)
Amortization of debt issuance costs	(825)	(56)
Interest income	44	31
Total net interest expense	(13,179)	(2,256)
LOSS BEFORE INCOME TAXES	(13,985)	(3,461)
INCOME TAX BENEFIT (EXPENSE)	229	(57)
NET LOSS	\$ (13,756)	\$ (3,518)

See the accompanying notes to condensed consolidated financial statements.

BARRINGTON BROADCASTING GROUP LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(dollars in thousands)	Six Months Ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (13,756)	\$ (3,518)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	12,278	5,085
Amortization of program broadcast rights	2,465	865
Payments of program broadcast payable	(2,327)	(849)
Amortization of intangibles and debt issuance costs	3,851	900
Unrealized loss (gain) on interest rate caps	83	(180)
Barter expenses net of revenue	(47)	(90)
Loss on disposal of assets	17	5
Imputed interest on long term contracts	(12)	—
Equity in loss of joint venture interest	11	—
Changes in assets and liabilities that relate to operations, net of effect of acquisitions:		
Trade receivables	(536)	(1,545)
Prepaid expenses and other	271	(1,912)
Other assets	—	(1)
Accounts payable	(140)	672
Accrued interest	702	137
Accrued expenses	(520)	753
Deferred revenue	175	(44)
Net cash provided by operating activities	2,515	278
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(4,815)	(2,719)
Proceeds from disposition of assets	31	5
Acquisition of television stations, net of cash acquired	(517)	(24,629)
Net cash used in investing activities	(5,301)	(27,343)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted cash	—	(6)
Proceeds from guaranteed loan	—	2,450
Proceeds from long-term debt	—	4,550
Borrowings on revolving loan facility	3,000	—
Principal payments on long-term debt	(750)	—
Payments of contracts payable	(44)	—
Payments on revolving loan facility	(2,000)	—
Contributed capital	—	19,250
Payment of debt issuance costs	(234)	(133)
Net cash (used in) provided by financing activities	(28)	26,111
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,814)	(954)
Cash and cash equivalents, beginning of period	4,920	1,337
Cash and cash equivalents, end of period	\$ 2,106	\$ 383

Continued

See the accompanying notes to condensed consolidated financial statements.

(dollars in thousands)	Six Months Ended June 30,	
	2007	2006
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments of interest	\$ 11,624	\$ 2,309
Cash (refund)/payment of income taxes	\$ (316)	\$ 41
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of program broadcast rights	\$ 309	\$ 170
Equipment acquired by barter transactions	\$ 99	\$ 58
Increase in valuation of interest rate collars	\$ 237	\$ —
ACQUISITION OF TELEVISION STATIONS		
Current assets acquired	\$ —	\$ 83
Property and equipment acquired	—	10,293
Intangible assets acquired	345	14,270
Current liabilities assumed	—	(17)
Program broadcast rights acquired	(90)	224
Program broadcast liabilities assumed	—	(224)
Other long term liabilities assumed	262	—
Current period payment for acquisition of stations	\$ 517	\$ 24,629
Amounts paid in 2007 pertaining to 2006 acquisitions	(517)	—
Additional amounts paid for WPDE in 2006 subsequent to June 30, 2006	—	162
Total cost of acquisition of stations	\$ —	\$ 24,791

See the accompanying notes to condensed consolidated financial statements.

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

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

Nature of Business –Barrington Group owns and operates 21 television stations located in 15 markets in the United States. Barrington Group’s revenues are derived primarily from the sale of advertising time and, to a lesser extent, internet advertising, network compensation 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 as well as political issue-oriented advertising. Credit arrangements are determined on an individual customer basis. Segment information is not presented because all of Barrington Group’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 Group for the year ended December 31, 2006 which are included in Barrington Group’s Registration Statement on Form S-4 declared effective by the SEC on August 6, 2007. The unaudited condensed consolidated financial statements and the amounts provided in the footnotes thereto have been rounded to the nearest thousand.

On August 11, 2006 all of Barrington Broadcasting Corporation’s existing operating subsidiaries merged with and into newly-formed limited liability company subsidiaries of Barrington Broadcasting Corporation and Barrington Broadcasting Corporation merged with and into Barrington Group. Barrington Group, the survivor of such merger, acquired twelve television stations from Raycom, and Barrington Group entered into a new credit facility with a \$147,500,000 term loan facility and a \$25,000,000 revolving facility. The stations acquired from Raycom include WNWO, the NBC affiliate in Toledo, Ohio; WSTM and WSTQ, the NBC and CW 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 FOX and CW affiliates, respectively, in Colorado Springs, Colorado; WPBN and WTOM, the NBC affiliates in Traverse City and Cheboygan, Michigan; WFXL, the FOX affiliate in Albany, Georgia; WLUC, the NBC affiliate in Marquette, Michigan and KTVO, the ABC affiliate in Kirksville, Missouri, referred to collectively as the Raycom stations. In addition, Barrington Broadcasting Capital Corporation was formed to be a co-issuer of the \$125,000,000 10.5% Senior Subordinated Notes due 2014 in connection with the Raycom acquisition. The condensed financial statements include the consolidated financial statements of Barrington Group (formerly Barrington Broadcasting Corporation).

The unaudited condensed consolidated financial statements include the accounts of Barrington Group and its television stations consisting of WEYI and WBSF, Flint-Saginaw-Bay City, Michigan; WNWO, Toledo, Ohio; WSTM and WSTQ, Syracuse, New York; WACH, Columbia, South Carolina; KGBT, Harlingen, Texas; KXRM and KXTU, Colorado Springs, Colorado; WPDE, Myrtle Beach, South Carolina; WPBN and WTOM, Traverse City, Michigan; WHOI, Peoria, Illinois; KVII and KVIH, Amarillo, Texas; KRCC, Columbia-Jefferson City, Missouri; WFXL, Albany, Georgia; KHQA, Quincy, Illinois-Hannibal, Missouri; WLUC, Marquette, Michigan; and KTVO, Kirksville, Missouri, all of which

are wholly-owned. Barrington Group also programs WWMB, owned by SagamoreHill of Carolina, LLC, or SagamoreHill, in South Carolina, under a local marketing agreement, or LMA. SagamoreHill is consolidated as a variable interest entity in accordance with Financial Accounting Standards Board Interpretation No. 46 (R), or 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 Group'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 Group believes that there is no material difference between the 2007 and 2006 reporting periods and that the results of both periods are comparable except for the on-going effects of the merger of Barrington Corporation into Barrington Group during 2006, the acquisitions and the related capitalization and financing reflected during the six months ended June 30, 2007.

(Note B) – Acquisitions of Television Stations

On February 6, 2006, Barrington Group completed the acquisition of all of the television broadcasting assets of WPDE, Myrtle Beach, South Carolina from Diversified Communications, referred to as the WPDE/WWMB acquisition. In addition to the assets of WPDE, Barrington Group acquired the rights to operate WWMB, Myrtle Beach, South Carolina and an option to purchase the station from its owner. The WPDE/WWMB acquisition was funded with cash provided by contributed capital and bank financing. Concurrently with the WPDE transaction, WWMB, the CW affiliate serving Myrtle Beach, was purchased by SagamoreHill. Barrington Group is operating WWMB on behalf of SagamoreHill under an LMA. Under the terms of the LMA, Barrington Group makes periodic payments to SagamoreHill for the right to provide programming and sell advertising on WWMB. SagamoreHill retains ultimate control and responsibility for the operation of its station. Barrington Group guaranteed full payment of all obligations incurred by SagamoreHill and SagamoreHill of Carolina Licenses, LLC, which owns WWMB's Federal Communications Commission, or 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, our interest in SagamoreHill was consolidated into the consolidated financial statements as of February 6, 2006. Barrington Group acquired an option to acquire the assets of SagamoreHill for a base value of \$2,367,000. The option price increases by 5% annually until it expires in 2021. The option term can be extended through 2029. The total purchase price of WPDE and the option to acquire SagamoreHill's WWMB, including costs of the acquisition, was \$24,791,000, which consisted of the fair market value of the assets of \$24,166,000 and fees and costs of the transaction amounting to \$625,000. The purchase price has been allocated to acquired assets and liabilities at fair value based on an appraisal of the acquired assets.

On August 11, 2006, Barrington Group completed the acquisition of the Raycom stations. The total purchase price of the Raycom acquisition including costs was \$264,906,000, which consisted of the fair market value of the assets of \$261,582,000 and fees and costs of the transaction estimated at \$3,324,000. The purchase price is subject to the resolution of various contingencies including the final transaction fee amounts, of which an additional \$517,000 was recorded in the six month period ended June 30, 2007. 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 Raycom acquisition was financed with the proceeds from the \$125,000,000 offering of the notes, a \$60,458,000 member's equity contribution 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. The revolving credit facility was not used to finance the Raycom acquisition.

The aggregate purchase price for the stations acquired in 2006 (the Raycom acquisition and the WPDE/WWMB acquisition together referred to as the 2006 acquisitions) was allocated as follows:

<u>(dollars in thousands)</u>	<u>2006 Acquisitions</u>	
	<u>Raycom Acquisition</u>	<u>WPDE/WWMB Acquisition</u>
Current assets	\$ 12,343	\$ 43
Program broadcast rights	3,559	210
Joint venture and long-term assets	2,074	—
Total property and equipment	61,721	10,293
Intangible Assets		
FCC licenses	182,354	2,183
Goodwill	4,017	1,341
Other intangibles, subject to amortization	8,878	8,787
Other intangibles, not subject to amortization	—	2,183
Total intangible assets acquired	195,249	14,494
Total assets	274,946	25,040
Current liabilities	3,948	31
Other liabilities	2,268	—
Program broadcast payables	3,824	218
Total liabilities	10,040	249
Total purchase price, including costs	\$ 264,906	\$ 24,791

The Raycom acquisition included a 50% equity interest in two joint ventures formed to co-own and maintain television towers: Tall Tower Joint Venture, in Harlingen, Texas and Albany Tower LLC, or Albany Tower, in Albany, Georgia. Albany Tower represents our right to 50% of a newly constructed tower, which became operational in July 2007.

All of the acquisitions 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 unaudited condensed consolidated pro forma results of operations data for the three months and six months ended June 30, 2006 reflect adjustments as if the 2006 acquisitions had occurred on January 1, 2006.

<u>(dollars in thousands)</u>	<u>June 30, 2006</u>	
	<u>Three Months Ended</u>	<u>Six Months Ended</u>
Net revenues	\$ 29,795	\$ 56,479
Income from operations	1,584	500
Net loss	(5,355)	(13,112)

(Note C)– Long-Term Debt

Long-term debt consists of the following:

<u>(dollars in thousands)</u>	<u>June 30, 2007</u>	<u>December 31, 2006</u>
Senior secured term loan B	\$ 146,394	\$ 147,131
Revolving credit facility	1,000	—
Notes	125,000	125,000
Guaranteed Loan	2,432	2,445
	<u>274,826</u>	<u>274,576</u>
less current portion of debt and revolving credit facility	2,500	1,500
	<u>\$ 272,326</u>	<u>\$ 273,076</u>

Our credit facility is an obligation of Barrington Group and consists of a \$147,500,000 senior secured term loan B with a seven year maturity and a \$25,000,000 revolving credit facility with a six year maturity. The obligations under our credit facility are guaranteed by Barrington Broadcasting LLC, the parent of Barrington Group, and all of Barrington Group’s direct and indirect subsidiaries. Our 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. As of June 30, 2007, drawings on the revolving credit facility totaled \$1,000,000.

Borrowings under our 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 nine months and subject to a pricing grid thereafter based on total leverage. The interest rate payable under our 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% per year. The weighted average interest rate on the outstanding balances under our credit facility and the guaranteed loan was 7.70% as of June 30, 2007.

The loan agreement contains certain financial covenants, including, but not limited to, covenants related to interest coverage and total leverage. In addition, the loan agreement contains 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 the other debt, disposition of assets, transactions with affiliates, mergers and acquisitions, sales of assets, guarantees, and investments. The loan agreement contains 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 Group, bankruptcy, and loss of FCC licenses, among others. The loans are secured by Barrington Group's present and future property and mortgages on substantially all presently owned and hereafter acquired real estate, guarantees by and security interests in the assets of each of the subsidiaries of Barrington Group. As of June 30, 2007, Barrington Group was in compliance with these financial covenants.

Barrington Group issued \$125,000,000 aggregate principal amount of the notes. 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 Barrington Group's 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 10.5% and principal is due at maturity.

On August 7, 2007, Barrington Group commenced an exchange offer for \$125.0 million aggregate principal amount of outstanding notes which have been registered under the Securities Act for an equal principal amount of the notes which were not registered under the Securities Act. The exchange offer is being made pursuant to a prospectus dated August 6, 2007. The exchange offer expires on September 5, 2007.

The indenture governing the notes limits Barrington Group's 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.

Barrington Corporation had previously financed a portion of its acquisitions with borrowings in the form of a term loan pursuant to a loan facility dated May 14, 2004, as amended. The total borrowings during the six months ended June 30, 2006 totaled \$4,550,000 under the term loan for the acquisition of WPDE and \$2,450,000 on the guaranteed loan for SagamoreHill. On August 11, 2006, the outstanding balance of the term loan and the guaranteed loan totaling \$61,018,000 was refinanced concurrently with the Raycom acquisition.

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

Under the provisions of Statement of Financial Accounting Standards (SFAS) No. 133 *Accounting for Derivative Instruments and Hedging Activities*, as amended and interpreted, Barrington Group recognizes at fair value all derivatives, whether designated in hedging relationships or not, in the balance sheet as either an asset or liability. The accounting for changes in the fair value of a derivative, including certain derivative instruments embedded in other contracts, depends on the intended use of the derivative and the resulting designation. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and the hedged item are recognized in the statement of operations. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the statement of operations when the hedged item affects net income. If a derivative does not qualify as a hedge, it is marked to fair value through the

statement of operations. Any fees associated with these derivatives are amortized over their term. Under these derivatives, the differentials to be received or paid are recognized as an adjustment to interest expense over the life of the contract. Gains and losses on termination of these instruments are recognized as interest expense when terminated.

SFAS No. 133 defines requirements for designation and documentation of hedging relationships, as well as ongoing effectiveness assessments in order to use hedge accounting under this standard. Barrington Group formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes relating all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. Barrington Group's derivative activities, all of which are for purposes other than trading, are initiated within the guidelines of corporate risk-management policies. Management reviews the correlation and effectiveness of its derivatives on a periodic basis.

Non-Hedge Accounting Treatment

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. As of June 30, 2007, the \$20,000,000 interest rate cap agreement was outstanding.

These interest rate cap agreements, with a combined cost of \$109,000, limit Barrington Group's exposure to interest rate increases on its floating rate debt, thus reducing the impact of interest rate increases on future income. The 5.0% interest rate cap dated June 1, 2005 contained a notional amount of \$44,000,000 and expired May 31, 2007. The 5.5% 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 outstanding interest rate cap agreements effectively limits Barrington Group's exposure to LIBOR rates rising over 5.5% for the first \$20,000,000.

The agreements provide payment to Barrington Group 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 5.0% or 5.5%, 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.

Barrington Group received payments of \$81,000 under these agreements for the six months ended June 30, 2007. There were no payments received for the six months ended June 30, 2006. The fair value of the interest rate caps was nominal at June 30, 2007 and \$269,000 as of June 30, 2006, respectively. As a result of adjustments to fair value, Barrington Group recorded a loss on the interest rate caps of \$83,000 for the three months and six months ended June 30, 2007 and unrealized gains in the amount of \$111,000 and \$180,000 for the three months and six months ended June 30, 2006, respectively.

Hedge Accounting Treatment

In January 2007, Barrington Group entered into two interest rate collar agreements effective on February 12, 2007, to limit the exposure to fluctuation in short-term interest rates on a portion of our variable rate debt by locking in a range of interest rates. The collar agreements are designated as hedging instruments under SFAS No. 133 and unrealized changes in the fair value of these agreements are recorded in other comprehensive income. The interest rate collars consist of a purchased option and a

sold option, which have been entered into simultaneously with the same counterparties. The notional amount of each interest rate collar agreement is \$40,000,000 and both interest rate collar contracts expire on February 12, 2011.

In May of 2007, Barrington Group entered into two additional interest rate collar agreements effective on August 14, 2007, to further limit the exposure to fluctuation in short-term interest rates on a portion of our variable rate debt by locking in a range of interest rates and to replace its \$44,000,000 interest rate cap agreement that expired in May 2007. Both collar agreements are designated as hedging instruments under SFAS No. 133 and unrealized changes in the fair value of these agreements are recorded in other comprehensive income. The interest rate collars consist of a purchased option and a sold option, which have been entered into simultaneously with the same counterparties. The notional amount of each interest rate collar agreement is \$20,000,000. The agreements expire on August 14, 2010 and August 16, 2010.

The interest rate collar agreements provide that Barrington Group will receive payment when the three-month LIBOR rises above 5.5% and requires payment when the three-month LIBOR falls below 4.84% on the first \$80,000,000 and 4.845% on the subsequent \$40,000,000. During the three months and six months ended June 30, 2007, there were no payments received or paid as the three-month LIBOR was within the range contained in the interest rate collar agreements as of the valuation dates. At June 30, 2007, the value of the interest rate collar agreements was reflected as an asset in the amount of \$237,000 based on the present value of the expected cash movement of the interest rate collars to maturity. In the event that interest rate expectations change, the effect of the change in the valuation of the interest rate collars to maturity will be reflected through other comprehensive income or loss.

(Note E) – Comprehensive Loss

Comprehensive loss includes net loss and changes in member’s equity from non-owner sources. For Barrington Group, the difference between net loss and comprehensive loss is due to the impact of interest rate collars.

Comprehensive loss for the six months ended June 30, 2007 consists of the following:

<u>(dollars in thousands)</u>	<u>Three Months Ended June 30, 2007</u>	<u>Six Months Ended June 30, 2007</u>
Net loss	\$ (5,107)	\$ (13,756)
Interest rate collar adjustments	848	237
Comprehensive loss	<u>\$ (4,259)</u>	<u>\$ (13,519)</u>

(Note F) – Income Taxes

Concurrently with the closing of the Raycom acquisition, Barrington Corporation and each of its subsidiaries were merged into newly-formed limited liability companies, referred to as the LLC conversion. As such, Barrington Group was not subject to federal income taxes after August 11, 2006. Accordingly, no federal tax provision has been recorded for the six months ended June 30, 2007. For the six months ended June 30, 2007 and 2006, provisions for various other state income and franchise taxes

were \$100,000 and \$57,000, respectively. In the first six months of 2007, a \$329,000 tax benefit was recorded due to reductions in state tax liabilities and refunds received on state taxes paid. The reduction in state tax expense was due to the LLC conversion in August 2006, and resulted in a \$229,000 net tax benefit for the six months ended June 30, 2007.

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 Group's condensed 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. 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, four with ABC, three with CBS, three with FOX, and six with CW, including a digital sub channel in one market.

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.

Raycom Acquisition and Related Transactions

On March 24, 2006, Barrington Corporation entered into an Asset Purchase Agreement with Raycom and certain of Raycom's subsidiaries, pursuant to which Barrington Corporation purchased substantially all of the assets of the Raycom stations. Pursuant to this Asset Purchase Agreement, the purchase price payable in connection with the Raycom acquisition including costs was approximately \$264.9 million, subject to various contingencies including final transaction fee amounts. The Raycom acquisition was consummated on August 11, 2006.

Concurrently with the closing of the Raycom acquisition, 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. Such mergers are referred to herein as the LLC conversion.

In connection with the Raycom acquisition, we issued the notes in a Rule 144A offering, repaid our old credit facilities and entered into a new credit facility. Our credit facility is comprised of a \$147.5 million senior secured term facility and a \$25.0 million senior secured revolving facility. The term facility has a seven year maturity and the revolving facility has a six year maturity. Our obligations under our credit facility are guaranteed by Barrington Broadcasting LLC and all of our direct and indirect subsidiaries. Our credit facility is secured by a first priority lien on substantially all of our and our direct and indirect subsidiaries' existing and future assets. In addition, we guaranteed the SagamoreHill term loan. We did not receive any proceeds from the SagamoreHill term loan, but SagamoreHill was required to apply the proceeds it received to repay in full its old credit facility. In addition, concurrently with the closing of the Raycom acquisition, our equity sponsor contributed \$60.5 million in additional equity capital to Barrington Broadcasting LLC that was immediately contributed to Barrington Group.

The Raycom acquisition has been accounted for using the purchase method of accounting under SFAS No. 141, *Business Combinations*. As a result, the Raycom acquisition will continue to affect our future results of operations in certain significant respects. The aggregate acquisition consideration has been preliminarily allocated to the tangible and intangible assets acquired and liabilities assumed by us based upon their respective fair values as of the acquisition date which will increase amortization and depreciation expenses. In addition, our corporate overhead expenses have increased and, due to the effects

of the increased borrowings to finance the Raycom acquisition, our interest expense has increased 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, newspapers, and yellow pages 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 as well as political issue-oriented advertising. 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.

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 advertising 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, 2007 Compared to Three Months Ended June 30, 2006

The following table sets forth our operating results for the three months ended June 30, 2007 as compared to the three months ended June 30, 2006.

(dollars in thousands)	Three Months Ended June 30,		Change	% Change
	2007	2006		
Revenue:				
Local	\$ 21,214	\$ 7,581	\$ 13,633	179.8%
National	10,153	3,699	6,454	174.5
Political	177	428	(251)	(58.6)
Other	2,476	984	1,492	151.6
Gross revenue	34,020	12,692	21,328	168.0
Direct costs	4,954	2,030	2,924	144.0
Net revenue	29,066	10,662	18,404	172.6
Operating expenses:				
Selling, technical and program expenses	14,255	4,956	9,299	187.6
General and administrative	4,663	2,021	2,642	130.7
Depreciation and amortization	7,498	3,082	4,416	143.3
Equity in loss of joint venture interest	5	—	5	100.0
Corporate	1,297	691	606	87.7
	27,718	10,750	16,968	157.8
Income (loss) from operations	1,348	(88)	1,436	(1631.8)
Interest expense	(6,198)	(1,204)	(4,994)	414.8
Amortization of debt issuance costs	(409)	(26)	(383)	1473.1
Unrealized gain on interest rate caps	(83)	111	(194)	(174.8)
Interest income	11	15	(4)	(26.7)
Net interest expense	(6,679)	(1,104)	(5,575)	505.0
Loss before income taxes	(5,331)	(1,192)	(4,139)	347.2
Income tax benefit (expense)	224	(16)	240	(1500.0)
Net loss	\$ (5,107)	\$ (1,208)	\$ (3,899)	322.8%

Our net revenue for the three months ended June 30, 2007 was \$29.1 million, as compared to \$10.7 million for the three months ended June 30, 2006, an increase of \$18.4 million, or 172.6%. The major component of the change in net revenue was the acquisition of the Raycom stations in August 2006. The Raycom stations are included in our results of operations since the acquisition date. For the three months ended June 30, 2007, the Raycom acquisition increased our net revenue by \$18.5 million, including an increase of \$0.1 million in gross political revenue.

Our operating expenses for the three months ended June 30, 2007 were \$27.7 million, as compared to \$10.8 million for the three months ended June 30, 2006, an increase of \$16.9 million, or 157.8%. The major changes to operating expenses were as follows:

- The expenses of the Raycom stations increased operating expenses by \$16.2 million for the three months ended June 30, 2007. Because these stations were acquired subsequent to June 30, 2006, the quarterly comparison of the three months ended June 30, 2007 and the three months ended June 30, 2006 was affected.

- Excluding the effect of the Raycom acquisition, our selling, technical and programming expenses increased \$0.5 million, or 9.7%. The increase was caused primarily by the launch of a centrally-coordinated website initiative and front end costs associated with the establishment of a centralized processing center for sales scheduling.
- Our corporate expenses increased by \$0.6 million for the three months ended June 30, 2007 to \$1.3 million from \$0.7 million for the three months ended June 30, 2006, primarily as result of staffing additions, increased compensation and additional professional fees.

Our net interest expense for the three months ended June 30, 2007 was \$6.7 million as compared to \$1.1 million for the three months ended June 30, 2006, an increase of \$5.6 million. The increase was caused by additional borrowings made to finance the 2006 acquisitions.

We had a \$0.2 million income tax benefit for the three months ended June 30, 2007 compared to state tax expense of \$16,000 for the three months ended June 30, 2006. The decrease in tax expense was due to a reduction in state tax liabilities due to the LLC conversion in August 2006 and refunds received on state taxes paid in 2006.

Our net loss was \$5.1 million for the three months ended June 30, 2007, compared to a loss of \$1.2 million for the three months ended June 30, 2006, a change of \$3.9 million.

Six Months Ended June 30, 2007 Compared to Six Months Ended June 30, 2006

The following table sets forth our operating results for the six months ended June 30, 2007 as compared to the six months ended June 30, 2006.

(dollars in thousands)	Six Months Ended June 30,		Change	% Change
	2007	2006		
Revenue:				
Local	\$ 40,325	\$ 13,602	\$ 26,723	196.5%
National	19,225	6,764	12,461	184.2
Political	439	938	(499)	(53.2)
Other	4,519	1,645	2,874	174.7
Gross revenue	64,508	22,949	41,559	181.1
Direct costs	9,437	3,685	5,752	156.1
Net revenue	55,071	19,264	35,807	185.9
Operating expenses:				
Selling, technical and program expenses	28,282	9,430	18,852	199.9
General and administrative	9,806	3,932	5,874	149.4
Depreciation and amortization	15,321	5,934	9,387	158.2
Equity in loss of joint venture interest	11	—	11	100.0
Corporate	2,457	1,173	1,284	109.5
	55,877	20,469	35,408	173.0
Loss from operations	(806)	(1,205)	399	(33.1)
Interest expense	(12,315)	(2,411)	(9,904)	410.8
Amortization of debt issuance costs	(825)	(56)	(769)	1,373.2
Unrealized (loss) gain on interest rate caps	(83)	180	(263)	(146.1)
Interest income	44	31	13	41.9
Net interest expense	(13,179)	(2,256)	(10,923)	484.2
Loss before income taxes	(13,985)	(3,461)	(10,524)	304.1
Income tax expense	229	(57)	286	(501.8)
Net loss	\$ (13,756)	\$ (3,518)	\$ (10,238)	291.0%

Our net revenue for the six months ended June 30, 2007 was \$55.1 million, as compared to \$19.3 million for the six months ended June 30, 2006, an increase of \$35.8 million, or 185.9%. The major components of, and changes to, net revenue were as follows:

- Barrington Group acquired WPDE/WWMB in February 2006 and the Raycom stations in August 2006. The WPDE/WWMB acquisition and the Raycom acquisition are included in our results of operations since the respective acquisition dates. For the six months ended June 30, 2007, the WPDE/WWMB acquisition and the Raycom acquisition increased our net revenue by \$36.4 million, including an increase of \$0.2 million in gross political revenue.
- Our gross political revenue for the six months ended June 30, 2007 was \$0.4 million, as compared to \$0.9 million for the six months ended June 30, 2006, a decrease of approximately \$0.5 million, or 53.2%. Political revenue for the six months ended June 30, 2006 consisted of revenues associated with the mid-term congressional and gubernatorial races in Missouri, Michigan, New York, Ohio, and Illinois. For the six months ended June 30, 2007 gross political revenue was comprised primarily of political advertising associated with local political campaigns.
- Gross national revenue decreased by \$0.3 million, or 6.6%, for the stations that were part of the group for the entire six months ended June 30, 2006. The decrease in gross national revenue for the six months ended June 30, 2007 was primarily due to decreased spending by national automotive accounts and the reduction in national revenue caused by Olympic advertising in the first quarter of 2006.

Our operating expenses for the six months ended June 30, 2007 were \$55.9 million, as compared to \$20.5 million for the six months ended June 30, 2006, an increase of \$35.4 million, or 173.0%. The major changes to operating expenses were as follows:

- The expenses of WPDE/WWMB and the Raycom stations increased operating expenses by \$33.7 million for the six months ended June 30, 2007. Because all of these stations were acquired either during the six months ended or subsequent to June 30, 2006, the comparison for the six months ended June 30, 2007 and 2006 was affected.
- Excluding the effect of the WPDE/WWMB acquisition and the Raycom acquisition, our selling, technical and programming expenses increased \$0.5 million, or 7.2%, caused equally by the launch of a centrally-coordinated website initiative and front end costs associated with the establishment of a centralized processing center for sales scheduling.
- Our corporate expenses increased by \$1.3 million for the six months ended June 30, 2007 to \$2.5 million from \$1.2 million for the six months ended June 30, 2006, primarily as result of staffing additions, increased compensation and additional professional fees.

Our net interest expense for the six months ended June 30, 2007 was \$13.2 million as compared to \$2.3 million for the six months ended June 30, 2006, an increase of \$10.9 million, or 484.2%. The increase was caused by additional borrowings made to finance the 2006 acquisitions.

We had a \$0.2 million income tax benefit for the six months ended June 30, 2007 compared to state tax expense of \$57,000 for the six months ended June 30, 2006. The decrease in tax expense was

due to a reduction in state tax liabilities due to the LLC conversion in August 2006 and refunds received on state taxes paid in 2006.

Our net loss was \$13.8 million for the six months ended June 30, 2007, compared to a loss of \$3.5 million for the six months ended June 30, 2006, a change of \$10.2 million, or 291.2%.

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 credit facility. We expect that cash from operations and borrowings under our revolving credit facility will be sufficient to cover our liquidity requirements and those required for debt service needs and capital expenditure needs during the next twelve months.

Cash flows from operating activities. Barrington Group's cash flows provided by operating activities for the six months ended June 30, 2007 were \$2.5 million as compared to \$0.3 million for the six months ended June 30, 2006. The increase was primarily a result of the acquisition of the Raycom stations in August 2006, which positively impacted cash flows from operations for the six months ended June 30, 2007.

Cash flows from investing activities. Barrington Group's cash flows used in investing activities were \$5.3 million for the six months ended June 30, 2007, as compared to \$27.3 million for the six months ended June 30, 2006. The WPDE/WWMB acquisition was completed in February 2006 for \$24.6 million. Barrington Group's purchases of property and equipment were \$4.8 million for the six months ended June 30, 2007, as compared to \$2.7 million for the six months ended June 30, 2006.

Cash flows from financing activities. Barrington Group's cash flows used in financing activities were \$28,000 for six months ended June 30, 2007, compared to \$26.1 million provided by financing activities for the six months ended June 30, 2006. The 2006 cash flows from financing activities were primarily caused by the \$19.3 million in capital contributions associated with the acquisition of WPDE/WWMB. In addition, Barrington Group borrowed \$7.0 million in February 2006 to partially fund the WPDE/WWMB acquisition. For the six months ended June 30, 2007, net borrowings on the revolving credit facility totaled \$1.0 million to fund short-term capital needs.

Our credit facility and notes. In order to finance the Raycom acquisition, Barrington Group entered into a new credit facility on August 11, 2006. Our 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 our offering of the notes and capital contributions from our equity sponsor in the amount of \$60.5 million, our credit facility provided the resources to complete the Raycom acquisition, as well as to repay \$61.0 million of Barrington Group's existing long-term debt. The balance on the term loan portion of our credit facility at June 30, 2007 was \$146.4 million and the balance on the revolving facility was \$1.0 million.

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

Borrowings under our 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 annually. 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 facility 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 credit facility will increase by 2.0% per annum during the continuance of an event of default. The unused portion of the revolving facility is subject to a commitment fee of 0.50% per year.

In addition, on August 11, 2006, we issued \$125.0 million aggregate principal amount of the notes and used the net proceeds of such offering 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 10.5%.

On August 7, 2007, we commenced an exchange offer for \$125.0 million aggregate principal amount of outstanding notes which have been registered under the Securities Act for an equal principal amount of the notes which were not registered under the Securities Act. The exchange offer is being made pursuant to a prospectus dated August 6, 2007. The exchange offer expires on September 5, 2007.

Our 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 credit facility also contains certain defined conditions of default and covenants, including requirements to maintain various financial ratios and, manage prudently. Continued availability of the revolving facility will be predicated on compliance with these covenants. For additional information regarding our credit facility and the notes, see Note C to our condensed consolidated financial statements in this Quarterly Report.

Contractual Obligations

As of June 30, 2007, there have been no material updates to the summary of contractual obligations table as of March 31, 2007 that was included in our Registration Statement on Form S-4 that was declared effective by the SEC on August 6, 2007.

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. Historically, in odd-numbered years, little if any revenue has been obtained from political advertising.

Off-Balance Sheet Arrangements

As of June 30, 2007, we did not have any off-balance sheet arrangements.

Inflation

We do not believe inflation has a significant effect on our operations.

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 Group obtains outside appraisals following its purchases of stations. The values assigned by the appraisals may differ from the estimates initially assigned by Barrington Group 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 Group's total assets and exceed member's equity. Barrington Group 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.

Derivative Financial Instruments. We invest in derivative financial instruments to limit our exposure to interest rate increases on our floating rate debt. For more information regarding these derivative instruments see Note D to our condensed consolidated financial statements contained in this Quarterly Report.

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 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 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 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 entered into two interest rate cap agreements to effectively fix the interest rate on the borrowings under our credit facility. The agreement governing our 5.0% interest rate cap dated June 1, 2005, specified a notional amount of \$44.0 million and expired May 31, 2007. The agreement governing our 5.5% 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 gains and losses due to changes in interest rates. As a result of the mark-to market adjustment required each quarter we had recorded unrealized gains on the interest rate caps of \$0.2 million for the six months ended June 30, 2006. A loss of \$83,000 on the interest rate caps was recorded for the six months ended June 30, 2007.

In addition, as of June 30 2007, we were party to four interest rate collar agreements, which have been designated as hedging instruments under SFAS No. 133, to help manage exposure to interest rate risk. The total notional amount of the interest rate collar agreements is \$120.0 million. As of June 30, 2007, in accordance with SFAS No. 133, we recorded an asset for the present value of the interest collar agreements of \$0.2 million. This amount is reflected in other comprehensive income.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this Quarterly Report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our “disclosure controls and procedures” (as defined in Rule 13a-15(e) of the Exchange Act). Disclosure controls and procedures are controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (a) are effective to ensure that information required to be disclosed by us in this Quarterly Report has been timely recorded, processed, summarized and reported within the time periods specified in the rules of the SEC and (b) include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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. We did not become a reporting company until August 6, 2007 and therefore, did not file an Annual Report on Form 10-K for the year ended December 31, 2006.

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 filed as part of this Quarterly Report are listed in the index to exhibits immediately preceding such exhibits, which index to exhibits is incorporated herein by reference.

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

Date: August 14, 2007

By: /s/ Warren Spector

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

Exhibit Number	Title
2.1	Asset Purchase Agreement, dated as of March 24, 2006, by and among Raycom Media, Inc., certain subsidiaries thereof and Barrington Broadcasting Corporation(1)
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(1)
3.1	Certificate of Formation of Barrington Broadcasting Group LLC(1)
3.2	Certificate of Incorporation of Barrington Broadcasting Capital Corporation(1)
3.3	Limited Liability Company Operating Agreement of Barrington Broadcasting Group LLC(1)
3.4	Bylaws of Barrington Broadcasting Capital Corporation(1)
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(1)
4.2	Form of 10½% Senior Subordinated Note due 2014 (included in Exhibit 4.1 to this Form 10-Q)(1)
4.3	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(1)
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(1)
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(1)
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(1)
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(1)
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(1)
10.6	Amended and Restated Limited Liability Company Operating Agreement of Barrington Broadcasting LLC, dated as of December 30, 2003, by and between Pilot Group and Barrington Broadcasting Company, LLC(1)
10.7	Management Agreement, dated as of December 31, 2003, by and between Barrington Broadcasting LLC and Barrington Broadcasting Company, LLC, as amended.(1)
10.8	Transition Services Agreement, dated as of August 11, 2006, by and among Raycom Media, Inc., certain subsidiaries thereof and Barrington Broadcasting Group LLC(1)
10.9	Time Brokerage Agreement dated as of April 28, 1994, as amended, by and between Atlantic Media Group, Inc. and Diversified Communications, as assignee

	of Vision Communications, Inc.(1)
10.10	Amendment to and Extension of Time Brokerage Agreement, dated as of December 9, 2003, by and between Atlantic Media Group, Inc. and Diversified Communications(1)
10.11	Second Amendment to Time Brokerage Agreement, dated as of July 19, 2005, by and between Atlantic Media Group, Inc. and Diversified Communications(1)
10.12	Third Amendment to Time Brokerage Agreement, dated as of July 19, 2005, by and between SagamoreHill of Carolina LLC and Barrington Broadcasting South Carolina Corporation(1)
10.13	Fourth Amendment to Time Brokerage Agreement, dated as of February 6, 2006, by and between SagamoreHill of Carolina LLC and Barrington Broadcasting South Carolina Corporation(1)
10.14	Option Agreement, dated as of July 19, 2005, by and among SagamoreHill of Carolina LLC, SagamoreHill of Carolina Licenses LLC and Barrington Broadcasting South Carolina Corporation(1)
21	List of Subsidiaries of Barrington Broadcasting Group LLC(1)
31.1	Certification as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification required by 18 United States Code Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*†
32.2	Certification required by 18 United States Code Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*†
99.1	Risk Factors*

* Filed herewith.

† Pursuant to Securities and Exchange Commission Release No. 33-8238, this certification will be treated as “accompanying” this Quarterly Report on Form 10-Q and not “filed” as part of such report for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of Section 18 of the Securities Exchange Act of 1934 and this certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the registrant specifically incorporates it by reference

(1) Incorporated by reference to our Registration Statement on Form S-4 declared effective as of August 6, 2007.

**CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, K. James Yager, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Barrington Broadcasting Group LLC and Barrington Broadcasting Capital Corporation (together, the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Quarterly Report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Securities Exchange Act of 1934, as amended (the “Exchange Act”) Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (i) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (ii) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - (iii) evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation.

Date: August 14, 2007

/s/ K. James Yager
K. James Yager
Chief Executive Officer

**CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Warren Spector, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Barrington Broadcasting Group LLC and Barrington Broadcasting Capital Corporation (together, the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Quarterly Report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Securities Exchange Act of 1934, as amended (the “Exchange Act”) Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (i) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (ii) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - (iii) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation.

Date: August 14, 2007

/s/ Warren Spector
Warren Spector
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Barrington Broadcasting Group LLC and Barrington Broadcasting Capital Corporation (together, the "Company") for the quarter ended June 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, K. James Yager, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ K. James Yager
K. James Yager
Chief Executive Officer

August 14, 2007

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Barrington Broadcasting Group LLC and Barrington Broadcasting Capital Corporation (together, the "Company") for the quarter ended June 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Warren Spector, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Warren Spector
Warren Spector
Chief Financial Officer

August 14, 2007

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

RISK FACTORS

Each of the following factors as well as the other information in this Quarterly Report should be considered in evaluating our business and our prospects. The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition and operating results could be harmed substantially. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Quarterly Report.

Risks Related to Our Business

The revenues generated by stations we operate or provide programming to could decline substantially if they fail to maintain or renew their network affiliation agreements on favorable terms, or at all.

Due to the quality of the programming provided by the networks, stations that are affiliated with a network generally have higher ratings than unaffiliated independent stations in the same market. As a result, it is important for stations to maintain their network affiliations. All of the television stations that we own and operate or which we program have affiliation agreements with a major network—six stations have affiliation agreements with NBC, three stations have affiliation agreements with CBS, four stations have affiliation agreements with ABC, three stations have affiliation agreements with FOX and five stations have affiliation agreements with CW. Each of NBC, CBS and ABC generally provides affiliated stations with up to 22 hours of prime time programming per week, while each of FOX and CW provides affiliated stations with up to 15 hours of prime time programming per week. In return, affiliated stations broadcast the respective network's commercials during the network programming.

All of the network affiliation agreements of the stations that we own and operate or to which we provide services are scheduled to expire at various times beginning in August 2008 through August 2016. Network affiliation agreements are also subject to earlier termination by the networks under limited circumstances. We cannot assure you that our affiliation agreements will be renewed or that each network will continue to provide programming to affiliates on the same basis as it currently provides programming. The non-renewal or termination of a network affiliation could adversely affect our results of operations.

Because a high percentage of our operating expenses are fixed, a relatively small decrease in gross advertising revenues could have a significant negative impact on our results of operations.

Other than commissions paid to our sales staff and outside sales agencies, our expenses do not vary significantly with the increase or decrease of gross advertising revenues. As a result, a relatively small change in gross advertising revenues could have a disproportionate effect on our financial results. Accordingly, a minor shortfall in expected gross revenues could have a significant negative impact on our results of operations.

We are dependent to a significant degree on automotive advertising.

Approximately 21% and 25% of pro forma gross revenues for the year ended December 31, 2006 (after giving effect to the 2006 acquisitions as if they had occurred on January 1, 2006) and six months ended June 30, 2007, respectively, consisted of automotive advertising revenues. A significant decrease in these revenues in the future could materially and adversely affect our results of operations and cash

flows, which could affect our ability to fund operations and service our debt obligations.

Our advertising revenues are subject to cyclical and seasonal variations.

Our business is cyclical in nature. Because we depend upon the sale of advertising for a significant portion of our gross revenues, our operating results are sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions, particularly as they may affect advertising expenditures. During periods of economic contraction, gross revenues may decrease while some of our costs remain fixed, resulting in decreased earnings.

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. Typically, our gross revenues are lowest during the first quarter, and highest during the fourth quarter, of each calendar year.

Our gross revenues tend to be higher in even-numbered years, when national, state and local political advertising is a significant element of advertising revenues. In odd-numbered years, little if any gross revenues are obtained from political advertising.

If the CW network does not perform as anticipated, our ability to generate advertising revenues may be adversely affected.

Prior to the launch of the new CW network in September 2006, one of our stations was affiliated with WB, three of our stations were affiliated with UPN, and one of our satellites was affiliated with ABC. These five stations, along with a digital sub channel in one of our markets, are currently affiliates of CW. In the markets where we operate a CW station, we operate duopolies. CW, which is a joint venture between CBS and Time Warner, targets a younger demographic audience. Our ability to generate advertising revenues at these stations depends heavily upon audience acceptance of CW and its programming content. If CW does not attract the number of viewers anticipated, our advertising revenues may be adversely affected.

We are dependent on our senior executives and our business would be negatively impacted if we were to lose their services.

We believe that our success and our ability to maintain our competitive position depends on our ability to retain the services of K. James Yager and Chris Cornelius, two of our senior executives who, along with other members of senior management, are employed by a management company and provide services to us pursuant to a management agreement. These individuals have extensive experience in the television broadcasting industry and have been instrumental in formulating and executing our business strategy. If the management agreement were to be terminated or we otherwise lost the services of K. James Yager or Chris Cornelius, we may not be able to timely identify and retain appropriate or suitable replacements to manage our operations. The complete or partial loss of their services could adversely affect our ability to manage effectively our overall operations and successfully execute current or future business strategies.

We may not realize all of the anticipated operating synergies and cost savings from the Raycom acquisition which may adversely affect our financial performance.

We may not realize all of the anticipated operating synergies and cost savings from the Raycom

acquisition, which we discuss under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in the Quarterly Report. These are forward-looking estimates and involve known and unknown risks, uncertainties and other factors that may cause the actual cost savings or cash generated to be materially different from our estimates or result in these savings not being realized in the time frame expected, or at all.

In addition to the general factors discussed above, such estimates are based upon a variety of other factors and were derived utilizing numerous important assumptions, including :

- achieving estimated headcount reductions;
- eliminating certain components of fixed overhead without adversely affecting our ability to manage our operations; and
- integrating information technology and other systems without undue cost, delay or interruption.

We may have difficulty integrating the Raycom stations into our operating structure and if we are unable to manage effectively such integration, our operating results will suffer.

We have experienced rapid growth. We now own, operate and provide sales and other services to 21 television stations. To manage effectively our integration and address the increased reporting requirements and administrative demands resulting from the Raycom acquisition, we will need, among other things, to continue to develop our financial and management controls and management information systems. We will also need to continue to identify, attract and retain highly skilled finance and management personnel. Failure to do any of these tasks in an efficient and timely manner could seriously harm our business and affect our ability to comply with our financial reporting requirements.

There are other risks associated with the rapid growth of our business. For example, there is the possibility that:

- we may not be able to successfully reduce costs, increase gross advertising revenues or audience share or realize anticipated synergies and economies of scale with respect to any Raycom station;
- our management may be reassigned from overseeing existing operations by the need to integrate the Raycom stations;
- we may experience difficulties integrating operations and systems, as well as company policies and cultures;
- we may fail to retain and assimilate employees of the Raycom stations; and
- problems may arise in entering new markets in which we have little or no experience.

The occurrence of any of these events could have a material adverse effect on our results of operations.

Our business may be adversely affected by strikes and other labor protests which could cause disruptions in our operations.

As of June 30, 2007 approximately 14% of our employees were represented by various unions, including the United Auto Workers, the International Brotherhood of Electrical Workers, Radio & Broadcast Engineers and the National Broadcast Employees & Technicians / Communications Workers of America. If we were to experience a strike or work stoppage at one of our broadcasting stations, any resulting disruptions in operations could cause us to lose viewers and advertisers and might have permanent adverse effects on our business.

We are controlled by Pilot Group, and its interests may differ from the interests of note holders.

As a result of Pilot Group's controlling interest in us, Pilot Group is able to exercise a controlling influence over our business and affairs. As the managing member of Barrington Broadcasting, Pilot Group is able to unilaterally determine the outcome of many matters, including the election and removal of directors, the acquisition of additional television stations and the approval of any merger, consolidation or sale of all or substantially all of our assets. In addition, four of our directors are affiliated with Pilot Group. The interests of Pilot Group may differ from the interests of the holders of the notes and Pilot Group could take actions or make decisions that are not in the best interests of the note holders. Furthermore, this concentration of ownership by Pilot Group may have the effect of impeding a merger, consolidation, takeover or other business combination involving us.

Changes in FCC ownership rules may limit our ability to continue programming WWMB under a "grandfathered" local marketing agreement which could adversely affect our results of operations.

FCC ownership rules currently impose significant limitations on the ability of broadcast licensees to have attributable interests in multiple media properties. The television duopoly rule limits licensees to the ownership of one television station in most medium-sized and smaller television markets and two stations in most larger markets. In addition, the FCC ownership limitations currently restrict the programming by one station owner of a second station in the same market pursuant to a time brokerage agreement or local marketing agreement. However, time brokerage agreements or local marketing agreements entered into prior to November 5, 1996 are currently "grandfathered" from such restrictions. We currently program WWMB pursuant to a "grandfathered" local marketing agreement.

In 2003, the FCC voted to revise and in most cases liberalize substantially several of its national and local ownership rules. In 2004, the United States Court of Appeals for the Third Circuit in Philadelphia, Pennsylvania found virtually all of those actions to be without adequate support and remanded to the FCC for further deliberation. In 2005, the United States Supreme Court declined to hear an appeal of the Court of Appeals' decision. The FCC commenced a further rulemaking in June 2006 in order to re-examine the ownership rules in light of the Court's decision. While the FCC has not indicated that it will review its rules regarding "grandfathered" time brokerage agreements and local marketing agreements in its current rulemaking, it likely will do so in a future proceeding. We are unable to predict the timing or outcome of any such FCC deliberations. If the FCC's duopoly rule is relaxed, we may be able to acquire full ownership of WWMB. If we are unable to acquire WWMB and the FCC decides to prohibit grandfathered time brokerage agreements or local marketing agreements, our continued programming of WWMB through our local marketing agreement may not be permitted by the FCC, which could have a material adverse effect on our results of operations.

Risks Related to Our Industry

Our television content may attract fewer viewers, limiting our ability to generate advertising revenues.

The success of each of our television stations is primarily dependent upon our ability to generate advertising revenues. The ability of television stations to generate advertising revenues depends to a significant degree upon audience acceptance. Although we are diversified in our network affiliations by having affiliation agreements with all of the major television networks, our programming may not attract sufficient targeted viewership or we may not achieve favorable ratings. Our ratings and audience acceptance is influenced by many factors, including the content offered, shifts in population, demographics, general economic conditions, public tastes, reviews by critics, promotions, the quality and acceptance of other competing content in the marketplace at or near the same time, the availability of alternative forms of entertainment and other intangible factors. All of these factors could change rapidly, and many are beyond our control. A shift in viewer preferences could cause our programming not to gain popularity or to decline in popularity, which could cause our advertising revenues to decline. In addition, we, our networks and the others on whom we rely for programming, may not be able to anticipate and react effectively to shifts in viewer tastes and interests in the markets. Such inability to anticipate shifts in viewer preferences could negatively impact our advertising revenues and our results of operations. Our advertising revenues will suffer if any of our broadcasting stations cannot maintain their audience ratings or market share or cannot continue to command the advertising rates that we anticipate.

The continued development of alternative video program distribution channels may adversely affect our ability to retain viewers.

Within the past year, several of the largest national television networks—including networks with which some of our stations are affiliated—have begun providing access to popular network programs to viewers by means of platforms other than local television stations affiliated with such networks. These platforms include portable playing devices (such as the iPod), streaming over the Internet, and delivery to portable receivers, including specially-equipped mobile telephone devices. While this phenomenon is in its very early stages and it is difficult to predict what impact it may have, if it continues or grows, upon the traditional model for the delivery of network television programs to viewers through network-affiliated local stations and multichannel video program distributors such as local cable systems and DBS service providers. This matter has been the subject of expressions of concern on the part of various network-affiliated television station group owners.

Our industry is subject to significant syndicated and other programming costs, and increased programming costs could adversely affect our results of operations.

Our industry is subject to significant syndicated and other programming costs. Programming costs constitute one of the most significant operating costs in our industry. We may be exposed in the future to increased programming costs, which may adversely affect our operating results. We often acquire program rights two or three years in advance, making it difficult for us to accurately predict how a program will perform. In some instances, we may have to replace programs before their costs have been fully amortized, resulting in write-offs that increase station operating costs. If we are unable to obtain audience-attracting programming in the future or if we are exposed to increased programming costs, our operating results will be negatively impacted.

The February 17, 2009 “hard date” for the cessation of analog transmissions may adversely affect us.

Under federal law, full-power television stations may no longer broadcast their analog signals

after February 17, 2009. Viewers who rely on over-the-air reception for television viewing and those who receive our programming through multichannel video programming distributors such as cable television systems and DBS service providers will no longer be able to view our programming unless they own or acquire television receivers with digital reception capability or converter boxes that permit digital television, or DTV, signals to be viewed on analog television sets. While federal subsidies will be available for purchasing such converter boxes, we cannot predict the extent to which our viewers will take advantage of such subsidies or purchase converter boxes without the use of subsidies. Further, the federal subsidy program will operate only from January 2008 through March 2009, and we cannot predict whether the late commencement or short duration of this program will affect the number of our viewers who purchase converter boxes using federal subsidies. The February 17, 2009 analog cessation could also encourage viewers to obtain video programming from other sources, especially the Internet. Any failure of viewers to adopt DTV technology could reduce television viewing audiences and could adversely affect our operating results.

We may be adversely affected by disruptions in our ability to receive or transmit programming.

The transmission of programming is subject to risks of equipment failure, including those failures caused by satellite defects and destruction, natural disasters, power losses, low-flying aircraft, software errors or telecommunications errors. Disruption of our programming transmissions may occur in the future and satellites or other comparable transmission equipment may not be available. Any natural disaster or extreme climatic event, such as an ice storm, could result in the loss of our ability to broadcast. Further, we own or lease antenna and transmitter space for each of our stations. If we were to lose any of our antenna tower leases or if any of our towers or transmitters were damaged, we may not be able to secure replacement leases on commercially reasonable terms, or at all, which could also prevent us from transmitting our signals. Disruptions in our ability to receive or transmit our broadcast signals could have a material adverse effect on our audience levels, advertising revenues and future results of operations.

Any potential hostilities, terrorist attacks or natural disasters may affect our revenues and results of operations.

We may experience a loss of advertising revenues and incur additional broadcasting expenses in the event that the United States engages in foreign hostilities, in the event there is a terrorist attack against the United States or upon the occurrence of a natural disaster. A significant news event like a war, a terrorist attack or a natural disaster will likely result in the preemption of regularly scheduled programming by network news coverage of the event. As a result, advertising may not be aired and the revenues for such advertising may be lost unless the broadcasting station is able to run the advertising at agreed-upon times in the future. We cannot assure you that the advertisers will agree to run such advertising in future time periods or that space will be available for such advertising. We cannot predict the extent or duration of any preemption of local programming if it occurs. In addition, our broadcasting stations may incur additional expenses as a result of expanded news coverage of the local impact of a war, terrorist attack or natural disaster. The loss of revenues and increased expenses could negatively affect our results of operations.

If we are unable to reach retransmission consent agreements with cable companies for the carriage of our stations' signals, we could lose revenues and audience share.

In connection with the distribution of local television broadcast station signals to cable television service subscribers in individual markets, the Communications Act of 1934, as amended by, among other statutes, the Telecommunications Act of 1996, as amended, or the Communications Act, permits the stations to choose either mandatory carriage ("must-carry") or retransmission consent. These elections are

made at intervals of three years. Under must-carry, the station informs the local cable company that the station's signal is required to be distributed to the cable company's subscribers, but there is no compensation to the station for such distribution. Under retransmission consent, the station notifies the local cable company that the two parties will commence negotiations to determine if they can agree on the terms under which the cable system will be given permission by the broadcast station to distribute the station's signal to the cable system's subscribers; usually, those terms involve some form of benefit accorded to the station. However, if no agreement is reached, the cable system cannot distribute the station's signal to the cable system's subscribers.

One of our stations, KRCG in Jefferson City, Missouri, has elected to exercise its so-called "must-carry" rights under which cable companies serving the station's market must carry its signal. All of our other stations have elected retransmission consent, and have negotiated agreements with cable companies for the carriage of their signals.

If direct broadcast satellite companies do not carry our stations, we could lose revenues and audience share.

Federal statutes allow direct broadcast satellite television service providers to transmit broadcast television signals to subscribers in those stations' local markets, provided that the satellite service providers offer to carry all local stations in that market. However, satellite providers have limited capacity to deliver all of the local station signals in all of the local markets. DirecTV and EchoStar's Dish Network carry our stations in ten and 13 of our markets, respectively. In those markets in which satellite providers do not carry local station signals, subscribers to those satellite services will be unable to view our stations without making further arrangements, such as installing special antennas and switches. In the event that subscribers to satellite services do not receive signals from the stations that we own and operate, or that we provide programming to under local marketing agreements, we could lose audience share which would adversely affect our results of operations.

Federal law also permits satellite service providers to import into local markets the signals of same-network-affiliated stations from distant markets, under certain conditions where the local network-affiliated station's signal does not reach certain households in the market with sufficient strength to be viewed or where the out-of-market station is "significantly viewed" in the local market. Such distant signal importation could fragment the audience for any of our stations in local markets that might be so affected, by giving viewers in that market access to a potentially superior quality signal offering the same network programming as our station offers.

The FCC can sanction us for programming on our stations that is found to be indecent.

Over the past several years, the FCC has begun to impose substantial fines on television stations for their broadcasts of indecent material in violation of the Communications Act and related FCC rules. The FCC also has revised its indecency analysis to more strictly prohibit the use of certain language on broadcast television. In addition, Congress recently passed legislation that substantially increases the maximum amount that the FCC can fine stations for their broadcast of indecent programming. Because our stations' programming is in large part provided by the networks with which our stations are affiliated, and because network programs are frequently not provided to the affiliated stations in advance of the scheduled times of broadcast to enable the stations to review the program content and to make an independent determination as to whether any of such content may be actionably indecent, we do not always have a means of guarding against the broadcast by our stations of network-supplied programs that may contain potentially indecent material, and we may be subject to the imposition of fines if the FCC were to find such programming to be indecent.

Risks Relating to Our Indebtedness

We are highly leveraged and future cash flow may not be sufficient to meet our obligations, including our obligations under the notes, and we might have difficulty obtaining more financing.

We have a substantial amount of indebtedness in relation to our equity. As of June 30,, 2007, we had total indebtedness of approximately \$275 million, comprising approximately 71% of our capitalization. Our substantial indebtedness could have important consequences for you. For example, it could:

- adversely affect our cash flow and make it more difficult for us to satisfy our obligations with respect to the notes;
- limit our ability to pursue acquisition opportunities;
- limit our ability to respond to changing business, economic and industry conditions and to withstand competitive pressures, which may affect our financial condition;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- result in an event of default if we fail to comply with the financial and other restrictive covenants contained in the indenture governing the notes, our credit facility or our other indebtedness;
- limit our ability to borrow additional funds or obtain additional financing in the future;
- expose us to greater interest rate risk since the interest rate on borrowings under our credit facility will fluctuate with the current market rates; and
- place us at a competitive disadvantage to our competitors who are not as highly leveraged.

Under the terms of the indenture and our credit facility, we are permitted, subject to certain conditions and limitations, to incur additional indebtedness. If we incur additional indebtedness, the risks described above will be exacerbated.

If there were an event of default under one of our debt instruments, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments, if accelerated upon an event of default, or that we would be able to repay, refinance or restructure the payments on those debt instruments.

The Issuers' ability to make payments under the notes substantially depends on cash flow from our operating subsidiaries. If such subsidiaries cannot make distributions to the Issuers, or such distributions decrease, the Issuers may not be able to make payments on the notes.

Barrington Group and Barrington Capital have no operations except for those conducted through Barrington Group's operating subsidiaries. Accordingly, our only material source of cash, including cash to make payments on or redeem the notes, is distributions with respect to our ownership interests in our operating subsidiaries that are derived from the earnings and cash flow generated by such operating subsidiaries. Distributions to Barrington Group from its operating subsidiaries will depend on:

- the financial performance of our operating subsidiaries;
- covenants contained in our debt agreements, including the agreements governing our credit facility and the indenture governing the notes;
- covenants contained in other agreements to which we or our subsidiaries are or may become subject;
- business and tax considerations; and
- applicable law, including laws regarding the payment of distributions.

The operating results of our operating subsidiaries at any given time may not be sufficient to make distributions or other payments to us and any distributions and/or payments to us may not be adequate to pay any amounts due under the notes or our other indebtedness. If the cash flows and capital resources of our operating subsidiaries are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and our operating subsidiaries might be required to dispose of material assets or operations to meet our debt service and other obligations. Our credit facility and the indenture governing the notes restrict our ability to dispose of assets and use the proceeds from the disposition. Our operating subsidiaries may not be able to consummate those dispositions or to obtain the proceeds which could be realized from them and these proceeds may not be adequate to meet any debt service obligations then due. Any inability to meet our debt service obligations would have a material adverse effect on our results of operations.

Our ability to engage in certain transactions is restricted by the agreements governing our credit

facility and the indenture governing the notes.

The agreements governing our credit facility and the indenture governing the notes contain covenants that limit our and our restricted subsidiaries' ability to engage in specific types of transactions. The covenants include, among other things, limitations on our ability to:

- make distributions on our equity interests, repurchase, repay or redeem our equity interests or prepay subordinated indebtedness;
- issue preferred equity;
- make certain investments;
- incur additional indebtedness;
- create liens on assets to secure indebtedness;
- transfer or sell all or substantially all of our assets;
- merge or consolidate with another entity;
- enter into certain transactions with affiliates; and
- enter into sale and leaseback transactions.

The agreements governing our credit facility require us to satisfy various financial covenants, including maximum total leverage, minimum interest coverage ratios, and limit our total capital expenditures. Future indebtedness or other contracts could contain financial or other covenants more restrictive than those applicable to our credit facility and the notes. These restrictive covenants may limit our ability to expand our operations, pursue our business strategies and react to events and opportunities as they unfold or present themselves. If we are unable to capitalize on future business opportunities, our business may be harmed.

Our ability to comply with these provisions may be affected by general economic conditions, industry conditions and other events beyond our control. As a result, we cannot assure you that we will be able to comply with these covenants. Our failure to comply with the covenants contained in our credit facility or the indenture governing the notes could result in an event of default, which could materially and adversely affect our operating results and our financial condition.

Floating rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Our credit facility is subject to floating rates of interest. If there is a rise in interest rates, our debt service obligations on the borrowings under our 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 under our credit facility fluctuating approximately \$1.5 million per year without taking into account the effect of any hedging instruments. We entered into interest rate hedging agreements which effectively fixed the interest rate on the majority of our borrowings under our credit facility at no greater than 5.5%. There can be no assurance that when the interest rate hedging agreements expire we will be able to enter into other interest rate hedging agreements on favorable terms or at all.

Risks Relating to the Notes

The notes are contractually junior in right of payment to our senior indebtedness, and the guarantees are contractually junior in right of payment to all senior indebtedness of the guarantors.

The notes are contractually junior in right of payment to all of our existing and future senior indebtedness, and the guarantees are contractually junior in right of payment to all existing and future senior indebtedness of the guarantors. As of June 30, 2007, we had approximately \$149.8 million of senior indebtedness, consisting of indebtedness under our credit facility (excluding an additional \$24.0 million of borrowings available thereunder) and the guarantees of the SagamoreHill term loan. We may not pay principal, premium, if any, interest or other amounts on the notes in the event of a payment default in respect of certain senior indebtedness, including debt under our credit facility, unless that indebtedness has been paid in full or the default has been cured or waived. In addition, if certain other defaults regarding certain senior indebtedness occur, we may be prohibited from paying any amount on the notes and the guarantors may be prohibited from paying any amount on the guarantees for a designated period of time. In the event of bankruptcy, liquidation or dissolution, our assets would be available to pay obligations on the notes only after all payments had been made on our senior indebtedness. Similarly, in the event of bankruptcy, liquidation or dissolution of any guarantor, its assets would be available to pay obligations on its guarantee of the notes only after all payments had been made on its senior indebtedness. Accordingly, we may not have enough assets remaining after payments to holders of our senior indebtedness to make any payments on the notes.

The notes are not secured by our assets or the assets of our subsidiaries.

The notes and the guarantees are not secured by the Issuers' assets or the assets of the guarantors. However, the indebtedness incurred under our credit facility and the guarantees of the SagamoreHill term loan are secured by a security interest in all or substantially all of the Issuers' assets, and all or substantially all of the assets of the guarantors. In addition, future indebtedness that the Issuers and the guarantors incur may be secured by the Issuers' assets and those of the guarantors. If the Issuers or the guarantors become insolvent, or are liquidated, or if payment of any secured indebtedness is accelerated, the holders of the secured indebtedness will be entitled to exercise the remedies available to secured lenders under applicable laws including the ability to foreclose on and sell the Issuers' and the guarantors' collateral securing the indebtedness in order to satisfy the secured indebtedness. In such circumstances, we may not have sufficient assets to repay the notes.

Federal and state fraudulent transfer and conveyance laws allow courts, under specific circumstances, to void guarantees and to require note holders to return payments received from us or the guarantors.

The Issuers' creditors or the creditors of our guarantors could challenge the note guarantees issued by the guarantors as fraudulent transfers or conveyances or on other grounds. Under the federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, the delivery of the guarantees could be voided as fraudulent transfers or conveyances if a court determined that the guarantor, at the time it incurred the indebtedness evidenced by its guarantees:

- delivered the guarantees with the intent to hinder, delay or defraud its existing or future creditors; or
- received less than reasonably equivalent value or did not receive fair consideration for the delivery of the guarantees, and if the guarantor:
 - was insolvent or rendered insolvent at the time it delivered the guarantees;

- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

If the guarantees issued by the guarantors were avoided or limited under fraudulent transfer or conveyance or other laws, any claim noteholders may make against such guarantors for amounts payable on the notes would be effectively subordinated to all of the indebtedness and other obligations of such guarantors, including trade payables and any subordinated indebtedness. If the granting of liens to secure the guarantees issued by the guarantors were avoided or limited under fraudulent transfer or conveyance or other laws, the guarantees would become unsecured claims to the extent of the avoidance or limitation, ranking equally with all general unsecured claims of such guarantors.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, is greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts, including contingent liabilities, as they become due.

We cannot be sure what standard a court would apply in making these determinations or, regardless of the standard, that a court would not avoid the guarantees issued by the guarantors or that any such guarantees would not be subordinated to a guarantor's other indebtedness.

Noteholders may not be entitled to require us to repurchase the notes in connection with certain transactions because the term "all or substantially all" in the context of a change of control has no established meaning under the relevant law.

One of the ways a change of control can occur under the indenture governing the notes is upon a sale of all or substantially all of our assets. The meaning of the phrase "all or substantially all" as used in that definition varies according to the facts and circumstances of the subject transaction, has no clearly established meaning under applicable law and is subject to judicial interpretation. Accordingly, in certain circumstances there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the assets of a person and therefore it may be unclear whether a change of control has occurred and whether noteholders have the right to require us to repurchase the notes.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture.

Upon the occurrence of certain specific kinds of change of control events, we are required to offer to repurchase all of our outstanding notes at 101% of the principal amount thereof plus accrued and unpaid interest to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of the notes or that restrictions in our

credit facility will not allow such repurchases. In addition, certain important corporate events, such as leveraged recapitalizations, that would increase the level of our indebtedness, would not constitute a change of control under the indenture.