

**QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

**BARRINGTON BROADCASTING GROUP LLC
BARRINGTON BROADCASTING CAPITAL CORPORATION**
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Pursuant to Section 4.3(a) of the Indenture, dated as of August 11, 2006, as supplemented by the Supplemental Indenture, dated as of March 19, 2008, by and among Barrington Broadcasting Group LLC, a Delaware limited liability company (“Barrington Group”), Barrington Broadcasting Capital Corporation, a Delaware corporation (“Barrington Capital”), U.S. Bank National Association, as trustee, and the guarantors named therein, relating to the 10½% Senior Subordinated Notes due 2014 (the “Notes”), Barrington Group and Barrington Capital are furnishing the information contained herein to holders of the Notes.

**BARRINGTON BROADCASTING GROUP LLC
BARRINGTON BROADCASTING CAPITAL CORPORATION
QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- our significant amount of debt and our ability to comply with the financial covenants in the agreements governing such 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 our markets; and
- our ability to integrate television stations we might acquire in the future or to which we may provide support services and achieve certain anticipated 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. 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 is posted on our website (www.barringtontv.com). We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made on related subjects in our subsequent reports furnished to holders of our 10½% Senior Subordinated Notes due 2014.

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

Index to Financial Statements

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF BARRINGTON BROADCASTING GROUP LLC FOR THE THREE MONTHS AND THE NINE MONTHS ENDED SEPTEMBER 30, 2008 and 2007

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BARRINGTON BROADCASTING GROUP LLC
Condensed Consolidated Balance Sheets

	(Unaudited)	
	September 30,	December 31,
	2008	2007
ASSETS	(in thousands)	
CURRENT ASSETS		
Cash	\$ 3,380	\$ 2,268
Trade receivables, less allowance for doubtful accounts of \$712 and \$553, respectively	21,793	22,837
Current portion of program broadcast rights	4,482	3,149
Prepaid expenses and other current assets	1,822	1,842
	<u>31,477</u>	<u>30,096</u>
Program broadcast rights	1,237	1,169
Debt issuance costs	10,638	10,152
Investment in joint ventures	1,340	1,440
Other	88	38
Property and equipment, net	67,429	77,579
Goodwill	10,182	9,922
Other intangibles, net	253,676	267,753
TOTAL ASSETS	<u><u>\$ 376,067</u></u>	<u><u>\$ 398,149</u></u>
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,621	\$ 1,318
Current portion of program broadcast payable	5,904	4,523
Revolving credit facility	4,000	-
Current maturities of long-term debt, including related party loan of \$503 in 2007	1,570	2,003
Current portion of contracts payable	138	138
Accrued interest	3,014	6,314
Accrued expenses and other liabilities	5,401	4,696
Deferred revenue - current	168	143
Total current liabilities	<u>21,816</u>	<u>19,135</u>
Long-term debt, including related party loan of \$3,449 in 2008	280,796	271,576
Contracts payable	1,294	1,285
Program broadcast payable	1,582	1,563
Interest rate collars	3,866	3,673
Deferred revenue	1,315	1,430
Deferred gain	1,310	-
MEMBER'S EQUITY		
Member's equity	67,954	103,160
Other comprehensive loss	(3,866)	(3,673)
Total member's equity	<u>64,088</u>	<u>99,487</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u><u>\$ 376,067</u></u>	<u><u>\$ 398,149</u></u>

See accompanying notes to the condensed consolidated financial statements

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

	Three Months Ended September 30,	
	2008	2007
	(in thousands)	
NET REVENUES	\$ 30,641	\$ 27,111
OPERATING EXPENSES		
Selling, technical and program expenses	14,543	14,645
General and administrative	4,880	4,783
Depreciation and amortization	7,297	6,902
Impairment of intangible assets and goodwill	18,523	-
Corporate	1,159	1,124
Total operating expenses	<u>46,402</u>	<u>27,454</u>
LOSS FROM OPERATIONS	(15,761)	(343)
INTEREST (EXPENSE) INCOME		
Interest expense	(6,437)	(6,312)
Amortization of debt issuance costs	(505)	(447)
Interest income	4	17
Total net interest expense	<u>(6,938)</u>	<u>(6,742)</u>
LOSS BEFORE INCOME TAXES	(22,699)	(7,085)
INCOME TAX EXPENSE	(79)	(97)
NET LOSS	<u>\$ (22,778)</u>	<u>\$ (7,182)</u>

See accompanying notes to the condensed consolidated financial statements

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

	Nine Months Ended September 30,	
	2008	2007
	(in thousands)	
NET REVENUES	\$ 86,835	\$ 82,182
OPERATING EXPENSES		
Selling, technical and program expenses	44,104	42,928
General and administrative	15,400	14,589
Depreciation and amortization	20,476	22,234
Impairment of intangible assets and goodwill	18,523	-
Corporate	4,233	3,581
Total operating expenses	<u>102,736</u>	<u>83,332</u>
LOSS FROM OPERATIONS	(15,901)	(1,150)
INTEREST (EXPENSE) INCOME		
Interest expense	(18,141)	(18,710)
Amortization of debt issuance costs	(1,433)	(1,272)
Interest income	20	61
Total net interest expense	<u>(19,554)</u>	<u>(19,921)</u>
OTHER NON-OPERATING INCOME		
Non-cash gain	<u>472</u>	<u>-</u>
Total non-operating income	<u>472</u>	<u>-</u>
LOSS BEFORE INCOME TAXES	(34,983)	(21,071)
INCOME TAX (EXPENSE) BENEFIT	(223)	132
NET LOSS	<u>\$ (35,206)</u>	<u>\$ (20,939)</u>

See accompanying notes to the condensed consolidated financial statements

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

	Nine Months Ended September 30,	
	2008	2007
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (35,206)	\$ (20,939)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	18,004	18,252
Amortization of program broadcast rights	3,558	3,771
Payments of program broadcast payable	(3,543)	(3,519)
Barter expenses net of revenue	37	(78)
Amortization of intangibles, including debt issuance costs	3,718	4,982
Impairment of intangible assets and goodwill	18,523	-
Loss on non-hedge interest rate caps	-	83
(Gain) loss on disposal, exchange and impairment of property and equipment	(300)	218
Imputed interest and accretion on convertible subordinated debt	196	(1)
Equity in loss of joint ventures	107	54
Changes in assets and liabilities that relate to operations, net of effect of acquisitions:		
Trade receivables	1,612	685
Prepaid expenses and other	(13)	(310)
Accounts payable	202	40
Accrued interest	(3,300)	(2,536)
Accrued expenses	673	74
Deferred revenue	(90)	193
Net cash provided by operating activities	4,178	969
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,799)	(5,721)
Proceeds from disposition of assets	27	37
Acquisition of television stations, net of cash acquired	(10,900)	(831)
Investment in joint ventures	(7)	(8)
Net cash used in investing activities	(13,679)	(6,523)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible subordinated debt to parent	3,300	-
Proceeds from guaranteed loans	7,000	-
Principal payments on long-term debt	(1,160)	(1,125)
Borrowings on revolving loan facility, net of payments	4,000	4,000
Proceeds from related party loan	-	500
Repayment of related party loan	(503)	-
Payments of contracts payable	(105)	(128)
Payment of debt issuance costs	(1,919)	(493)
Net cash provided by financing activities	10,613	2,754
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,112	(2,800)
Cash and cash equivalents, beginning of period	2,268	4,920
Cash and cash equivalents, end of period	\$ 3,380	\$ 2,120

Continued

See accompanying notes to the condensed consolidated financial statements

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

	<u>Nine Months Ended September 30,</u>	
	<u>2008</u>	<u>2007</u>
	(in thousands)	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments of interest	<u>\$ 21,246</u>	<u>\$ 21,244</u>
Cash payments (refunds) of income taxes	<u>\$ 223</u>	<u>\$ (132)</u>
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of program broadcast rights	<u>\$ 4,724</u>	<u>\$ 4,888</u>
Equipment acquired by barter transactions	<u>\$ 38</u>	<u>\$ 148</u>
Change in valuation of interest rate collars	<u>\$ (193)</u>	<u>\$ (1,553)</u>
Fair market value of equipment acquired in exchange	<u>\$ 1,782</u>	<u>\$ -</u>
 ACQUISITION OF TELEVISION STATIONS		
Current assets acquired	\$ 585	\$ -
Property and equipment acquired	3,435	-
Intangible assets and goodwill acquired	6,924	-
Current liabilities assumed	(60)	644
Program broadcast rights acquired	235	(90)
Program broadcast liabilities assumed	(219)	(18)
Other long term liabilities assumed	-	295
Cash flows used for acquisition of television stations	<u>\$ 10,900</u>	<u>\$ 831</u>
Amounts paid in 2007 pertaining to 2006 acquisitions	-	(831)
Current year acquisition of television stations	<u>\$ 10,900</u>	<u>\$ -</u>

See accompanying notes to the condensed consolidated financial statements

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

(Note A) – Basis of Presentation and Accounting Policies

Nature of Business – Barrington Group owns, operates and provides support services to 23 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, rental of tower space, retransmission consent fees and barter transactions for goods and services. The stations sell commercial time during programs to national, regional and local advertisers. The stations’ affiliated networks also sell commercial time to national advertisers during the programs they supply to our stations.

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, 2007, which are included in Barrington Group’s Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission, or the SEC, on March 27, 2008, and is posted on our website (www.barringtontv.com). The unaudited condensed consolidated financial statements and the amounts provided in the footnotes thereto have been rounded to the nearest thousand.

The unaudited condensed consolidated financial statements include the accounts of Barrington Group and its television stations, consisting of WEYI, Flint, Michigan; WBSF, 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; KRCG, Columbia, Missouri; WFXL, Albany, Georgia; KHQA, Quincy, Illinois; 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, and WGTU and WGTQ, owned by Tucker Broadcasting of Traverse City, Inc., or Tucker, in Traverse City, Michigan, under the terms of a joint sales agreement, or JSA, as well as provides other support services through a shared services agreement, or SSA. SagamoreHill and Tucker are consolidated as variable interest entities 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 addition, Barrington Group, through its ownership of KGBT and WFXL, owns 50% interests in each of Tall Tower LLC, a joint venture formed to operate a television tower in Harlingen, Texas, and Albany Tower LLC, a joint venture formed to construct and operate a television tower in Albany, Georgia. Barrington Group’s interests in Tall Tower LLC and Albany Tower LLC have been

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

consolidated using the equity method of accounting.

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. 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 is obtained from political advertising. Barrington Group believes that, aside from the impact of political advertising revenue and impairment charges recorded during 2008 and the acquisition of WGTU and WGTQ on April 1, 2008, there is no material difference between the 2008 and 2007 reporting periods and that the results of these periods are comparable. Results of interim periods are not necessarily indicative of anticipated results for the year.

(Note B) – Impairment of Intangible Assets and Goodwill

As required by Statement of Financial Accounting Standards, or SFAS, No. 142, "Goodwill and Other Intangible Assets", or SFAS No. 142, Barrington Group conducts an annual evaluation of its goodwill and FCC broadcast licenses for possible impairment. If certain events or changes in circumstances indicate that such assets may have become impaired, such evaluations can occur more frequently. For purposes of testing the carrying value of Barrington Group's FCC broadcast licenses and goodwill for impairment, the fair value estimates of its FCC broadcast licenses and goodwill contain significant assumptions, incorporating variables that are based on past experiences and judgments about future performance. These assumptions include estimates of the growth rate of advertising expenditures in each market, each station's projected share of the revenues in its market, the profit margin of an average station within a particular market, certain risk-adjusted discount rates and each station's expected growth rates in perpetuity (to estimate terminal values). If the carrying amount of the FCC broadcast licenses and goodwill is greater than estimated fair value in a given market, the carrying amount of the FCC broadcast license and goodwill in that market is reduced to its estimated fair value, and such reductions may have a material impact on Barrington Group's consolidated financial condition and results of operations.

During the third quarter of 2008, Barrington Group determined that an interim impairment analysis was required due to continuing indicators, including unfavorable business conditions, the reduction in the valuation of certain television stations (especially those whose only assets are their FCC broadcast license and their transmission facilities) and the decline in advertising revenues in most of its markets—which has directly affected some of its stations. Barrington Group believes that many of these factors will have a sustained impact on the value of its intangible assets. As a result of this impairment analysis, Barrington Group recorded an aggregate non-cash impairment charge of \$18,016,000 for the FCC broadcast licenses at five of its television stations and a non-cash impairment charge of \$507,000 for goodwill at one of its television stations during the third quarter of 2008. These impairment charges are included in the accompanying condensed consolidated statement of operations.

As noted above, Barrington Group is required under SFAS No. 142 to analyze its indefinite-lived intangible assets at least annually, or more frequently if events or changes in circumstances indicate that these assets might be impaired. As a result, if the current economic trends continue and the disruptions in the credit and capital markets continue, it is possible that Barrington Group may record further impairments in the fourth quarter of 2008.

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

(Note C) – WGTU/WGTQ Acquisition and Assignment

On August 31, 2007, Barrington Traverse City LLC, or Barrington Traverse City, a wholly owned subsidiary of Barrington Group, entered into an Asset Purchase Agreement, or the WGTU APA, with Max Media of Traverse City LLC and MTC License LLC, to acquire television station WGTU and its satellite WGTQ, which serve the Traverse City-Cadillac, Michigan market. We refer to this acquisition herein as the WGTU/WGTQ acquisition. Simultaneously with entering into the WGTU APA, Barrington Traverse City assigned its rights under the WGTU APA to Tucker, an unrelated third party. On April 1, 2008, Tucker completed its acquisition of WGTU/WGTQ.

The total purchase price for the WGTU/WGTQ acquisition was \$10,900,000, which consisted of the fair market value of the assets of \$10,000,000 and \$900,000 of transaction fees and costs. The purchase price is subject to the resolution of various contingencies. The purchase price has been allocated on a preliminary basis to Tucker's acquired assets and liabilities assumed at the estimated fair values of the acquired assets and liabilities.

The purchase price was partially funded with \$7,000,000 of borrowings by Tucker under a new credit facility consisting of a term A facility of \$4,000,000 and a term B facility of \$3,000,000, or together the Tucker term loans, which Tucker entered into in connection with the WGTU/WGTQ acquisition. The remainder of the purchase price was funded with \$3,300,000 borrowed from Pilot Group LP, or Pilot Group, Barrington Group's equity sponsor, in exchange for a convertible subordinated note due October 1, 2011, or the convertible note. A portion of the proceeds of the convertible note was used to refinance a loan totaling \$503,000 which was originally issued by Pilot Group to Barrington Traverse City and subsequently assigned by Barrington Traverse City to Tucker. The \$503,000 loan was used to finance the deposit for the purchase price of the WGTU/WGTQ acquisition.

In connection with the WGTU/WGTQ acquisition, Barrington Group and all of Barrington Group's direct and indirect subsidiaries entered into a guaranty, or the Tucker guarantee, pursuant to which they agreed to guarantee \$3,000,000 of Tucker's debt obligations under the Tucker term B facility. In addition, through the issuance of a \$4,000,000 letter of credit, Barrington Group is providing credit support for the Tucker term A facility.

Barrington Traverse City and Tucker entered into the SSA, pursuant to which Barrington Traverse City provides technical, engineering and certain other support services to WGTU/WGTQ for a fee. In addition, Barrington Traverse City and Tucker entered into the JSA, pursuant to which Barrington Traverse City has the right to provide up to 15% of WGTU/WGTQ's weekly programming and sells WGTU/WGTQ's local advertising on a commissioned basis.

In connection with the WGTU/WGTQ acquisition, Barrington Traverse City acquired an option to purchase all of the equity of Tucker or the assets of WGTU/WGTQ, subject to certain conditions. The base value of the option is \$7,000,000, and will increase annually by an amount ranging between \$87,000 and \$114,000, as specified in the option agreement, until the agreement expires in 2016. The option period will be automatically extended if the JSA is renewed, and thereafter shall continue until the JSA is terminated.

Tucker is considered a variable interest entity and, in accordance with FIN 46R, our interest in Tucker is included in our consolidated financial statements as of April 1, 2008.

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

The purchase price for the WGTU/WGTQ acquisition has been allocated as follows (in thousands):

	2008
	Acquisitions
	WGTU/WGTQ
	Acquisition
Current assets	\$ 585
Program broadcast rights	235
Total property and equipment	3,435
 Intangible Assets	
FCC licenses	4,197
Goodwill	767
Other intangibles, subject to amortization	1,960
Total intangible assets acquired	6,924
Total assets	11,179
 Current liabilities	60
Program broadcast payables	219
Total liabilities	279
Total purchase price, including costs	\$ 10,900

(Note D) – Property and Equipment

Barrington Group recorded \$1,102,000 in accelerated depreciation for the three months ended September 30, 2008 related to analog transmission equipment that will be taken out of service in February of 2009, when Barrington Group is required by the Federal Communications Commission, or the FCC, to discontinue broadcasting in that format.

(Note E) – Long-Term Debt

Long-term debt consists of the following (in thousands):

	September 30,	December 31,
	2008	2007
Senior secured term loan B	\$ 144,550	\$ 145,656
Revolving credit facility	4,000	-
Senior subordinated notes	125,000	125,000
Tucker term loans	6,966	-
SagamoreHill term loan	2,401	2,420
Related party loan	3,449	503
	286,366	273,579
Less current portion of debt	5,570	2,003
	\$ 280,796	\$ 271,576

Barrington Group's credit facility consists of a \$147,500,000 senior secured term loan B which matures in August 2013 and a \$25,000,000 revolving credit facility which matures in August 2012. The

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

obligations under Barrington Group's credit facility are guaranteed by Barrington Broadcasting LLC, or Barrington LLC, the parent of Barrington Group, and all of Barrington Group's direct and indirect subsidiaries. Barrington Group's credit facility is secured by a first priority lien on substantially all of its existing and future assets and those of its direct and indirect subsidiaries. As of September 30, 2008, outstanding borrowings under Barrington Group's revolving credit facility totaled \$4,000,000. In addition, the letter of credit issued to Tucker in the amount of \$4,000,000 reduces the amount available to be drawn under Barrington Group's revolving facility.

Borrowings under Barrington Group's 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 Barrington Group's term loan and revolving facility is 2.25% for LIBOR loans and 1.25% for base rate loans and is subject to a pricing grid based on total leverage. The interest rate payable under Barrington Group's credit facility will increase by 2.0% per annum during the continuance of an event of default. The unused portion of Barrington Group's revolving credit facility is subject to a commitment fee of 0.50%. The weighted average interest rate on the outstanding balances under Barrington Group's credit facility was 5.11% as of September 30, 2008.

In August 2006, Barrington Group issued \$125,000,000 aggregate principal amount of 10½% Senior Subordinated Notes, or the notes. The notes mature on August 15, 2014. Interest is payable on the notes semi-annually in cash 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.

Barrington Group's credit facility and the Indenture, dated as of August 11, 2006, as supplemented by the Supplemental Indenture, dated as of March 19, 2008, by and among the Issuers, U.S. Bank National Association, as trustee, and the guarantors named therein, relating to the notes, referred to herein as the indenture, limit Barrington Group's ability to incur additional indebtedness and issue certain preferred stock; pay dividends on its capital stock or repurchase its 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 its subsidiaries to make distributions or transfer assets to it; and enter into transactions with affiliates. Barrington Group's credit facility contains certain financial covenants, including, but not limited to, covenants related to interest coverage and total leverage.

Barrington Group anticipates that it will be in breach of the total leverage ratio covenant contained in its credit facility when measured for the period ended December 31, 2008. If such a breach occurs, Pilot Group would have the right, subject to certain limitations, to make a cash capital contribution to Barrington Group to cure such breach. If such a breach occurs and Pilot Group does not make such a capital contribution or Barrington Group is unable to obtain a waiver, the lenders who are parties to Barrington Group's credit facility could terminate Barrington Group's ability to borrow under its credit facility, accelerate the outstanding indebtedness under its credit facility, foreclose on the assets securing Barrington Group's obligations under its credit facility and/or block payments on the notes. If the indebtedness under Barrington Group's credit facility were accelerated, Barrington Group would not be able to repay such indebtedness unless it was able to obtain new financing. There can be no assurance that such financing would be available on terms acceptable to Barrington Group or at all. In addition, if the indebtedness under Barrington Group's credit facility were accelerated, such acceleration would also cause a default under the indenture.

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

In addition, as part of the acquisition of WPDE /WWMB in February 2006, Barrington Group guaranteed full payment of all obligations incurred by SagamoreHill and SagamoreHill of Carolina Licenses, LLC, which owns WWMB's FCC license, under a \$2,450,000 senior credit facility with a seven-year maturity, or the SagamoreHill term loan, entered into by SagamoreHill and SagamoreHill of Carolina Licenses, LLC. The interest rate on the SagamoreHill term loan was 5.05% as of September 30, 2008.

In addition, Barrington Group, through the guarantee of \$3,000,000 of Tucker's term B facility and through a \$4,000,000 letter of credit used as collateral on Tucker's term A facility, is providing \$7,000,000 of credit support for the Tucker term loans. The applicable margin for the Tucker term A facility is 2.0% in the case of LIBOR loans and 1.0% in the case of base rate loans. The applicable margin for the Tucker term B facility is 3.0% in the case of LIBOR loans and 2.0% for base rate loans. The Tucker term loans mature on March 31, 2011. The weighted average interest rate on the outstanding balances of the Tucker term loans was 5.29% as of September 30, 2008.

(Note F) – Convertible Subordinated Note from Parent

On April 1, 2008, Tucker borrowed \$3,300,000 from Pilot Group in exchange for the convertible note. The principal amount of the convertible note is \$3,300,000 and it matures on October 1, 2011. The convertible note bears interest at 9% annually in the form of Pay-In-Kind interest, or PIK interest. All PIK interest will be automatically capitalized and added to the principal amount of the convertible note upon maturity. At any time, Pilot Group, in its sole discretion, may convert the convertible note into preferred stock of Tucker at the rate of one share per \$1,000 principal amount of the convertible note. As of September 30, 2008, capitalized PIK interest totaled \$149,000. The convertible subordinated note is classified as related party long-term debt in the condensed consolidated balance sheet.

(Note G) – Consent Solicitation

On March 19, 2008, Barrington Group received consents from holders of 100% of the aggregate principal amount of the notes to adopt certain amendments to the reporting covenant under the indenture governing the notes. A supplemental indenture to effect the proposed amendments was executed on March 19, 2008. The supplemental indenture eliminated Barrington Group's requirement to file periodic and current reports with the SEC and instead required that the type of information required to be reported on Forms 10-K, 10-Q and 8-K (other than the requirement to report on internal controls under Section 404 of the Sarbanes-Oxley Act of 2002, as amended) be provided to the trustee for the notes and made available to the noteholders via the internet.

Barrington Group paid each consenting holder of the notes a consent fee of 1.25% of the face value of the notes held by such holder as consideration for their acceptance of the amendments for an aggregate fee of \$1,562,000. Barrington Group capitalized this amount as debt issuance costs and recorded other fees and costs of \$697,000 in connection with the consent solicitation, which are included as corporate expenses in the condensed consolidated statement of operations.

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

Under the provisions of SFAS, No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended and interpreted, Barrington Group recognizes all derivatives at fair value, 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.

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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 Group entered into two interest rate cap agreements containing notional amounts of \$44,000,000 and \$20,000,000, respectively, which did not qualify for hedge accounting treatment.

These interest rate cap agreements, with a combined original cost of \$109,000, limited 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, contained a notional amount of \$20,000,000 and expired November 14, 2007.

These interest rate cap agreements provided for payment to Barrington Group as of specified dates, without an exchange of the underlying principal, of a differential which represented 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 was accrued as interest rates increased above the stated LIBOR rate and recognized as a reduction to interest expense related to debt.

Barrington Group did not receive any payments from the interest rate cap agreements during the three months ended September 30, 2007. Total payments received on the interest rate cap agreements for the nine months ended September 30, 2007 were \$81,000. For the nine months ended September 30, 2007, Barrington Group recorded a loss on the interest rate caps of \$83,000 as a result of the mark-to-market adjustments. No gains or losses were recorded for the three months ended September 30, 2007. Since the interest rate caps had expired during 2007, no gains, losses or payments were recorded on the interest rate caps for the three months or nine months ended September 30, 2008.

Hedge Accounting Treatment

In January 2007, Barrington Group entered into two interest rate collar agreements, each effective on February 12, 2007, to limit the exposure to fluctuation in short-term interest rates on a portion of our

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

variable rate debt by locking in a range of interest rates. The notional amount of each of these interest rate collar agreements is \$40,000,000 and both agreements expire on February 12, 2011.

In May 2007, Barrington Group entered into two additional interest rate collar agreements, each 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 the \$44,000,000 interest rate cap agreement that expired in May 2007. The notional amount of each of these interest rate collar agreements is \$20,000,000 and both agreements expire on August 16, 2010.

All four of the interest rate 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 or loss. The interest rate collars consist of a purchased option and a sold option, which have been entered into simultaneously with the same counterparties.

Pursuant to the interest rate collar agreements, Barrington Group will receive payment when the three-month LIBOR rises above 5.5%, but must make payments when the three-month LIBOR falls below 4.84% on the first \$80,000,000 and 4.845% on the subsequent \$40,000,000. For the three months and the nine months ended September 30, 2008, Barrington Group made total payments of \$656,000 and \$1,184,000, respectively, on the interest rate collars. For the three months and nine months ended September 30, 2007, Barrington Group received payments totaling \$8,000. At September 30, 2008 and December 31, 2007, the value of the interest rate collar agreements was reflected as a liability in the amount of \$3,866,000 and \$3,673,000, respectively, based on the fair value of the collars as of those dates. 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 I) – Fair Value Measurement

The following table presents information about Barrington Group's liabilities measured at fair value on a recurring basis as of September 30, 2008, and indicates the fair value hierarchy of the valuation techniques utilized by Barrington Group to determine such fair value (in thousands):

	Balance as of September 30, 2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities:				
Interest rate collars	\$ 3,866	\$ -	\$ -	\$ 3,866

(Note J) – 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 changes in the fair market value of the interest rate collars.

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

Comprehensive loss consists of the following (in thousands):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net loss	\$ (22,778)	\$ (7,182)	\$ (35,206)	\$ (20,939)
Interest rate collar gains (losses)	154	(1,790)	(193)	(1,553)
Comprehensive loss	<u>\$ (22,624)</u>	<u>\$ (8,972)</u>	<u>\$ (35,399)</u>	<u>\$ (22,492)</u>

(Note K) – Restructuring and Separation Costs

Beginning in the second quarter of 2008, Barrington Group initiated certain operating expense reductions to eliminate or reduce identified costs, including a reduction in Barrington Group’s workforce by approximately 8%. This workforce reduction was substantially completed during the second quarter of 2008. Barrington Group recorded expenses of \$74,000 and \$761,000 for the three months and nine months ended September 30, 2008, respectively, related to severance and contractual costs as a result of the workforce reduction, and \$669,000 of these costs had been paid as of September 30, 2008. These expenses are included in general and administrative expense for the three months and nine months ended September 30, 2008.

The following table summarizes Barrington Group’s liabilities associated with one-time termination benefits and contract termination costs as of September 30, 2008 related to our operating expense reductions. (in thousands):

	<u>September 30,</u> <u>2008</u>
Expense incurred	\$ 761
Costs settled	(669)
Accrued termination benefits, contract termination and other associated costs	<u>\$ 92</u>

(Note L) – Related Party Loan

In connection with the WGTU/WGTQ acquisition, on August 31, 2007, Barrington Traverse City borrowed \$503,000 from Pilot Group. The loan was unsecured and payable upon demand. The loan was subject to interest annually at a rate equal to the rate of the interest for our revolving credit facility. In connection with the WGTU/WGTQ acquisition, this loan was assigned to Tucker on April 1, 2008 and subsequently refinanced. Total interest accrued on the loan was \$21,000.

The convertible subordinated note is also classified as a related party loan. (See Note F.)

(Note M) – Management Agreement and Contingent Interest

On December 30, 2003, Barrington LLC, the sole member of Barrington Group, entered into a Management Agreement with Barrington Broadcasting Company LLC, or BBCLC, which is owned by Barrington Group’s executive management team. Pursuant to the Management Agreement, BBCLC was retained as the exclusive manager of the television stations owned by and acquired by Barrington Group. The term of the Management Agreement expired on December 31, 2007. In connection with the

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

expiration of the Management Agreement, as of January 1, 2008, Barrington Group entered into employment agreements with each of K. James Yager, its Chief Executive Officer, Chris Cornelius, its Chief Operating Officer, Warren Spector, its Chief Financial Officer, Keith Bland, its Vice President and Mary Flodin, its Vice President.

In addition, on January 1, 2008, Pilot Group and BBCLC entered into the First Amendment to the Amended and Restated Limited Liability Company Operating Agreement of Barrington LLC, which increased the amount of BBCLC's contingent profits interest to 11% of total profits. Upon the occurrence of a sale of broadcast assets or similar liquidity events, BBCLC is entitled to share in proceeds, if distributed, after Pilot Group receives the return of its cumulative capital contributions.

(Note N) – Income Taxes

Barrington Group is not subject to federal income taxes, as it is a limited liability company and passes all taxable profits or losses directly to its members, in a manner similar to a partnership. Accordingly, no federal tax provision was recorded for the nine months ended September 30, 2008 and 2007.

Income tax expense for the three months and nine months ended September 30, 2008 was \$79,000 and \$223,000, respectively, which consisted of various state tax liabilities. For the three months and nine months ended September 30, 2007, Barrington Group recorded income tax refunds in the amount of \$9,000 and \$338,000, respectively, resulting from its conversion from a capital structure primarily utilizing corporations to a structure primarily utilizing limited liability companies, or the LLC conversion, in 2006. These refunds were partially offset by state income tax provisions totaling \$106,000 and \$206,000, respectively, for the same periods, which in the aggregate resulted in a \$97,000 net expense and a \$132,000 net income tax benefit for the three months and nine months ended September 30, 2007, respectively.

(Note O) – New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board, or FASB, issued SFAS No. 157, "Fair Value Measurements", or SFAS No. 157. SFAS No. 157 establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. SFAS No. 157 applies to fair value measurements required by existing accounting pronouncements and does not require any new fair value measurements. Barrington Group adopted SFAS No. 157 on January 1, 2008; however, as permitted by FASB Staff Position No. FAS 157-2, which allows companies to defer the adoption date of provisions related to non-financial assets and liabilities, Barrington Group adopted SFAS No. 157 with respect to its financial assets and liabilities as of January 1, 2008. Barrington Group is currently evaluating the impact of SFAS No. 157 as it relates to its non-financial assets and liabilities and expects to adopt these provisions for 2009.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations", or SFAS No. 141(R), which establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree. SFAS No. 141(R) also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) is effective for fiscal years beginning after December 15, 2008. Early

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(Unaudited)

adoption is not permitted. Barrington Group is currently evaluating the impact the adoption of SFAS No. 141(R) will have on its consolidated financial statements. Barrington Group expects the adoption of SFAS No. 141(R) to have a significant impact on any future acquisitions.

In March 2008, the FASB issued SFAS No. 161, “Disclosure about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133”, or SFAS No. 161, which changes the disclosure requirements for derivative instruments and hedging activities. It is intended to enhance the current disclosure framework in FASB Statement No. 133. SFAS No. 161 is effective for fiscal years beginning after November 15, 2008. Barrington Group is currently evaluating the impact the adoption of SFAS No. 161 will have on its consolidated financial statements.

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 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, program and provide support services to 23 network television stations, many of which have leading positions in 15 geographically diverse, smaller markets. In 10 of our 15 markets, we operate a station ranked #1 or #2 in audience share. All of our stations are affiliated with national television networks—six with NBC, six with ABC, three with CBS, three with FOX and five with CW. In the markets where we operate a CW station, we operate duopolies. In Traverse City, Michigan, where we own the NBC affiliate, we also provide support services for the ABC affiliate located in that 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 to this Quarterly Report.

Separation Costs

Beginning in the second quarter of 2008, we initiated certain operating expense reductions to eliminate or reduce identified costs, including a reduction in our workforce of approximately 8%. This workforce reduction was substantially completed during the second quarter of 2008. We recorded expenses of \$0.8 million for the nine months ended September 30, 2008 related to severance and contractual costs as a result of the workforce reduction, the majority of which were paid as of September 30, 2008.

Impairment of FCC Licenses and Goodwill

As required by Statement of Financial Accounting Standards, or SFAS, No. 142, "Goodwill and Other Intangible Assets", or SFAS No. 142, we conduct an annual evaluation of our goodwill and FCC broadcast licenses for possible impairment. If certain events or changes in circumstances indicate that such assets may have become impaired, such evaluations can occur more frequently. For purposes of testing the carrying value of our FCC broadcast licenses and goodwill for impairment, the fair value estimates of our FCC broadcast licenses and goodwill contain significant assumptions, incorporating variables that are based on past experiences and judgments about future performance. These assumptions include estimates of the growth rate of advertising expenditures in each market, each station's projected share of the revenues in its market, the profit margin of an average station within a particular market, certain risk-adjusted discount rates and each station's expected growth rates in perpetuity (to estimate terminal values). If the carrying amount of the FCC broadcast licenses and goodwill is greater than estimated fair value in a given market, the carrying amount of the FCC broadcast license and goodwill in that market is reduced to its estimated fair value, and such reductions may have a material impact on our consolidated financial condition and results of operations.

During the third quarter of 2008, we determined that an interim impairment analysis was required due to continuing indicators, including unfavorable business conditions, the reduction in the valuation of certain television stations (especially those whose only assets are their FCC broadcast license and their

transmission facilities) and the decline in advertising revenues in most of our markets—which has directly affected some of our stations. We believe that many of these factors will have a sustained impact on the value of our intangible assets. As a result of this impairment analysis, we recorded an aggregate non-cash impairment charge of \$18.0 million for the FCC broadcast licenses at five of our television stations and a non-cash impairment charge of \$0.5 million for goodwill at one of our television stations during the third quarter of 2008. These impairment charges are included in the accompanying condensed consolidated statement of operations contained elsewhere in this Quarterly Report.

As noted above, we are required under SFAS No. 142 to analyze our indefinite-lived intangible assets at least annually, or more frequently if events or changes in circumstances indicate that these assets might be impaired. As a result, if the current economic trends continue and the disruptions in the credit and capital markets continue, it is possible that we may record further impairments in the fourth quarter of 2008.

Recent Acquisitions

- On April 1, 2008, Tucker completed the acquisition of television station WGTU and its satellite WGTQ, for which we provide technical, engineering and certain other support services for a fee. In addition, we have the right to provide up to 15% of WGTU/WGTQ's weekly programming and sell WGTU/WGTQ's local advertising on a commissioned basis. The cost of the WGTU/WGTQ acquisition was \$10.9 million, which included transaction fees and costs of \$0.9 million. The purchase price is subject to the resolution of various contingencies. The WGTU/WGTQ acquisition was financed with borrowings by Tucker under the Tucker term loans and borrowings from Pilot Group.
- On August 11, 2006, we completed the acquisition of substantially all of the assets of 12 television stations from Raycom Media, Inc., or Raycom, referred to herein as the Raycom acquisition. The purchase price payable in connection with the Raycom acquisition was \$264.9 million, including final transaction fees of \$3.3 million.
- On February 6, 2006, we completed the acquisition of the assets of WPDE-TV, the ABC affiliate serving Myrtle Beach, South Carolina from Diversified Communications. In addition to the assets of WPDE, we acquired the rights to operate and an option to acquire WWMB-TV, the CW affiliate serving Myrtle Beach, South Carolina, from SagamoreHill. The total cost of the acquisition was approximately \$24.8 million, which included related fees and costs of \$0.6 million. We financed this acquisition with capital contributed by our equity sponsor and borrowings under our old credit facility.
- On August 1, 2005, we completed the acquisition of the assets of KVII-TV, the CBS affiliate in Amarillo, Texas, and KVIH-TV, the CW affiliate in Clovis, New Mexico, from New Vision Group for a purchase price of approximately \$22.3 million plus related fees and costs of \$0.4 million. The acquisition was financed using capital contributed by our equity sponsor and borrowings under our old credit facility.
- On April 14, 2005, we completed the acquisition of a construction permit issued by the FCC for a full-power broadcasting facility in Flint-Saginaw-Bay City, Michigan, from ACME Television, Inc. The purchase price for the permit was \$4.5 million plus approximately \$0.2 million in related fees and was financed with capital contributed by our equity sponsor and borrowings under our old credit facility.

- On February 28, 2005, we completed the acquisition of the television broadcast assets of KRCG-TV, the CBS affiliate serving Columbia-Jefferson City, Missouri, from Mel Wheeler, Inc. The total cost of the acquisition was approximately \$38.5 million, which included related fees of approximately \$0.5 million and was financed with a capital contribution paid by our equity sponsor and borrowings under our old credit facility.
- On May 14, 2004, we completed the acquisition of the assets of WEYI-TV, the NBC affiliate serving Flint-Saginaw-Bay City, Michigan, from LIN Television, Inc. The total cost of the acquisition was approximately \$24.4 million, which included related fees of approximately \$0.4 million and was financed with a capital contribution paid by our equity sponsor and borrowings under our old credit facility.
- On April 30, 2004, we completed the acquisition of the television broadcast assets of WHOI-TV, the ABC affiliate in Peoria, Illinois, and KHQA-TV, the CBS affiliate in Quincy, Illinois, from Chelsey Broadcasting Company, LLC. The total cost of the acquisition was approximately \$24.1 million, which included related fees of approximately \$0.6 million and was financed with a capital contribution paid by our equity sponsor and borrowings under our old credit facility.

All of the acquisitions have been accounted for using the purchase method of accounting under SFAS No. 141, "Business Combinations". The aggregate acquisition consideration has been allocated to the tangible and intangible assets acquired and liabilities assumed by us based upon their respective fair values as of the acquisition date.

Revenues

Our revenues are primarily derived from the sale of local and national advertising. In addition to competing with other video programming outlets for audience share, we compete for advertising revenues with other television broadcasting stations in our respective markets and other advertising media, such as newspapers, radio stations, magazines, billboards and other outdoor advertising, transit advertising, the Yellow Pages directories, direct mail, local cable systems and local internet portals. 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, state and local political campaigns and significant events such as the Olympics or the Super Bowl. Because television broadcast stations rely on advertising revenues, declining advertising budgets in recessionary or weak economic periods adversely affect the broadcast industry, and as a result may contribute to a decrease in the revenues of broadcast television stations, particularly from regional and national advertisers. 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 are also 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, state and local elections, which can vary greatly from both market to market and year to year.

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.

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.

We also derive revenues from other sources, including trade and barter programming, internet advertising, rental of tower space, retransmission consent fees 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 waiving fees or reducing 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.

Results of Operations

Three Months Ended September 30, 2008 Compared to Three Months Ended September 30, 2007

The following table sets forth our operating results for the three months ended September 30, 2008 as compared to the three months ended September 30, 2007.

	Three Months Ended September 30,				
	2008	2007	Change	% Change	
	(in thousands)				
Revenue:					
Local	\$ 20,378	\$ 19,708	\$ 670	3.4	%
National	8,812	9,244	(432)	(4.7)	
Political	4,019	193	3,826	1,982.4	
Other	2,717	2,566	151	5.9	
Gross revenue	35,926	31,711	4,215	13.3	
Direct costs	5,285	4,600	685	14.9	
Net revenue	30,641	27,111	3,530	13.0	
Operating expenses:					
Selling, technical and program expenses	14,543	14,645	(102)	(0.7)	
General and administrative	4,880	4,783	97	2.0	
Depreciation and amortization	7,297	6,902	395	5.7	
Impairment of intangibles and goodwill	18,523	-	18,523	100.0	
Corporate	1,159	1,124	35	3.1	
Total operating expenses	46,402	27,454	18,948	69.0	
Loss from operations	(15,761)	(343)	(15,418)	4,495.0	
Interest expense	(6,437)	(6,312)	(125)	(2.0)	
Amortization of debt issuance costs	(505)	(447)	(58)	(13.0)	
Interest income	4	17	(13)	(76.5)	
Net interest expense	(6,938)	(6,742)	(196)	(2.9)	
Loss before income taxes	(22,699)	(7,085)	(15,614)	(220.4)	
Income tax expense	(79)	(97)	18	18.6	
Net loss	\$ (22,778)	\$ (7,182)	\$ (15,596)	(217.2)	%

Our net revenue for the three months ended September 30, 2008 was \$30.6 million, as compared to \$27.1 million for the three months ended September 30, 2007, an increase of \$3.5 million, or 13.0%. The major components of, and changes to, net revenue were as follows:

- Gross revenue at our NBC affiliated stations was impacted positively by advertising revenue associated with the summer Olympic games in August 2008. Olympic advertising increased gross revenue by \$1.8 million for the three months ended September 30, 2008, including a \$1.2 million increase in local and regional advertising revenue and \$0.6 million in gross national advertising revenue.
- THE WGTU/WGTQ acquisition increased net revenues by \$0.7 million for the three months ended September 30, 2008.
- Gross national advertising revenue for the three months ended September 30, 2008 was \$8.8 million, as compared to \$9.2 million for the three months ended September 30, 2007, a decrease

of \$0.4 million, or 4.7%. Excluding the effect of the WGTU/WGTQ acquisition, gross national advertising revenue declined by \$0.6 million, or 6.3% for the three months ended September 30, 2008. The decrease was primarily due to decreased spending by national automotive and telecommunications accounts. If the economy continues to be weak, we expect the decline in gross national advertising revenue to continue.

- Our gross revenue derived from political advertising for the three months ended September 30, 2008 was \$4.0 million, as compared to \$0.2 million for the three months ended September 30, 2007, an increase of approximately \$3.8 million. For the three months ended September 30, 2008, gross political advertising revenue was comprised primarily of political advertising associated with the 2008 presidential campaign.

Our operating expenses for the three months ended September 30, 2008 were \$46.4 million, as compared to \$27.5 million for the three months ended September 30, 2007, an increase of \$18.9 million, or 69.0%. The major changes to operating expenses were as follows:

- As a result of an interim impairment analysis, we recorded an aggregate non-cash impairment charge of \$18.0 million for the FCC broadcast licenses at five of our television stations and a non-cash impairment charge of \$0.5 million for goodwill at one of our television stations during the three months ended September 30, 2008.
- The operating expenses associated with the acquisition of WGTU/WGTQ increased operating expenses by \$0.8 million for the three months ended September 30, 2008.
- Excluding the effect of the WGTU/WGTQ acquisition, our selling, technical and programming expenses decreased \$0.5 million, or 3.4%, for the three months ended September 30, 2008 as a result of certain operating expense reductions we initiated in the second quarter of 2008.
- Excluding the effect of the WGTU/WGTQ acquisition, our general and administrative expenses were unchanged for the three months ended September 30, 2008 as compared to the three months ended September 30, 2007.
- Our depreciation and amortization increased by \$0.4 for the three months ended September 30, 2008. This increase was the result of \$1.1 million in accelerated depreciation on our analog transmission equipment that will be taken out of service in February of 2009 (when we are required by the FCC to discontinue broadcasting in that format), and \$0.3 million of depreciation and amortization related to the WGTU/WGTQ acquisition. The increases in depreciation and amortization were partially offset by the fully depreciated status of certain equipment at the stations we acquired during 2004 and the fully amortized status of certain amortizable intangible assets related to the acquisition of the Raycom stations.

Our net interest expense, including amortization of debt issuance costs, for the three months ended September 30, 2008 was \$6.9 million, as compared to \$6.7 million for the three months ended September 30, 2007, an increase of \$0.2 million, or 2.9%. The increase was primarily due to increased interest rates on the term facility of our credit facility during the three months ended September 30, 2008. In addition, we expect that our net interest expense will increase during the fourth quarter of 2008 due to our borrowing of \$17.0 million under our revolving credit facility in October 2008.

Income tax expense remained flat at \$0.1 million for the three months ended September 30, 2008 and September 30, 2007.

Our net loss was \$22.8 million for the three months ended September 30, 2008, as compared to \$7.2 million for the three months ended September 30, 2007, an increase of \$15.6 million, or 217.2%.

Nine months ended September 30, 2008 Compared to Nine months ended September 30, 2007

The following table sets forth our operating results for the nine months ended September 30, 2008 as compared to the nine months ended September 30, 2007.

	<u>Nine Months Ended September 30,</u>				
	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>% Change</u>	
	(in thousands)				
Revenue:					
Local	\$ 61,052	\$ 60,033	\$ 1,019	1.7	%
National	26,414	28,469	(2,055)	(7.2)	
Political	6,403	633	5,770	911.5	
Other	7,786	7,085	701	9.9	
Gross revenue	<u>101,655</u>	<u>96,220</u>	<u>5,435</u>	<u>5.6</u>	
Direct costs	<u>14,820</u>	<u>14,038</u>	<u>782</u>	<u>5.6</u>	
Net revenue	<u>86,835</u>	<u>82,182</u>	<u>4,653</u>	<u>5.7</u>	
Operating expenses:					
Selling, technical and program expenses	44,104	42,928	1,176	2.7	
General and administrative	15,400	14,589	811	5.6	
Depreciation and amortization	20,476	22,234	(1,758)	(7.9)	
Impairment of intangibles and goodwill	18,523	-	18,523	100.0	
Corporate	4,233	3,581	652	18.2	
Total operating expenses	<u>102,736</u>	<u>83,332</u>	<u>19,404</u>	<u>23.3</u>	
Loss from operations	<u>(15,901)</u>	<u>(1,150)</u>	<u>(14,751)</u>	<u>1,282.7</u>	
Interest expense	(18,141)	(18,710)	569	3.0	
Amortization of debt issuance costs	(1,433)	(1,272)	(161)	(12.7)	
Interest income	20	61	(41)	(67.2)	
Net interest expense	<u>(19,554)</u>	<u>(19,921)</u>	<u>367</u>	<u>1.8</u>	
Non-cash gain	472	-	472	100.0	
Loss before income taxes	<u>(34,983)</u>	<u>(21,071)</u>	<u>(13,912)</u>	<u>(66.0)</u>	
Income tax (expense) benefit	<u>(223)</u>	<u>132</u>	<u>(355)</u>	<u>(268.9)</u>	
Net loss	<u>\$ (35,206)</u>	<u>\$ (20,939)</u>	<u>\$ (14,267)</u>	<u>(68.1)</u>	%

Our net revenue for the nine months ended September 30, 2008 was \$86.8 million, as compared to \$82.2 million for the nine months ended September 30, 2007, an increase of \$4.6 million, or 5.7%. The major components of, and changes to, net revenue were as follows:

- Gross revenue at our NBC affiliated stations was impacted positively by advertising revenue associated with the summer Olympic games in August 2008. Olympic advertising increased gross revenue by \$1.8 million for the nine months ended September 30, 2008, including a \$1.2 million increase in local and regional advertising revenue and \$0.6 million in gross national advertising revenue.
- The WGTU/WGTQ acquisition increased net revenue by \$1.4 million for the nine months ended September 30, 2008.

- Gross national revenue decreased by \$2.1 million, or 7.2%, for the nine months ended September 30, 2008. Excluding the effect of the WGTU/WGTQ acquisition, gross national advertising revenue declined by \$2.4 million, or 8.6% for the nine months ended September 30, 2008. The decrease was primarily due to decreased spending by national automotive and telecommunication accounts. If the economy continues to be weak, we expect the decline in gross national advertising revenue to continue.
- Our gross political revenue for the nine months ended September 30, 2008 was \$6.4 million, as compared to \$0.6 million for the nine months ended September 30, 2007, an increase of approximately \$5.8 million. For the nine months ended September 30, 2008, gross political revenue was comprised primarily of political advertising associated with the 2008 presidential campaign.

Our operating expenses for the nine months ended September 30, 2008 were \$102.7 million, as compared to \$83.3 million for the nine months ended September 30, 2007, an increase of \$19.4 million, or 23.3%. The major changes to operating expenses were as follows:

- As a result of an interim impairment analysis, we recorded an aggregate non-cash impairment charge of \$18.0 million for the FCC broadcast licenses at five of our television stations and a non-cash impairment charge of \$0.5 million for goodwill at one of our television stations during the three months ended September 30, 2008.
- The operating expenses associated with the acquisition of WGTU/WGTQ increased operating expenses by \$1.7 million for the nine months ended September 30, 2008.
- Excluding the effect of the WGTU/WGTQ acquisition, our selling, technical and programming expenses were \$43.3 million for the nine months ended September 30, 2008 from \$42.9 million for the nine months ended September 30, 2007, an increase of \$0.4 million, or 0.9%. The increase in these expenses were primarily caused by continued investment in the development and operation of centrally coordinated websites, the WGTU/WGTQ acquisition, moderate increases in salaries and contractual increases related to programming, which were partially offset by certain operating expense reductions which we initiated in the second quarter of 2008.
- Excluding the effect of the WGTU/WGTQ acquisition, our general and administrative expenses increased by \$0.6 million for the nine months ended September 30, 2008, primarily as a result of severance costs related to certain operating expense reductions which we initiated in the second quarter of 2008.
- Our depreciation and amortization decreased \$1.8 million, or 7.9%, for the nine months ended September 30, 2008. Excluding the effect of the WGTU/WGTQ acquisition, depreciation and amortization decreased by \$2.4 million, or 10.6% for the nine months ended September 30, 2008. The primary causes of this decrease were the fully depreciated status of certain equipment at the stations we acquired during 2004 and the fully amortized status of certain amortizable intangible assets related to the acquisition of the Raycom stations. The decrease in depreciation and amortization was partially offset by an increase of \$1.1 million related to accelerated depreciation related to our analog transmission equipment that will be taken out of service in February of 2009 when we are required by the FCC to discontinue broadcasting in that format.

- Total corporate expenses increased by \$0.6 million to \$4.2 million for the nine months ended September 30, 2008 from \$3.6 million for the nine months ended September 30, 2007, primarily as result of fees incurred related to the consent solicitation with respect to the notes.

Our net interest expense, including amortization of debt issuance costs, for the nine months ended September 30, 2008 was \$19.6 million as compared to \$20.0 million for the nine months ended September 30, 2007, a decrease of \$0.4 million, or 1.8%. The decrease was primarily caused by a reduction in the interest rates associated with the term facility of our credit facility during the nine months ended September 30, 2008. In addition, we expect that our net interest expense will increase during the fourth quarter of 2008 due to our borrowing of \$17.0 million under our revolving credit facility in October 2008.

Non-cash gain for the nine months ended September 30, 2008 was \$0.5 million, and was attributable to the exchange of newsgathering equipment between our stations and Nextel. The FCC granted Nextel the right to reclaim a portion of the spectrum in the 2GHz frequency band and, mandated that broadcasters refrain from using that bandwidth (along with the corresponding analog equipment). In order to reclaim this spectrum, Nextel is obligated to replace all of the analog newsgathering equipment of broadcasters currently using this spectrum with digital equipment. As the exchange in each of our markets is completed, a gain is recorded to the extent that fair market value of the equipment received exceeds the book value of the analog equipment exchanged. We expect to complete the Nextel exchange in our remaining markets prior to March 31, 2009.

We had income tax expense of \$0.2 million for the nine months ended September 30, 2008, as compared to an income tax benefit of \$0.1 million for the nine months ended September 30, 2007. For the nine months ended September 30, 2007, the net income tax benefit was due to refunds of state taxes related to the LLC conversion in 2006.

Our net loss was \$35.2 million for the nine months ended September 30, 2008, compared to a loss of \$20.9 million for the nine months ended September 30, 2007, an increase of \$14.3 million, or 68.1%.

Liquidity and Capital Resources

Our primary sources of liquidity are cash flow from operating activities, borrowings under our credit facility and capital contributions. Our need for liquidity arises primarily from acquisitions, capital expenditures and interest payable on our credit facility and the notes. For the nine months ended September 30, 2008, we borrowed \$4.0 million under our revolving facility to fund seasonal working capital needs. In early October 2008, we borrowed an additional \$17.0 million under our revolving credit facility in order to preserve our financial flexibility in light of the current uncertainty in the credit markets. We expect that cash on hand and cash from operations will be sufficient to cover our operating requirements, debt service payments and capital expenditures during the next twelve months.

We anticipate that we will be in breach of the total leverage ratio covenant contained in our credit facility when measured for the period ended December 31, 2008. If such a breach occurs, Pilot Group would have the right, subject to certain limitations, to make a cash capital contribution to us to cure such breach. If such a breach occurs and Pilot Group does not make such a capital contribution or we are unable to obtain a waiver, the lenders who are parties to our credit facility could terminate our ability to borrow under our credit facility, accelerate the outstanding indebtedness under our credit facility, foreclose on the assets securing our obligations under our credit facility and/or block payments on the notes. If the indebtedness under our credit facility were accelerated, we would not be able to repay such indebtedness unless we were able to obtain new financing. There can be no assurance that such financing would be available on terms acceptable to us or at all. In addition, if the indebtedness under our credit

facility were accelerated, such acceleration would also cause a default under the indenture.

Cash flows from operating activities. Our cash flows provided by operating activities for the nine months ended September 30, 2008 were \$4.2 million, as compared to cash flows provided by operating activities of \$1.0 million for the nine months ended September 30, 2007. The increase in cash flows provided by operating activities of approximately \$3.2 million was primarily caused by an increase in net revenue of \$5.8, due to increased political advertising revenue and the WGTU/WGTQ acquisition. The increase in revenue was offset by \$0.8 million of severance costs (related to certain operating expense reductions) and \$0.7 million of expenses incurred in connection with the consent solicitation for the notes. Additionally, incremental costs associated with our website operations of approximately \$1.0 million increased operating expenses for the nine months ended September 30, 2008.

Cash flows from investing activities. Our cash flows used in investing activities were \$13.7 million for the nine months ended September 30, 2008, as compared to \$6.5 million for the nine months ended September 30, 2007. Purchases of property and equipment for the nine months ended September 30, 2008 were \$2.8 million, as compared to \$5.7 million for the nine months ended September 30, 2007. The decrease of \$2.9 million reflects the reduction of initial property and equipment investments, (primarily related to news automation), during the nine months ended September 30, 2007 for a portion of the stations acquired in the Raycom acquisition. Additionally, the WGTU/WGTQ acquisition totaled \$10.9 million for the nine months ended September 30, 2008, as compared to the \$0.8 million for certain trailing costs associated with the Raycom acquisition, which were paid during the nine months ended September 30, 2007.

Cash flows from financing activities. Our cash flows provided by financing activities were \$10.6 million for the nine months ended September 30, 2008, as compared to \$2.8 million provided by financing activities for the nine months ended September 30, 2007, an increase of \$7.8 million. The cash flows provided by financing activities for the nine months ended September 30, 2008 included \$4.0 million of borrowings under our revolving facility, which were primarily used to pay \$2.3 million in capitalized costs primarily related to the consent solicitation with respect to the notes and to partially fund the annual \$13.1 million interest obligation due on the notes in February and August 2008. Additionally, we paid \$1.2 million in scheduled principal payments on the term facility of our credit facility. In connection with the WGTU/WGTQ acquisition we also guaranteed \$3.0 million of Tucker's debt obligations under the Tucker term B facility and issued a \$4.0 million letter of credit to provide credit support to Tucker for the term A facility. The \$7.0 million in proceeds, together with the \$3.3 million issuance of the convertible note, was used by Tucker to fund the WGTU/WGTQ acquisition.

Our credit facility and notes. Our credit facility is comprised of a \$147.5 million senior secured term facility and a \$25.0 million senior secured revolving facility. As of September 30, 2008, the total balance on our term facility, including the SagamoreHill term loan, was \$147.0 million. Additionally, the balance on the Tucker credit facility, as of September 30, 2008, totaled \$7.0 million. The balance on our revolving facility as of September 30, 2008 was \$4.0 million which was used to fund short term working capital needs. In early October 2008, we borrowed an additional \$17.0 million under our revolving credit facility in order to preserve our financial flexibility in light of the current uncertainty in the credit markets. In addition, the letter of credit issued to Tucker in the amount of \$4.0 million reduces the amount available to be drawn under our revolving facility.

Our term facility matures in August 2013 and our revolving facility matures in August 2012. The obligations under our credit facility are guaranteed by Barrington Group, Barrington LLC 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 our direct and indirect subsidiaries' existing and future assets. Furthermore, Barrington Group, Barrington LLC and all of Barrington Group's direct and indirect subsidiaries have

guaranteed the SagamoreHill term loan, which matures in August 2013, and the Tucker term loans, which mature in March 2011.

On April 1, 2008, Tucker borrowed \$3.3 million from Pilot Group in exchange for the convertible note. The convertible note matures on October 1, 2011. In addition, the principal amount of the convertible note bears interest at 9% annually in the form of PIK interest. All PIK interest will be automatically capitalized and added to the principal amount of the convertible note upon maturity. At any time, Pilot Group, in its sole discretion, may convert the convertible note to one share of preferred stock of Tucker per \$1,000 of principal amount of the convertible note. As of September 30, 2008, capitalized PIK interest totaled \$0.1 million.

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 our term facility, the SagamoreHill term loan and our revolving facility is 2.25% for LIBOR loans and 1.25% for base rate loans and subject to a pricing grid 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. Any unused portion of our revolving facility is subject to a commitment fee of 0.5% per year. The applicable margin for the Tucker term A loan is 2.0% in the case of LIBOR loans and 1.0% in the case of base rate loans. The applicable margin for the Tucker term B loan is 3.0% in the case of LIBOR loans and 2.0% for base rate loans.

We issued \$125.0 million aggregate principal amount of the notes which mature on August 15, 2014. Interest is payable on the notes semi-annually in cash on February 15 and August 15. 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%.

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

- incur additional indebtedness and issue 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 our business prudently. Continued availability of our revolving facility will be predicated on compliance with these covenants.

For additional information regarding our credit facility and the notes, see Note E to our condensed consolidated financial statements included elsewhere in this Quarterly Report.

Contractual Obligations

The following table summarizes our contractual obligations at September 30, 2008, and the effect such obligations are expected to have on our liquidity and cash flow in future periods.

	Total	Three months ending December 31, 2008	2009	2010	2011	2012	2013	2014 and After
	(dollars in thousands)							
Term facility.....	\$ 144,550	\$ 369	\$ 1,475	\$ 1,475	\$ 1,475	\$ 1,475	\$ 138,281	\$ -
Senior subordinated notes.....	125,000	-	-	-	-	-	-	125,000
SagamoreHill term loan.....	2,401	6	25	25	25	25	2,295	-
Tucker term loans.....	6,966	17	70	70	6,809	-	-	-
Revolving credit facility	4,000	4,000	-	-	-	-	-	-
Convertible subordinated note	3,449	-	-	-	3,449	-	-	-
Contracts payable	1,432	52	115	112	108	555	335	155
Program broadcast payables	7,486	2,484	3,616	632	345	240	169	-
Total obligations reported as liabilities.....	295,284	6,928	5,301	2,314	12,211	2,295	141,080	125,155
Interest on long-term debt obligations ⁽¹⁾	121,293	5,969	23,802	23,720	21,548	20,455	17,595	8,204
Non-cancelable commitments to purchase program broadcast rights	7,329	10	1,334	3,482	1,843	619	27	14
Operating lease obligations	6,819	274	1,032	956	779	745	467	2,566
Total contractual obligations	\$ 430,725	\$ 13,181	\$ 31,469	\$ 30,472	\$ 36,381	\$ 24,114	\$ 159,169	\$ 135,939

(1) Represents estimated interest expense on the term facility of our credit facility, the SagamoreHill term loan and the Tucker term loans based on the expected future debt balances and using the floating interest rates on the obligations as of September 30, 2008. Also includes the payments on our interest rate collars as if LIBOR remained at current levels until maturity. Additionally, interest expense on the notes was calculated at 10.5% annually through maturity and interest expense on the convertible subordinated note was calculated at 9.0% annually.

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 is obtained from political advertising.

Off-Balance Sheet Arrangements

We have various operating lease obligations for equipment, land and office space that expire through March 2022. In addition, we account for program rights and obligations in accordance with SFAS No. 63, "Financial Reporting by Broadcasters", or SFAS 63, which requires us to record program rights

agreements on our balance sheet on the first broadcast date of the program. We have commitments for future program rights agreements not recorded on our balance sheet at September 30, 2008. For a summary of these non-cancelable commitments, see the table under “– Contractual Obligations”.

At September 30, 2008, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Our arrangements with SagamoreHill and Tucker are on-balance sheet arrangements. We are, therefore, not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

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 our consolidated 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 purchase of stations involves 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. We obtain outside appraisals following our purchases of stations. The values assigned by the appraisals may differ from the estimates initially assigned by us 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 to the estimated purchase price allocations may 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 our total assets and exceed member’s equity. We review and test our indefinite-lived assets for potential impairment at least annually and test our long-lived assets for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. This review requires assumptions and estimates of future cash flows to be generated by our 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. We recognize 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 the derivative does not qualify as a hedge, its carrying value must be periodically adjusted to fair value, with any gain or loss recognized in operating results.

Recently Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements”, or SFAS No. 157. SFAS No. 157 establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. SFAS No. 157 applies to fair value measurements required by existing accounting pronouncements and does not require any new fair value measurements. We adopted SFAS No. 157 on January 1, 2008; however, as permitted by FASB Staff Position No. FAS 157-2, which allows companies to defer the adoption date of provisions related to non-financial assets and liabilities, Barrington Group adopted SFAS No. 157 with respect to its financial assets and liabilities as of January 1, 2008. Barrington Group is currently evaluating the impact of SFAS No. 157 as it relates to its non-financial assets and liabilities and expects to adopt these provisions for 2009.

In December 2007, FASB issued SFAS No. 141(R), “Business Combinations”, or SFAS No. 141(R), which establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree. SFAS No. 141(R) also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) is effective for fiscal years beginning after December 15, 2008. Early adoption is not permitted. We are currently evaluating the impact the adoption of SFAS No. 141(R) will have on our consolidated financial statements. We expect the adoption of SFAS No. 141(R) to have a significant impact on any future acquisitions.

In March 2008, the FASB issued SFAS No. 161, “Disclosure about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133”, or SFAS No. 161, which changes the disclosure requirements for derivative instruments and hedging activities. It is intended to enhance the current disclosure framework in FASB Statement No. 133. SFAS No. 161 is effective for fiscal years beginning after November 15, 2008. We are currently evaluating the impact the adoption of SFAS No. 161 will have on our consolidated financial statements.

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 under our credit facility and the guaranteed loans fluctuating approximately \$1.6 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, but rather to manage our interest rate risk. However, our ability to hedge our interest rate risk is dependent on the solvency of those financial institutions with whom we enter into interest rate hedging

arrangements.

In January 2007, we entered into two interest rate collar agreements, each effective on February 12, 2007, to limit our 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 notional amount of each of these interest rate collar agreements is \$40.0 million and both agreements expire on February 12, 2011.

In May 2007, we entered into two additional interest rate collar agreements, each 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 the \$44.0 million interest rate cap agreement that expired in May 2007. The notional amount of each interest rate collar agreement is \$20.0 million and both agreements expire on August 16, 2010.

All four of the interest rate collar agreements are designated as hedging instruments under SFAS No. 133 "Accounting for Derivatives and Hedging Activities", or SFAS No. 133. In accordance with SFAS No. 133, unrealized changes in the fair value of these agreements are recorded in other comprehensive income or loss. The interest rate collars consist of a purchased option and a sold option, which have been entered into simultaneously with the same counterparties.

The interest rate collar agreements provide that we 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 \$80.0 million and 4.845% on the subsequent \$40.0 million. For the nine months ended September 30, 2008, Barrington Group made total payments of \$1.2 million on the interest rate collars. At September 30, 2008, the value of the interest rate collar agreements was reflected as a liability in the amount of \$3.9 million, based on the fair value of the collars as of that date. 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.

ITEM 4. Controls and Procedures.

Pursuant to Section 4.3(a) of the indenture, no certifications or attestations concerning our financial statements or disclosure controls and procedures or internal controls that would otherwise be required pursuant to the Sarbanes-Oxley Act of 2002, as amended, are required to be included in or accompany this Quarterly Report.

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

There have been no material changes to the risk factors disclosed in Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2007, as amended by Item 1A. of our Quarterly Report for the period ended June 30, 2008.

For a more comprehensive discussion of the risks facing us, refer to Exhibit 99.1 to this Quarterly Report.

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.

Pursuant to the requirements of Section 4.3(a) of the indenture, the Issuers have duly caused this Quarterly Report to be signed on their behalf by the undersigned thereunto duly authorized.

BARRINGTON BROADCASTING GROUP LLC
BARRINGTON BROADCASTING CAPITAL CORPORATION

By: /s/ Warren Spector

Date: November 14, 2008

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

EXHIBIT INDEX

The documents listed below are exhibits to this Quarterly Report and are available on the company website (www.barringtontv.com).

<u>Exhibit Number</u>	<u>Title</u>
2.1	Asset Purchase Agreement, dated as of March 24, 2006, by and among Raycom Media, Inc., certain subsidiaries thereof and Barrington Broadcasting Corporation
2.2	Amendment No. 1 to Asset Purchase Agreement, dated as of August 11, 2006, by and among Raycom Media, Inc., certain subsidiaries thereof and Barrington Broadcasting Corporation
2.3	Asset Purchase Agreement dated as of August 31, 2007, by and between Max Media of Traverse City LLC, MTC License LLC and Barrington Traverse City LLC
2.4	Assignment and Assumption Agreement dated August 31, 2007, by and between Tucker Broadcasting of Traverse City, Inc. and Barrington Traverse City LLC
3.1	Certificate of Formation of Barrington Broadcasting Group LLC
3.2	Certificate of Incorporation of Barrington Broadcasting Capital Corporation
3.3	Limited Liability Company Agreement of Barrington Broadcasting Group LLC
3.4	Bylaws of Barrington Broadcasting Capital Corporation
4.1	Indenture, dated as of August 11, 2006, by and among Barrington Broadcasting Group LLC, Barrington Broadcasting Capital Corporation and U.S. Bank National Association, as trustee
4.2	Form of 10½% Senior Subordinated Note due 2014 (included in Exhibit 4.1)
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
4.4	Supplemental Indenture dated as of March 19, 2008, by and among Barrington Broadcasting Group LLC, Barrington Broadcasting Capital Corporation, the guarantors and U.S. Bank National Association
4.5	Convertible Subordinated Note dated as of April 1, 2008, by and between Tucker Broadcasting of Traverse City, Inc. and Pilot Group LP
10.1	Credit Agreement, dated as of August 11, 2006, by and among Barrington Broadcasting Group LLC, as borrower, all subsidiaries thereof and Barrington Broadcasting LLC, as guarantors, Bank of America, N.A., as administrative agent, and lenders party thereto
10.2	Guaranty Agreement, dated as of August 11, 2006, by and among Barrington Broadcasting Group LLC, as borrower, all subsidiaries thereof and Barrington Broadcasting LLC, as guarantors, and Bank of America, N.A., as collateral agent

- 10.3 Security Agreement, dated as of August 11, 2006, by and among Barrington Broadcasting Group LLC, as borrower, all subsidiaries thereof and Barrington Broadcasting LLC, as guarantors, and Bank of America, N.A., as collateral agent
- 10.4 Credit Agreement, dated as of August 11, 2006, by and among SagamoreHill of Carolina, LLC, as borrower, Bank of America, N.A., as administrative agent, and lenders party thereto
- 10.5 Barrington Guaranty, dated as of August 11, 2006, by and among Barrington Broadcasting Group LLC, as borrower, all subsidiaries thereof and Barrington Broadcasting LLC, as guarantors, and Bank of America, N.A., as collateral agent
- 10.6 Amended and Restated Limited Liability Company Operating Agreement of Barrington Broadcasting LLC, dated December 30, 2003, by and between Pilot Group LP and Barrington Broadcasting Company, LLC.
- 10.7 First Amendment to Amended and Restated Limited Liability Company Operating Agreement of Barrington Broadcasting LLC dated January 1, 2008, by and among Pilot Group LP and Barrington Broadcasting Company LLC
- 10.8 Management Agreement dated as of December 30, 2003, by and between Barrington Broadcasting LLC and Barrington Broadcasting Company, LLC, as amended
- 10.9 Transition Services Agreement, dated as of August 11, 2006, by and among Raycom Media, Inc., certain subsidiaries thereof and Barrington Broadcasting Group LLC
- 10.10 Time Brokerage Agreement dated as of April 28, 1994, as amended, by and between Atlantic Media Group, Inc. and Vision Communications, Inc.
- 10.11 Amendment to and Extension of Time Brokerage Agreement, dated as of December 9, 2003, by and between Atlantic Media Group, Inc. and Diversified Communications
- 10.12 Second Amendment to Time Brokerage Agreement, dated as of July 19, 2005, by and between Atlantic Media Group, Inc. and Diversified Communications
- 10.13 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
- 10.14 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
- 10.15 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
- 10.16 Joint Sales Agreement, dated as of August 31, 2007, by and among Barrington Traverse City LLC and Tucker Broadcasting of Traverse City, Inc.
- 10.17 Option Agreement, dated as of August 31, 2007, by and among Barrington Traverse City LLC, Tucker Broadcasting of Traverse City, Inc. and Tucker Media and Management Consulting LLC

- 10.18 Shared Services Agreement, dated as of August 31, 2007, by and among Barrington Traverse City LLC and Tucker Broadcasting of Traverse City, Inc.
- 10.19 Employment Agreement dated as of January 1, 2008, by and between Barrington Broadcasting Group LLC and K. James Yager
- 10.20 Employment Agreement dated as of January 1, 2008, by and between Barrington Broadcasting Group LLC and Chris Cornelius
- 10.21 Employment Agreement dated as of January 1, 2008, by and between Barrington Broadcasting Group LLC and Warren Spector.
- 10.22 Employment Agreement dated as of January 1, 2008, by and between Barrington Broadcasting Group LLC and Keith Bland
- 10.23 Employment Agreement dated as of January 1, 2008, by and between Barrington Broadcasting Group LLC and Mary Flodin
- 10.24 Credit Agreement dated as of April 1, 2008 among Tucker Broadcasting of Traverse City, Inc, as borrower, Bank of America, N.A., as administrative and collateral agent, Wachovia Bank, N.A., as syndication agent and CIT Lending Service Corp., as documentation agent
- 10.25 Barrington Guaranty, dated as of April 1, 2008 among Barrington Broadcasting Group LLC, as borrower, all subsidiaries thereof and Barrington Broadcasting LLC, as guarantors and Bank of America, N.A., as administrative agent
- 10.26 Convertible Subordinated Note Purchase Agreement, dated as of April 1, 2008, by and between Tucker Broadcasting of Traverse City, Inc. and Pilot Group LP.
- 21 Subsidiaries of Barrington Broadcasting Group LLC
- 99.1 Risk Factors
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RISK FACTORS

Each of the following factors as well as the other information in the Quarterly Report to which this Exhibit 99.1 relates 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. Defined terms used but not defined herein shall have the meanings assigned to them in the Quarterly Report to which this Exhibit 99.1 relates.

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, six 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 June 2009 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 minor shortfall in expected gross advertising revenues could have a significant negative impact on our results of operations.

We are dependent to a significant degree on automotive advertising.

Approximately 24% of our gross advertising revenues for the nine months ended September 30, 2008 and 26% for the nine months ended September 30, 2007 consisted of automotive advertising revenues. During the nine months ended September 30, 2008 as compared to the nine months ended

September 30, 2007 automotive advertising revenues decreased from \$24.1 million to \$22.2 million, or 7.9%. A continued 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. In addition, our advertising revenue tends to be higher in even-numbered years due to the positive impact of the Olympics.

If the CW network continues to have lower than expected ratings or is discontinued entirely, our ability to generate revenues may be adversely affected and our expenses could increase.

Five of our stations, along with a digital sub channel in one of our markets, are currently affiliates of the CW network. In addition, in the markets where we operate a CW station, we operate duopolies. The CW network, which is a joint venture between CBS and Time Warner, targets a younger demographic audience. Our ability to generate advertising revenues at our CW affiliated stations depends heavily upon audience acceptance of the CW network and its programming content. The CW network's ratings have been lower than expected since its inception in September 2006. If the CW network continues to attract low ratings, our advertising revenues may be adversely impacted. Also, due to these low ratings, CBS and Time Warner may decide to discontinue the network entirely. If the CW network is discontinued, our revenues may be adversely impacted and our expenses would increase as we would have to purchase programming to fill the time periods formerly programmed by the CW network.

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 have entered into employment agreements with Barrington Group for terms expiring on December 31, 2010. These individuals have extensive experience in the television broadcasting industry and have been instrumental in formulating and executing our business strategy. If we 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 face risks associated with acquiring stations and potential acquisitions.

We have grown rapidly through the acquisition of television stations and we may continue to grow as a result of additional acquisitions, some of which may be material. Growth of our business through acquisitions entails numerous risks, including:

- 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 acquired station;
- we may experience difficulties integrating operations and systems, as well as company policies and cultures;
- we may fail to retain and assimilate employees of acquired stations;
- we may incur unbudgeted costs in connection with pursuing potential acquisitions which are not consummated;
- our operating results may fluctuate due to our incurrence of considerable expenses to acquire stations before receiving the anticipated revenues expected to result from the acquisitions;
- our management may be reassigned from overseeing existing operations by the need to identify potential acquisition targets, conduct due diligence, negotiate acquisition agreements and integrate acquired stations;
- we may experience difficulties in finding suitable acquisition candidates or in making acquisitions on attractive terms;
- we may face difficulties in obtaining and maintaining any required regulatory authorizations in connection with acquisitions; and
- we may encounter problems in entering new television markets in which we have little or no experience.

In the future, we may need additional capital to continue growing through acquisitions. This additional capital may be raised in the form of additional debt, which would increase our leverage and could have an adverse effect on our ability to pay interest on the notes. We may not be able to raise sufficient additional capital on terms that we consider acceptable, or at all.

There can be no assurance that we will be able to successfully integrate any stations that we might acquire in the future or to which we may provide support services. If we fail to do so, or if we do so but at greater cost than anticipated, our business, financial condition and results of operations may be adversely affected.

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

As of September 30, 2008 approximately 12% 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 LLC, 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 and/or require material modifications to our joint sales and shared services arrangements with respect to WGTU/WGTQ 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 television station WWMB pursuant to a "grandfathered" local marketing agreement with SagamoreHill.

In 2003, the FCC voted to revise and in most cases substantially liberalize several of its national and local ownership rules. In 2004, the United States Court of Appeals for the Third Circuit found virtually all of those actions to be without adequate support and remanded to the FCC for further deliberation. As a result, most of the rule changes adopted by the FCC did not go into effect and the FCC's media ownership rules with respect to television remained unchanged. 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. The FCC decided last year to relax its newspaper-television cross-ownership rule, but to retain its duopoly rule. That decision is presently subject to challenge. In March 2008, the FCC sought comment on additional proposed changes to its ownership rules, including whether it should treat all local marketing agreements as attributable interests for the purpose of its ownership rules. We are unable to predict the timing or outcome of any FCC deliberations on attribution of local marketing agreements or related matters. 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 operations.

Through our subsidiary that operates WPBN-TV, Traverse City, Michigan, and its satellite WTOM-TV, Cheboygan, Michigan, we have entered into a joint sales agreement and shared services agreement with Tucker, whereby we hold certain programming and advertising sales rights with respect to Tucker's television stations WGTU in Traverse City and its satellite WGTQ in Sault Ste. Marie, Michigan as well as provide certain shared services to these stations. The FCC has a pending rulemaking pertaining to the attribution of joint sales agreements in which it may determine that a joint sales agreement involving the sale of 15% or more of a same-market television station's advertising time will result in that station being attributable to the party providing the sales services for multiple ownership purposes. In the event that the FCC were to adopt such a rule, it is possible that the new rule could require material modification of our joint sales agreement and shared services agreement with Tucker.

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.

Several of the largest national television networks—including networks with which some of our stations are affiliated—have recently 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. This phenomenon is still evolving 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. However, if these platforms are successful in our markets, our revenues and results of operations could be adversely impacted.

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.

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 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 have been made 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. It is also possible that the federal agency responsible for administering the converter box program may not have sufficient resources to fund all requests from consumers that are received by the March 2009 deadline. Finally, the cessation of analog signals on February 17, 2009 could 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.

The Communications Act of 1934, as amended, or the Communications Act, permits stations to choose either mandatory carriage (“must-carry”) or retransmission consent. These elections are generally made at intervals of three years. Although retransmission consent agreements typically involve a concession by the cable operator in exchange for carriage of a station’s signal, stations that elect must-carry may not receive such concessions. Likewise, if a station elects retransmission consent but does not reach an agreement with the cable operator as to which it has made this election, the cable system cannot distribute the station's signal to the cable system's subscribers.

All of our stations have elected retransmission consent, and will be negotiating agreements or extensions 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 law allows direct broadcast satellite television service providers to transmit broadcast television signals to subscribers in 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 10 and 13 of our markets, respectively. In those markets in which satellite providers do not carry local station signals, subscribers to those satellite services are unable to view our stations without making alternative arrangements, such as installing special antennas and switches. For example, due to prolonged negotiations with the DISH network at station KRCG, the station’s signals were not available to DISH subscribers in the Columbia-Jefferson City, Missouri market during July and August 2008. 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 or alleged to be indecent.

Over the past several years, the FCC has increased its efforts to impose substantial fines on television stations for their broadcasts of indecent material in violation of the Communications Act and related FCC rules. As described above, the FCC's recent decisions reflect an increased scrutiny with respect to the use of certain language on broadcast television, and the agency has recently increased the maximum forfeiture amount for indecency violations. Moreover, the FCC's recent decisions have been in several respects inconsistent with prior decisions, and the FCC typically has not explained fully the basis on which it distinguishes between programming that it finds indecent and programming that it does not find indecent. The ambiguity of this standard makes it difficult for broadcasters and their programming providers to predict whether a particular program may be found indecent. As a result, we may not always be able to guard against broadcasting programming that the FCC may later find to be indecent and we may therefore be subject to the imposition of fines by the FCC.

Even when the FCC does not determine that a station broadcast indecent programming, the fact that a complaint has been filed against the station can delay processing of routine FCC applications for the station. When the FCC has received unresolved complaints against a station, it is common for the FCC to require a station to agree to waive certain rights or make other concessions, including financial concessions, in order for a routine application for renewal of its license or for transfer of the station to be granted.

As discussed above, the FCC is currently involved in litigation over the validity of its indecency enforcement regime. In separate cases, the U.S. Courts of Appeal for the Second and Third Circuits have already found certain FCC indecency enforcement actions to be invalid, and the Supreme Court is considering a case involving indecency issues. The resolution of this litigation could materially affect the FCC's indecency enforcement efforts going forward, either by increasing or decreasing the risk of an indecency finding relating to our broadcasts. Because we are unable to predict the outcome of the litigation, we cannot fully estimate the impact that indecency regulation will have on our business in the future.

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 September 30, 2008, we had total indebtedness of approximately \$286.4 million, including the Tucker convertible note and our guarantees of the SagamoreHill term loan and the Tucker term loans. Our total indebtedness comprises approximately 82% of our capitalization. Our substantial indebtedness could have important consequences. 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 revenue generating 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 \$1.6 million per year without taking into account the effect of any hedging instruments. We have 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. In addition, if LIBOR decreases to a rate lower than 4.845%, our interest expense will increase as we will owe additional interest to the counterparty to our interest rate hedging agreements.

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 September 30, 2008, we had approximately \$157.9 million of senior indebtedness, consisting of indebtedness under our credit facility (excluding an additional \$17.0 million of borrowings available thereunder), our guarantee of a \$2.4 million term loan of SagamoreHill, which owns WWMB, a station we program pursuant to a LMA and our guarantee of \$7.0 million of debt incurred by Tucker in connection with Tucker's acquisition of WGTU, to which we provide services pursuant to the JSA and SSA. Of the \$7.0 million guaranteed Tucker debt, \$4.0 million is backed by our letter of credit which reduces our ability to draw funds under our revolving facility by \$4.0 million. 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 voided 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 voided 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 void 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.