

**QUARTERLY REPORT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

**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.

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**BARRINGTON BROADCASTING GROUP LLC  
BARRINGTON BROADCASTING CAPITAL CORPORATION  
QUARTERLY REPORT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

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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 and other revenues;
- cyclical or other trends in advertising spending;
- the regulatory environment for our industry;
- competition in our markets; and
- our ability to achieve certain anticipated costs savings from the television stations we program or to which we provide support services or which we may program or provide such services to in the future.

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](http://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; 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 NINE MONTHS ENDED SEPTEMBER 30, 2009 and 2008

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**BARRINGTON BROADCASTING GROUP LLC**  
**Condensed Consolidated Balance Sheets**

	<b>(Unaudited)</b>	
	<b>September 30,</b>	<b>December 31,</b>
	<b>2009</b>	<b>2008</b>
	(in thousands)	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 20,820	\$ 28,839
Trade receivables, less allowance for doubtful accounts of \$1,016 and \$509, respectively	17,527	19,576
Current portion of program broadcast rights	4,397	3,333
Prepaid expenses and other current assets	1,324	1,452
Total current assets	44,068	53,200
Program broadcast rights	861	1,157
Debt issuance costs	8,903	10,133
Investment in joint ventures and joint sales agreement	1,868	1,329
Other	175	175
Property and equipment, net	49,750	59,289
Goodwill	9,730	9,585
Other intangibles, net	184,543	188,017
<b>TOTAL ASSETS</b>	<b>\$ 299,898</b>	<b>\$ 322,885</b>
<b>LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,368	\$ 2,323
Current portion of program broadcast payable	5,573	4,933
Revolving credit facility	21,000	21,000
Current maturities of long-term debt	1,570	1,570
Current portion of contracts payable	125	127
Current portion of interest rate collars	4,160	-
Accrued interest	2,330	6,263
Accrued expenses and other liabilities	5,462	3,923
Deferred revenue - current	212	161
Total current liabilities	41,800	40,300
Long-term debt, including related party loan of \$3,524 as of December 31, 2008	205,717	280,478
Contracts payable	1,311	1,298
Program broadcast payable	2,174	1,533
Interest rate collars	1,148	5,726
Deferred revenue	1,158	1,275
Total liabilities	253,308	330,610
<b>BARRINGTON MEMBER'S EQUITY (DEFICIT)</b>		
Member's equity (deficit)	48,326	(1,999)
Other comprehensive loss	(5,308)	(5,726)
Total Barrington member's equity (deficit)	43,018	(7,725)
Noncontrolling interest of subsidiary	3,572	-
Total member's equity (deficit)	46,590	(7,725)
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</b>	<b>\$ 299,898</b>	<b>\$ 322,885</b>

See accompanying notes to the condensed consolidated financial statements

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

	<b>Three Months Ended September 30,</b>	
	<b>2009</b>	<b>2008</b>
	(in thousands)	
NET REVENUES	\$ 24,202	\$ 30,641
<b>OPERATING EXPENSES</b>		
Selling, technical and program expenses	12,575	14,543
General and administrative	4,679	4,880
Depreciation and amortization	4,331	7,297
Impairment of intangible assets	-	18,523
Corporate	1,175	1,159
Total operating expenses	22,760	46,402
INCOME (LOSS) FROM OPERATIONS	1,442	(15,761)
<b>INTEREST (EXPENSE) INCOME</b>		
Interest expense	(4,994)	(6,437)
Amortization of debt issuance costs	(521)	(505)
Interest income	1	4
Total net interest expense	(5,514)	(6,938)
<b>OTHER NON-OPERATING INCOME</b>		
Gain on extinguishment of debt	792	-
Non-cash gain on exchange of assets	272	-
Total non-operating income	1,064	-
LOSS BEFORE INCOME TAXES	(3,008)	(22,699)
INCOME TAX EXPENSE	(268)	(79)
NET LOSS	\$ (3,276)	\$ (22,778)

See accompanying notes to the condensed consolidated financial statements

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

	<b>Nine Months Ended September 30,</b>	
	<b>2009</b>	<b>2008</b>
	(in thousands)	
NET REVENUES	\$ 71,248	\$ 86,835
OPERATING EXPENSES		
Selling, technical and program expenses	38,734	44,104
General and administrative	14,399	15,400
Depreciation and amortization	17,281	20,476
Impairment of intangible assets	1,416	18,523
Corporate	4,152	4,233
Total operating expenses	75,982	102,736
LOSS FROM OPERATIONS	(4,734)	(15,901)
INTEREST (EXPENSE) INCOME		
Interest expense	(15,857)	(18,141)
Amortization of debt issuance costs	(1,581)	(1,433)
Interest income	14	20
Total net interest expense	(17,424)	(19,554)
OTHER NON-OPERATING INCOME		
Gain on extinguishment of debt	55,081	-
Non-cash gain from exchange of assets	1,882	472
Total non-operating income	56,963	472
INCOME (LOSS) BEFORE INCOME TAXES	34,805	(34,983)
INCOME TAX EXPENSE	(512)	(223)
NET INCOME (LOSS)	\$ 34,293	\$ (35,206)

See accompanying notes to the condensed consolidated financial statements

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

	<b>Nine Months Ended September 30,</b>	
	<b>2009</b>	<b>2008</b>
	(in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 34,293	\$ (35,206)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	15,058	18,004
Amortization of program broadcast rights	3,596	3,558
Payments of program broadcast payable	(3,083)	(3,543)
Barter revenue net of expenses	34	37
Amortization of intangibles, including debt issuance costs and joint sales fees	3,794	3,718
Impairment of intangible assets	1,416	18,523
Gain on extinguishment of debt	(55,081)	-
Gain on disposal and exchange of property and equipment	(1,883)	(300)
Imputed interest and accretion on convertible subordinated debt	99	196
Equity in loss of joint ventures	77	107
Changes in assets and liabilities that relate to operations, net of effect of acquisitions:		
Trade receivables	2,049	1,612
Prepaid expenses and other	128	(13)
Accounts payable	(1,007)	202
Accrued interest	(3,933)	(3,300)
Accrued expenses	1,539	673
Deferred revenue	(66)	(90)
Net cash (used in) provided by operating activities	(2,970)	4,178
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(3,737)	(2,799)
Proceeds from disposition of assets	32	27
Acquisition of television stations, net of cash acquired	(58)	(10,900)
Investment in joint ventures and joint sales agreement	(705)	(7)
Net cash used in investing activities	(4,468)	(13,679)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repurchase of senior subordinated notes	(12,910)	-
Proceeds from convertible subordinated debt to parent	-	3,300
Proceeds from guaranteed loans	-	7,000
Principal payments on long-term debt	(1,177)	(1,160)
Borrowings on revolving loan facility, net of payments	-	4,000
Repayment of related party loan	-	(503)
Payments of contracts payable	(106)	(105)
Proceeds from contributed capital	16,032	-
Payment of debt issuance costs	(2,420)	(1,919)
Net cash (used in) provided by financing activities	(581)	10,613
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(8,019)</b>	<b>1,112</b>
Cash and cash equivalents, beginning of period	28,839	2,268
Cash and cash equivalents, end of period	\$ 20,820	\$ 3,380

*Continued*

See accompanying notes to the condensed consolidated financial statements

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

	<b>Nine Months Ended September 30,</b>	
	<b>2009</b>	<b>2008</b>
	(in thousands)	
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments of interest	\$ 19,691	\$ 21,246
Cash payments of income taxes	\$ 512	\$ 223
 <b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of program broadcast rights	\$ (4,364)	\$ (4,724)
Equipment acquired by barter transactions	\$ (18)	\$ (38)
Fair market value of equipment acquired in exchange, net of disposals	\$ 1,882	\$ 1,782
Issuance of subsidiary preferred stock in exchange for long-term debt of subsidiary	\$ 3,572	\$ -
 <b>ACQUISITION OF TELEVISION STATIONS</b>		
Current assets acquired	\$ -	\$ 585
Property and equipment acquired	(87)	3,435
Intangible assets and goodwill acquired	145	6,924
Current liabilities assumed	-	(60)
Program broadcast rights acquired	-	235
Program broadcast liabilities assumed	-	(219)
Cash used for acquisition of television stations, net	58	10,900
Amounts for 2008 acquisitions settled subsequent to September 30, 2008	-	(138)
Amounts paid in 2009 pertaining to 2008 acquisitions	(58)	58
Total cost of acquisitions of television stations	\$ -	\$ 10,820

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 Broadcasting Group LLC, or Barrington Group, owns, operates and/or provides support services to 24 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. Barrington Group also receives fees for services it provides pursuant to various joint sales agreements and shared services agreements. 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 Barrington Group's 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. Advertising revenue also tends to be higher in even-numbered years, when national, state and local political advertising is a significant element of advertising revenue. Additionally, advertising revenue in even-numbered years can benefit from demand for advertising time during Olympic broadcasts. 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. The financial statements should be read along with the annual financial statements and footnotes thereto of Barrington Group for the year ended December 31, 2008, which are included in Barrington Group's Annual Report which is posted on its website ([www.barringtontv.com](http://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, Jefferson City, 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 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. Barrington Group also provides other support services to WGTU and WGTQ through a shared services agreement. SagamoreHill and Tucker are consolidated as variable interest entities in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 810-10-05 "Variable Interest Entities," or ASC 810-10-05. Barrington Group also provides advertising sales and certain other technical and support services to WTVH in Syracuse, New York, which is owned by Granite Broadcasting, Inc., or Granite, under the terms of a joint sales agreement and a shared services agreement. All significant intercompany accounts and transactions have been eliminated.

In addition, Barrington Group, through its ownership of KGBT and WFXL, owns 50% interests

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

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 operate a television tower in Albany, Georgia. Barrington Group's interests in Tall Tower LLC and Albany Tower LLC have been consolidated using the equity method of accounting.

**(Note B) – Impairment of Intangibles**

In accordance with ASC Topic 350, "Intangibles – Goodwill and Other," or ASC 350, Barrington Group conducts an evaluation of goodwill and Federal Communications Commission, or FCC, broadcast licenses for possible impairment annually, as of October 1, or more frequently if indicators of impairment exist. The analysis of potential impairment requires a two-step process. The first step is the estimation of fair value of the applicable reporting units. Reporting units are defined as operating segments or one level below an operating segment when that component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. Barrington Group has identified its individual markets as reporting units. Estimated fair value is based on management judgments and assumptions and those fair values are compared with the aggregate carrying values of the reporting units. If the fair value of the reporting unit is greater than its carrying amount, there is no impairment. If the reporting unit carrying amount is greater than the estimated fair value, then the second step must be completed to measure the amount of impairment, if any.

The second step calculates the implied fair value of the goodwill which is compared to its carrying value. If the implied fair value is less than the carrying value, an impairment loss is recognized equal to the difference.

For purposes of testing the carrying value of its FCC broadcast licenses and goodwill for impairment, the fair value estimates of 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 company is required to perform the step two analysis to determine the level of impairment. Based on the results of the step two analysis, the carrying amount of the FCC broadcast license and goodwill relating to that market is reduced to its estimated fair value. Such reductions may have a material impact on Barrington Group's consolidated financial condition and results of operations.

In June 2009, certain events and changes in circumstances indicated that such intangible assets and goodwill may have become impaired. Barrington Group believes that 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, which has directly affected Barrington Group's stations, are indicators of a sustained impact on the value of Barrington Group's intangible assets.

Based on indicators of impairment, Barrington Group performed an impairment test during the quarter ended June 30, 2009 and determined a step two analysis was required. With the assistance of an independent third party valuation advisor, Barrington Group performed the step two analysis and recorded a non-cash impairment charge of \$1,416,000 for the FCC license at one of its stations during the three months ended June 30, 2009. For both the three months and the nine months ended September 30, 2008, Barrington Group recorded an aggregate non-cash impairment charge of \$18,016,000 for FCC broadcast

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

licenses at five of its television stations and a non-cash impairment charge of \$507,000 for goodwill at one of its television stations. These impairment charges are included in the accompanying condensed consolidated statement of operations.

It is possible that Barrington Group may record further impairment during the fourth quarter of 2009.

**(Note C) – Joint Sales and Shared Services Agreements with Granite Broadcasting Corporation**

On March 2, 2009, Barrington Group entered into joint sales and shared services agreements with Granite, relating to Granite's and Barrington Group's respective station operations in the Peoria, Illinois market, or the Peoria Granite agreements, and the Syracuse, New York market, or the Syracuse Granite agreements. The agreements are collectively referred to as the Granite agreements.

The Peoria Granite agreements provide that in Peoria, Granite will conduct advertising sales and provide certain other technical and support services to Barrington Group's station, WHOI. In addition, Granite will have the right to provide up to 15% of the weekly programming for WHOI. The Peoria Granite agreements have initial four-year terms and automatically renew for two additional four-year terms, unless either party delivers written notice of an intention not to renew. The Peoria Granite agreements are designed to permit Barrington Group to substantially reduce its local operating costs while continuing to share in the revenues produced by WHOI.

The Syracuse Granite agreements provide that in Syracuse, Barrington Group will provide advertising sales and certain other technical and support services to Granite's station, WTVH. In addition, Barrington Group will have the right to program up to 15% of the weekly programming for WTVH. The Syracuse Granite agreements have initial four-year terms and automatically renew for two additional four-year terms, unless either party delivers written notice of an intention not to renew. The Syracuse Granite agreements are designed to create a significant economy of scale for Barrington Group across those stations in the Syracuse market, while also allowing Barrington Group to realize a portion of the revenues generated through its advertising sales efforts and related support services provided to WTVH.

In connection with the execution of the Granite agreements, Barrington Group will pay Granite monthly amounts over approximately nine months to equalize transitional costs incurred by Barrington Group and Granite, which amount is estimated at \$708,000 in the aggregate. These costs have been capitalized and included in other assets in the condensed consolidated balance sheets and will be amortized ratably over the life of the initial agreements. For the three months and nine months ended September 30, 2009, net payments made to Granite for the transition costs totaled \$450,000 and \$574,000, respectively.

**(Note D) – Acquisition of Television Stations**

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. Barrington Group refers 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.

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

The total purchase price for the WGTU/WGTQ acquisition by Tucker was \$10,820,000, which consisted of the fair market value of the assets of \$10,000,000 and \$820,000 of transaction fees and costs, of which, \$58,000 of these fees and costs were paid during the first quarter of 2009. The purchase price was allocated to Tucker's acquired assets and liabilities assumed at fair value based on an appraisal of the acquired assets.

The purchase price was partially funded with \$7,000,000 of borrowings by Tucker under a new credit facility consisting of a term loan A facility of \$4,000,000 and a term loan B facility of \$3,000,000, referred to together as 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 guarantee, or the Tucker guarantee, pursuant to which they agreed to guarantee \$3,000,000 of Tucker's debt obligations under the Tucker term loan 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 loan A facility.

Barrington Traverse City and Tucker entered into a shared services agreement, 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 a joint sales agreement, pursuant to which Barrington Traverse City has the right to provide up to 15% of WGTU/WGTQ's weekly programming and to sell 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 WGTU/WGTQ joint sales agreement is renewed, and thereafter shall continue until the WGTU/WGTQ joint sales agreement is terminated.

Tucker is considered a variable interest entity and, in accordance with ASC 810-10-05, Barrington Group's interest in Tucker is included in its condensed consolidated financial statements beginning 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):

	<b>WGTU/WGTQ Acquisition</b>
Current assets	\$ 221
Program broadcast rights	235
Total property and equipment	3,348
Intangible Assets	
FCC licenses	4,197
Goodwill	1,138
Other intangibles, subject to amortization	1,960
Total intangible assets acquired	7,295
Total assets	11,099
Current liabilities	60
Program broadcast payables	219
Total liabilities	279
Total purchase price, including costs	\$ 10,820

**(Note E) – Related Party Loan and Convertible Subordinated Note from Parent**

On April 1, 2008, Tucker borrowed \$3,300,000 from Pilot Group and issued to Pilot Group a convertible note. On February 28, 2009, Pilot Group converted the convertible note and received 3,572 shares of non-voting Series A preferred stock of Tucker, at a par value of \$0.01. The convertible note was due to mature on October 1, 2011. The principal amount of the convertible note bore interest at 9% annually in the form of pay-in-kind interest, or PIK interest. At the time of the conversion, PIK interest on the note totaled \$272,000, which was capitalized and added to the \$3,300,000 principal amount of the convertible note.

**(Note F) – Property and Equipment**

Barrington Group recorded \$1,093,000 in additional depreciation for the six months ended June 30, 2009, related to analog transmission equipment that was taken out of service in June of 2009, when Barrington Group was required by the FCC, to discontinue broadcasting in the analog format. By June 30, 2009, the analog transmission equipment had been fully depreciated and was taken out of service. For the three months and nine months ended September 30, 2008, Barrington Group recorded \$1,102,000 in additional depreciation related to this analog transmission equipment. In addition, for the three months and nine months ended September 30, 2009, respectively, Barrington Group recorded \$214,000 and \$642,000 in additional depreciation related to its building in Peoria, in order to reduce the value of the building to its estimated fair market value upon the termination of the production of newscasts in the facilities in August 2009.

Barrington Group recognized non-cash gain related to the exchange of equipment with Sprint Nextel, or Nextel, totaling \$272,000 and \$1,882,000 for the three months and nine months ended September 30, 2009, respectively. For the nine months ended September 30, 2008 non-cash gain related to the exchange of equipment with Nextel totaled \$472,000. Barrington Group did not recognize any gain

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

on the exchange of equipment with Nextel during the three months ended September 30, 2008. The Nextel gains are recorded in the consolidated statements of operations in other non-operating income as non-cash gain on exchange of assets.

**(Note G) – Reorganization and Restructuring Reserves**

In connection with the execution of the Peoria Granite agreements, Barrington Group has recorded certain liabilities related to employee severance costs. Additionally, 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 during 2008 of approximately 11%. During the first quarter of 2009, Barrington Group reduced its workforce by an additional 14%.

Barrington Group recorded expenses related to severance costs incurred in connection with its workforce reductions and the Peoria Granite agreements of \$429,000 and \$1,184,000 during the three months and nine months ended September 30, 2009, respectively. For the three months and nine months ended September 30, 2009, Barrington Group paid severance costs of \$256,000 and \$1,030,000, respectively. For the three months and nine months ended September 30, 2008, Barrington Group recorded severance expenses of \$74,000 and \$761,000, respectively. During the three months and nine months ended September 30, 2008, Barrington Group paid severance costs of \$275,000 and \$669,000, respectively. The severance expenses are included in general and administrative expense in the condensed consolidated statements of operations. The remaining restructuring reserve as of September 30, 2009 of \$294,000 is included in accrued expenses and other liabilities in the condensed consolidated balance sheet.

The following table summarizes the activity associated with Barrington Group’s severance reserves (in thousands):

	<b>Balance as of December 31, 2008</b>	<b>Additional Provision</b>	<b>Costs Settled</b>	<b>Balance as of September 30, 2009</b>
Peoria Granite agreements	\$ -	\$ 563	\$ (346)	\$ 217
Workforce reductions	140	621	(684)	77
	<u>\$ 140</u>	<u>\$ 1,184</u>	<u>\$ (1,030)</u>	<u>\$ 294</u>

**BARRINGTON BROADCASTING GROUP LLC**  
**Notes to the Condensed Consolidated Financial Statements – (continued)**  
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**(Note H) – Long-Term Debt**

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

	<b>September 30, 2009</b>	<b>December 31, 2008</b>
Senior secured term loan B	\$ 143,075	\$ 144,181
Revolving credit facility	21,000	21,000
Senior subordinated notes	54,940	125,000
Tucker term loans	6,895	6,948
SagamoreHill term loan	2,377	2,395
Related party loan	-	3,524
	<u>228,287</u>	<u>303,048</u>
Less current portion of debt	<u>22,570</u>	<u>22,570</u>
	<u>\$ 205,717</u>	<u>\$ 280,478</u>

Barrington Group's credit facility, which is governed by the Credit Agreement, dated as of August 11, 2006, by and among Barrington Group, as borrower, all of its subsidiaries and Barrington Broadcasting LLC, as guarantors, Bank of America, N.A., as administrative agent, and the lenders party thereto, as amended, referred to herein as the credit agreement, consists of a \$147,500,000 senior secured term loan B which matures in August 2013, referred to herein as the term loan facility, and a \$25,000,000 revolving credit facility which matures in August 2012, referred to herein as the revolving facility, and together with the term loan facility, referred to herein as the credit facility. The 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, 2009, outstanding borrowings under Barrington Group's revolving credit facility totaled \$21,000,000. 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 credit facility.

Barrington Group would not have been in compliance with the total leverage ratio covenant contained in its credit agreement when measured for the quarter ended December 31, 2008. However, pursuant to the terms of the credit agreement, Pilot Group had the right, subject to certain limitations, to make one or more cash capital contributions to Barrington Group in order to prevent a default under its credit agreement. During the first quarter of 2009, Pilot Group made cash capital contributions to Barrington Group in an aggregate amount of \$16,032,000 to prevent a default under its credit agreement. As of September 30, 2009, Barrington Group was in compliance with the financial covenants contained in its credit agreement.

On February 5, 2009, Barrington Group entered into Amendment No. 1 to its credit agreement, which became effective February 23, 2009, referred to herein as the amendment. The amendment allows Barrington Group to use up to \$13,000,000 of cash for one year following the effective date of the amendment to purchase and retire a portion of its 10½ Senior Subordinated Notes due 2014, referred to herein as the notes. In addition, the amendment increased the applicable margin for both the term loan facility and the revolving facility to 4.25% for LIBOR based loans and 3.25% for base rate loans and also eliminated an uncommitted \$50,000,000 incremental term loan facility.

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

Under the provisions of ASC Topic 470-50, “Debt/Modifications and Extinguishments,” or ASC 470-50 the amendment is not considered a substantial modification of Barrington Group’s debt. As such, none of the debt issuance costs associated with the original credit agreement have been written off. For the nine months ended September 30, 2009, Barrington Group recorded \$2,809,000 of debt issuance costs related to the amendment, of which \$2,405,000 was capitalized.

Borrowings under the credit facility bear interest at a floating rate, which can be either LIBOR plus an applicable margin or a base rate plus an applicable margin, at Barrington Group’s option, 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%. Pursuant to the amendment, the applicable margin for borrowings under the term loan and revolving facility is 4.25% for LIBOR loans and 3.25% for base rate loans, subject to a pricing grid based on total leverage.

The interest rate payable under the credit facility will increase by 2.0% per annum during the continuance of an event of default. The unused portion of the revolving facility is subject to a commitment fee of 0.50%. The weighted average interest rate on the outstanding balances under the credit facility, excluding the effect of Barrington Group’s interest rate collars, was 5.07% as of September 30, 2009. (See Note I.)

In August 2006, Barrington Group issued \$125,000,000 aggregate principal amount of the notes, of which \$54,940,000 aggregate principal amount was outstanding as of September 30, 2009. 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 Barrington Group’s and Barrington Group’s subsidiaries’ other indebtedness. The notes bear interest at a fixed rate of 10.5% and principal is due at maturity.

Subsequent to February 23, 2009, the effective date of the amendment, Barrington Group repurchased \$70,060,000 aggregate principal amount of the notes for an aggregate purchase price of \$12,910,000. During the three months and nine months ended September 30, 2009, respectively, Barrington Group recorded gains on the extinguishment of debt of \$792,000 and \$55,081,000, net of \$27,000 and \$2,069,000 in fees and costs, respectively, which includes the write off of deferred financing costs associated with the repurchase of the notes.

We may from time to time seek to retire or purchase additional notes through cash purchases and/or exchanges for qualified equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions (including the remaining amount available to us for repurchases pursuant to the amendment to our credit agreement) and other factors.

The credit agreement and the indenture governing the notes 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. The agreement governing the credit facility contains certain financial covenants, including, but not limited to, covenants related to interest coverage and total leverage. As of September 30, 2009, Barrington Group was in compliance with these financial covenants.

Although Barrington Group currently believes that it will be in compliance with the financial

**BARRINGTON BROADCASTING GROUP LLC**  
**Notes to the Condensed Consolidated Financial Statements – (continued)**  
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covenants contained in its credit agreement throughout 2009, a further deterioration in the economic or business environment could negatively impact Barrington Group's financial results and cause Barrington Group to fail to comply with one or more of such financial covenants. Barrington Group's failure to comply with the covenants contained in its credit agreement could result in an event of default thereunder. If an event of default occurs, the lenders would be permitted to accelerate the maturity of the loans outstanding under Barrington Group's credit facility, seek to foreclose upon any collateral securing such loans and terminate any commitments of the lenders to lend to Barrington Group, which could materially and adversely affect Barrington Group's operating results and its financial condition.

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 3.39% as of September 30, 2009.

In addition, Barrington Group, through the guarantee of \$3,000,000 of Tucker's term loan B facility and through a \$4,000,000 letter of credit used as collateral on Tucker's term loan A facility, is providing \$7,000,000 of credit support for the Tucker term loans. The applicable margin for the Tucker term loan 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 loan B facility is 3.0% in the case of LIBOR loans and 2.0% for base rate loans. On April 1, 2010, the applicable margin will increase to 3.75%, in the case of LIBOR loans, and 2.75%, in the case of base rate loans, which margin will be in effect through September 30, 2010. Beginning October 1, 2010, the applicable margin will increase to 5.0%, in the case of LIBOR loans, and 4.0%, in the case of 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 3.58% as of September 30, 2009.

On March 19, 2008, Barrington Group received consents from 100% of the holders of its outstanding 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 obligation to file periodic and current reports with the Securities and Exchange Commission, or the SEC, and instead requires the type of information required to be reported on Forms 10-K, 10-Q and 8-K (other than the disclosures and the certifications required by Section 404 of the Sarbanes-Oxley Act of 2002, as amended) to be provided to the trustee for delivery to the holders of the notes, and made available via the internet.

Barrington Group paid each consenting holder of the notes 1.25% of the face value of the notes held as consideration for their acceptance of the amendments in the form of a consent fee, resulting in an aggregate of \$1,563,000, which was capitalized in debt issuance costs during the year ended December 31, 2008. During the three months and the nine months ended September 30, 2008, Barrington Group paid other fees and costs of \$53,000 and \$697,000, respectively, in association with the solicitation, which fees and costs were expensed and recorded in Barrington Group's condensed consolidated statements of operations in corporate expense.

**(Note I) – Accounting for Derivative Instruments and Hedging Activities**

Under the provisions of ASC Topic 815, "Derivatives and Hedging," or ASC 815, Barrington Group recognizes all derivatives at fair value (see Note J), 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

**BARRINGTON BROADCASTING GROUP LLC**  
**Notes to the Condensed Consolidated Financial Statements – (continued)**  
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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 or loss, or OCI and OCL, respectively, 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.

ASC 815 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.

***Hedge Accounting Treatment***

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 its 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.

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 its variable rate debt. 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 ASC 815 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. The interest rate collar agreements are designated as cash flow hedges and changes in the fair value of the interest rate collars are recorded in other comprehensive income or loss and are recognized in the consolidated statement of operations when the hedged item affects net income.

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 nine months ended September 30, 2009, Barrington Group made total payments of \$1,201,000 and \$3,080,000, respectively, on the interest rate collars. For the three months and nine months ended September 30, 2008, payments on the interest rate collars totaled \$656,000 and \$1,184,000, respectively. 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.

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

The following table summarizes the fair value of Barrington Group's derivative financial instruments (in thousands):

<u>Derivatives Designated as Hedging Instruments Under SFAS No. 133</u>	<u>September 30, 2009</u>		
	<u>Balance Sheet Location</u>	<u>Notional Value</u>	<u>Fair Value</u>
Interest rate collars	<u>Liabilities</u>	<u>\$ 5,941</u>	<u>\$ 5,308</u>

The following table summarizes the losses related to derivative financial instruments designated as cash flow hedges for the nine months ended September 30, 2009 (in thousands):

<u>Cash Flow Hedges</u>	<u>Amount of Loss Recognized in OCL</u>	<u>Amount of Loss reclassified from OCL to Statement of Operations</u>	<u>Amount of Loss expected to be reclassified from OCL to Statement of Operations Over Next 12 Months</u>
Interest rate collars	<u>\$ 5,308</u>	<u>\$ 3,359</u>	<u>\$ 4,160</u>

**(Note J) – Fair Value Measurement**

Under the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures," or ASC 820, Barrington Group is required to consider its credit risk in the measurement of the fair value of the derivative contract. ASC 820 establishes a framework for the measurement of fair value and requires additional disclosure about such measurement. ASC 820 uses three categories for classifying the measurement of fair value.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets and liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

As of September 30, 2009, Barrington Group held interest rate collars that are required to be measured at fair value on a recurring basis. (See Note I.) Barrington Group determined that the interest rate collars are defined as Level 2 in the fair value hierarchy. The consideration of changes in credit risk resulted in an adjustment to the interest rate collars of \$633,000 at September 30, 2009, which reduced the fair value of Barrington Group's interest rate collar liability in the condensed consolidated balance sheets. The value of the of the interest rate collars as of September 30, 2009, without taking into account the changes in credit risk, was \$5,941,000.

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

The following table presents information about Barrington Group's liabilities measured at fair value on a recurring basis as of September 30, 2009, and indicates the fair value hierarchy of the valuation techniques utilized by Barrington Group to determine such fair value (in thousands):

<u>Liabilities</u>	<u>Balance as of September 30, 2009</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Interest rate collars	\$ 5,308	\$ -	\$ 5,308	\$ -

**(Note K) – Comprehensive (Loss) Income**

Comprehensive (loss) income includes net income or loss and changes in member's equity from non-owner sources. For Barrington Group, the difference between net income or loss and comprehensive income or loss is due to the impact of changes in the fair market value of the interest rate collars.

Comprehensive (loss) income consists of the following (in thousands):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net (loss) income	\$ (3,276)	\$ (22,778)	\$ 34,293	\$ (35,206)
Interest rate collar gains (losses)	350	154	418	(193)
Comprehensive (loss) income	<u>\$ (2,926)</u>	<u>\$ (22,624)</u>	<u>\$ 34,711</u>	<u>\$ (35,399)</u>

**(Note L) – Capital Contributions**

Barrington Group would not have been in compliance with the total leverage ratio covenant contained in its credit agreement when measured for the quarter ended December 31, 2008. The leverage ratio is calculated by measuring outstanding debt at the end of the period against the average EBITDA (as defined in the credit agreement) for the preceding eight quarters. The maximum total leverage ratio permitted under the credit agreement for the quarter ended December 31, 2008 was 7.50 to 1. Barrington Group's total leverage ratio when measured for the quarter ended December 31, 2008 would have been 9.29 to 1. However, pursuant to the terms of the credit agreement, Pilot Group had the right, subject to certain limitations, to make one or more cash capital contributions to Barrington Group in order to prevent a default under the credit agreement (any such contribution is treated as EBITDA for purposes of the total leverage ratio covenant). During the first quarter of 2009, Pilot Group made cash capital contributions to Barrington Group in an aggregate amount of \$16,032,000 to prevent a default under the credit agreement. As of September 30, 2009, Barrington Group was in compliance with the financial covenants contained in its credit agreement.

**(Note M) – 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 three months and nine months ended

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

September 30, 2009 and 2008.

Income tax expense for the three months and nine months ended September 30, 2009 was \$268,000 and \$512,000, respectively. For the three months and nine months ended September 30, 2008, income tax expense totaled \$79,000 and \$223,000, respectively. Income tax expense for Barrington Group consists of various state taxes.

Tucker is organized as a C corporation for income tax purposes. As such, deferred taxes are provided based on the liability method whereby deferred tax assets are recognized for deductible temporary differences, operating losses and tax credit carryforwards. Deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. For the three months and nine months ended September 30, 2009, Barrington Group provided a valuation allowance for all of Tucker's deferred income tax assets because Barrington Group believes that they may not be realized through future taxable earnings.

**(Note N) – New Accounting Pronouncements**

ASC Topic 805, "Business Combinations," or ASC 805, requires the acquirer to recognize and measure in the financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest and the goodwill acquired and essentially modifies the purchase method of accounting previously allowed. The pronouncement also requires acquisition costs to be expensed as incurred. The statement establishes disclosure requirements that enable users to evaluate the nature and financial effects of the business combination.

ASC Topic 810-10-65-1, "Consolidation," or ASC 810-10-65-1, requires a non-controlling interest in a consolidated subsidiary to be displayed as a separate component of stockholder's equity in the consolidated statement of financial position as opposed to a "mezzanine" item between liabilities and equity. In addition, amounts that are attributed to the non-controlling interest should also be reported as part of consolidated net income and not as a separate component of income or expense. Disclosure of the attribution between controlling and non-controlling interests on the face of the income statement is also required.

The effect ASC 805 and ASC 810-10-65-1 will have on Barrington Group's financial statements will depend on the significance of any future acquisitions subject to these pronouncements.

ASC Topic 855, "Subsequent Events," or ASC 855, requires additional disclosures relating to subsequent events, including disclosing the date through which subsequent events were evaluated and the basis for that date. ASC 855 also modifies the naming of the types of subsequent events from Type 1 and 2 events to recognized subsequent events and unrecognized subsequent events, respectively. Barrington Group adopted ASC 855 effective with its June 30, 2009 filing. For the quarter ended September 30, 2009, Barrington Group has evaluated its subsequent events through November 12, 2009, which is the date its financial statements were issued.

In June 2009, the FASB issued Statement No. 168, "Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162", or SFAS No. 168. Under SFAS No. 168 the FASB Accounting Standards Codification, or codification, is the source of authoritative United States generally accepted accounting principles to be applied to nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative generally accepted accounting principles for SEC registrants. The

**BARRINGTON BROADCASTING GROUP LLC**  
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codification superseded all previously existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the codification also became non-authoritative. SFAS No. 168 was effective for Barrington Group on September 30, 2009 and there was no financial impact on such adoption on Barrington Group's consolidated financial statements. Barrington Group has updated the notes to the unaudited condensed consolidated financial statements to appropriately reference the new codification.

**(Note O) – Subsequent Events**

*CIT Bankruptcy* – The credit crisis has affected the lenders under Barrington Groups credit facility, although all, to date, have funded their obligations thereunder. On November 1, 2009, CIT Group, Inc., or CIT, one of the lenders under Barrington Group's credit facility, filed for bankruptcy protection. Although Barrington Group has fully drawn on its revolving facility as of September 30, 2009, if Barrington Group repays any of its borrowings thereunder, Barrington Group may not be able to re-borrow CIT's proportionate share under its revolving facility. The effect, if any, the CIT bankruptcy will have on Barrington Group's financial statements is uncertain at this time.

Pursuant to ASC 855, Barrington Group has determined that CIT's bankruptcy filing is a non-recognized subsequent event, an event that did not exist as of date of the balance sheet, but arose before the financial statements were issued. As such, in accordance with ASC 855, the event is not recognized in Barrington Group's condensed consolidated financial statements for the nine months ended September 30, 2009.

## **ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

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

The following discussion includes certain forward-looking statements. For a discussion of important factors, which could cause actual results to differ materially from the results referred to in forward-looking statements, see Exhibit 99.1 to the Quarterly Report and "Cautionary Note Concerning Forward-Looking Statements."

### **Introduction**

We are a television broadcasting company focused on smaller markets across the United States. We own, program and/or provide support services to 24 network television stations, many of which have leading positions in 15 geographically diverse, smaller markets. In 10 of our 15 markets, we own 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, four with CBS, three with FOX and five with CW. In the markets where we own or operate a CW station, we operate duopolies. In Traverse City, Michigan, where we own the NBC affiliate, we also provide support services to the ABC affiliate located in that market. In addition, in Syracuse, New York, where we own the NBC affiliate, we provide support services to the CBS 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.

### **Acquisitions & Transactions**

- On March 2, 2009, we entered into joint sales and shared services agreements with Granite Broadcasting Corporation relating to Granite's and Barrington Group's respective station operations in the Peoria, Illinois market and the Syracuse, New York market. The Peoria Granite agreements are designed to permit us to substantially reduce our local operating costs while continuing to share in the revenues produced by our station, WHOI. The Syracuse Granite agreements are designed to create a significant economy of scale for us across those stations in the Syracuse market, while also allowing us to realize a portion of the revenues generated through our advertising sales efforts and related support services provided to Granite's station, WTVH.
- On April 1, 2008, Tucker, a variable interest entity the results of which are consolidated with those of Barrington Group, 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 to sell WGTU/WGTQ's local advertising on a commissioned basis. The cost of the WGTU/WGTQ acquisition was \$10.8 million, which included transaction fees and costs of \$0.8 million. The WGTU/WGTQ acquisition was financed with borrowings by Tucker under the Tucker term loans and borrowings from Pilot Group.

The WGTU/WGTQ acquisition has been accounted for using the purchase method of accounting under SFAS No. 141, "Business Combinations," or SFAS No. 141. The aggregate 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 market-by-market 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 consider 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 are 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. Because television stations rely on advertising revenues, they are sensitive to cyclical changes in the national and local economy. The sizes of advertisers' budgets, which are affected by broad economic trends, affect the broadcast industry in general. The strength of the local economy in each station's market also significantly impacts revenues.

We also derive revenues from other sources, including trade and barter programming, internet advertising, rental of tower space, retransmission consent fees, network compensation and fees pursuant to joint sales and service arrangements with other broadcasters. 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.

### **Impairment of FCC License**

As required by ASC 350, "Intangibles – Goodwill and Other," we conduct an annual evaluation of our goodwill and FCC broadcast licenses for possible impairment. The annual evaluation is conducted as of October 1 or more frequently if indicators of impairment exist. During the three months ended June 30, 2009, certain events and changes in circumstances indicated that such assets may have become impaired, which resulted in additional testing between the required annual evaluations. We believe that 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 our markets, which has directly affected our stations, are indicators of a sustained impact on the value of our intangible assets.

We employ a market multiple approach based on a two year average of our expected current year results and the results of the upcoming year to determine, on an initial basis, whether there is an overall impairment in the enterprise value of our television assets within each of the markets and whether additional impairment testing is necessary. We believe that this approach closely approximates the

valuation that a strategic buyer would use in valuing our television stations. When an impairment is indicated, we employ a comprehensive discounted cash flow analysis 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 television advertising expenditures in each market, each station's projected share of the revenues in its market, the profit margin of a 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 license and goodwill is greater than estimated fair value in a given market, such carrying amount is reduced to the estimated fair value. Such reductions may have a material impact on our consolidated financial condition and results of operations.

We recorded non-cash impairment charges of \$1.4 million during the three months ended June 30, 2009 for the FCC broadcast license at one of our stations because we had certain indicators that the valuation of the station had declined below its carrying value. In addition, for both the three months and nine months ended September 30, 2008, we recorded non-cash impairment charges of \$18.0 million for the FCC broadcast licenses at five of our stations and a \$0.5 million impairment charge for goodwill at one of our stations. For additional information, see Note B in the notes to our condensed consolidated financial statements contained elsewhere in this Quarterly Report.

As noted above, we conduct our annual impairment analysis as required under ASC 350 as of October 1. We believe we have stations in three markets that could be at risk for impairment, which could result in non-cash impairment charges during the fourth quarter of 2009. The carrying amount of goodwill and FCC broadcast licenses for these stations is approximately \$2.1 million and \$50.9 million, respectively, as of September 30, 2009. We are currently in the process of performing our annual impairment analysis and, at this time, cannot determine the final amount of any potential non-cash impairment charge which could be recognized during the fourth quarter of 2009.

### **Reorganization and Restructuring 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 11%. During the first quarter of 2009, we reduced our workforce by an additional 14%. Additionally, in connection with the execution of the Peoria Granite agreements, we recorded certain liabilities relating to employee severance costs. Pursuant to the terms of the Peoria Granite agreements, Granite is required to reimburse us for 50% of certain of these costs. We recorded expenses of \$0.4 million and \$1.2 million for the three months and nine months ended September 30, 2009, respectively, related to one-time severance costs as a result of the workforce reduction and the Peoria Granite agreements. In addition, during the year ended December 31, 2008, we recorded severance expenses of \$1.0 million related to workforce reductions initiated in the second quarter of 2008. As of September 30, 2009, we have paid \$1.9 million of the total \$2.2 million of severance expense recorded in 2008 and 2009.

In addition, in connection with the execution of the Granite agreements, we will pay Granite monthly amounts over approximately nine months to equalize transitional costs incurred by us and Granite, which payment is estimated at \$0.7 million in the aggregate. These costs have been capitalized and included in other assets in the condensed consolidated balance sheets and will be amortized ratably over the life of the initial agreements. For the three months and the nine months ended September 30, 2009, net payments made to Granite for the transitional costs totaled \$0.5 million and \$0.6 million, respectively.

## Results of Operations

### *Combined Results of Barrington Group*

On April 1, 2008 we entered into a joint sales agreement and shared services agreement with Tucker whereby we supply up to 15% of WGTU/WGTQ's programming and provide sales, engineering and technical support. Tucker, the owner of WGTU/WGTQ, is considered a variable interest entity and as a result, WGTU/WGTQ's results of operations have been consolidated with those of Barrington Group and its subsidiaries beginning April 1, 2008.

On March 2, 2009, Barrington Group entered into joint sales and shared services agreements with Granite, whereby we supply up to 15% of Granite's station WTVH's programming and provide sales, engineering and technical support to Granite, and Granite supplies up to 15% of our station WHOI's programming and provides sales, engineering and technical support to us. The income and expenses resulting from the Granite agreements have been included in our results of operations beginning March 2, 2009.

### *Three Months Ended September 30, 2009 Compared to Three Months Ended September 30, 2008*

The following table sets forth our operating results for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008.

	<b><u>Three Months Ended September 30,</u></b>				
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>Change</u></b>	<b><u>% Change</u></b>	
	(dollars in thousands)				
Revenue:					
Local	\$ 17,114	\$ 20,378	\$ (3,264)	(16.0)	%
National	6,043	8,812	(2,769)	(31.4)	
Political	564	4,019	(3,455)	(86.0)	
Other	4,438	2,717	1,721	63.3	
Gross revenue	28,159	35,926	(7,767)	(21.6)	
Direct costs	3,957	5,285	(1,328)	(25.1)	
Net revenue	24,202	30,641	(6,439)	(21.0)	
Operating expenses:					
Selling, technical and program expenses	12,575	14,543	(1,968)	(13.5)	
General and administrative	4,679	4,880	(201)	(4.1)	
Depreciation and amortization	4,331	7,297	(2,966)	(40.6)	
Impairment of intangible assets	-	18,523	(18,523)	(100.0)	
Corporate	1,175	1,159	16	1.4	
Total operating expenses	22,760	46,402	(23,642)	(51.0)	
Income (loss) from operations	1,442	(15,761)	17,203	(109.1)	
Interest expense	(4,994)	(6,437)	1,443	22.4	
Amortization of debt issuance costs	(521)	(505)	(16)	(3.2)	
Interest income	1	4	(3)	(75.0)	
Net interest expense	(5,514)	(6,938)	1,424	20.5	
Non-operating income	1,064	-	1,064	100.0	
Loss before income taxes	(3,008)	(22,699)	19,691	86.7	
Income tax expense	(268)	(79)	(189)	(239.2)	
Net loss	\$ (3,276)	\$ (22,778)	\$ 19,502	85.6	%

Our net revenue for the three months ended September 30, 2009 was \$24.2 million, as compared to \$30.6 million for the three months ended September 30, 2008, a decrease of \$6.4 million, or 21.0%. The major components of, and changes to, net revenue were as follows:

- Gross local revenue decreased to \$17.1 million for the three months ended September 30, 2009 from \$20.4 million for the three months ended September 30, 2008, a decrease of \$3.3 million, or 16.0%. This decrease was primarily due to the weakened U.S. economy, which continued to negatively impact local automotive and other retail advertising. The decrease in gross local revenue included a decline in local automotive advertising revenue of approximately \$1.5 million, for the three months ended September 30, 2009 compared to the same period in 2008. If the economy continues to be weak, we expect the decline in gross local advertising revenue to continue.
- Gross national revenue decreased to \$6.0 million for the three months ended September 30, 2009 from \$8.8 million for the three months ended September 30, 2008, a decrease of \$2.8 million, or 31.4%. This decrease was primarily due to the weakened U.S. economy, which continued to negatively impact national automotive and other retail advertising. The decrease was primarily due to a decline in national automotive advertising revenue of approximately \$1.6 million for the three months ended September 30, 2009 compared to the same period in 2008. If the economy continues to be weak, we expect the decline in gross national advertising revenue to continue.
- Our gross political advertising revenue for the three months ended September 30, 2009 was \$0.6 million, as compared to \$4.0 million for the three months ended September 30, 2008, a decrease of approximately \$3.4 million. For the three months ended September 30, 2009, gross political revenue was comprised primarily of political advertising associated with state and local political campaigns and political advertising by special interest groups.
- Other revenue for the three months ended September 30, 2009 was \$4.4 million, as compared to \$2.7 million for the three months ended September 30, 2008, an increase of approximately \$1.7 million or 63.3%. The increase was primarily due to increased revenue associated with the renegotiation of retransmission consent agreements, as well as increases in revenue related to advertising on our station's websites and the Syracuse Granite agreement, whereby we earn fees relative to the services we provide.

Our operating expenses for the three months ended September 30, 2009 were \$22.8 million, as compared to \$46.4 million for the three months ended September 30, 2008, a decrease of \$23.6 million, or 51.0%. The major changes to operating expenses were as follows:

- As a result of an impairment analysis performed during the three months ended September 30, 2008, we recorded non-cash impairment charges of \$18.0 million for FCC broadcast licenses at five of our television stations and \$0.5 million for goodwill at one of our television stations. No impairment charges were recorded during the three months ended September 30, 2009.
- Our selling, technical and programming expenses were \$12.6 million for the three months ended September 30, 2009 compared to \$14.5 million for the three months ended September 30, 2008, a decrease of \$2.0 million, or 13.5%. The decrease in expenses was primarily the result of workforce reductions and mandatory furloughs which we initiated in the first quarter 2009 and the Peoria Granite agreements, as well as the renegotiation of various contractual obligations.

- Our general and administrative expenses were \$4.7 million for the three months ended September 30, 2009 compared to \$4.9 million for the three months ended September 30, 2008, a decrease of \$0.2 million or 4.1%. The decrease in expenses was primarily the result of workforce reductions and mandatory furloughs which we initiated in the first quarter 2009 and the Peoria Granite agreements, as well as the renegotiation of various contractual obligations to further reduce operating costs.
- Our depreciation and amortization expense was \$4.3 million for the three months ended September 30, 2009 as compared to \$4.3 million for the three months ended September 30, 2008, a decrease of \$3.0 million, or 40.7%. The decrease was primarily due to the fully depreciated status of assets placed in service prior to September 30, 2006 and the fully amortized status of various intangible assets acquired as part of the Raycom acquisition.
- Total corporate expenses remained the same at \$1.2 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008.

Our net interest expense, including amortization of debt issuance costs, for the three months ended September 30, 2009 was \$5.5 million as compared to \$6.9 million for the three months ended September 30, 2008, a decrease of \$1.4 million, or 20.5%. The decrease in interest expense was caused by the repurchase of a portion of our outstanding notes during the nine months ended September 30, 2009 which reduced the outstanding principal amount of the notes. The decrease was partially offset by increased interest we incurred as a result of the amendment to our credit agreement in February 2009, which increased the applicable margin under our credit facility.

Non-operating income for the three months ended September 30, 2009 was \$1.1 million. The increase was attributable to a gain of \$0.8 million associated with the repurchase of a portion of our outstanding notes during the three months ended September 30, 2009. The remaining non-operating income of \$0.3 million was attributable to the exchange of news gathering 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 by the end of 2010.

Barrington Group and each of its subsidiaries (except for Barrington Capital) are organized as limited liability companies and all of their taxable profits or losses pass through to their respective members. Accordingly, we are not subject to federal income taxes on a consolidated basis, but we are subject to state taxes on a consolidated basis in some jurisdictions. Income tax expense for the three months ended September 30, 2009 was \$0.3 million as compared to \$0.1 million for the three months ended September 30, 2008. Net income tax expense consisted of various state income taxes for our subsidiaries and Tucker, which is organized as a C corporation for income tax purposes. As of September 30, 2009 and 2008, Tucker had net deferred federal tax assets in the amount of \$0.9 million and \$0.5 million, respectively, which were fully reserved by a valuation allowance.

Our net loss was \$3.3 million for the three months ended September 30, 2009, compared to a net loss of \$22.8 million for the three months ended September 30, 2008, a change of \$19.5 million.

***Nine months Ended September 30, 2009 Compared to Nine months Ended September 30, 2008***

The following table sets forth our operating results for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008.

	<b><u>Nine Months Ended September 30,</u></b>				%
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>Change</u></b>	<b><u>% Change</u></b>	
	(in thousands)				
Revenue:					
Local	\$ 51,730	\$ 61,052	\$ (9,322)	(15.3)	
National	17,891	26,414	(8,523)	(32.3)	
Political	856	6,403	(5,547)	(86.6)	
Other	12,530	7,786	4,744	60.9	
Gross revenue	83,007	101,655	(18,648)	(18.3)	
Direct costs	11,759	14,820	(3,061)	(20.7)	
Net revenue	71,248	86,835	(15,587)	(18.0)	
Operating expenses:					
Selling, technical and program expenses	38,734	44,104	(5,370)	(12.2)	
General and administrative	14,399	15,400	(1,001)	(6.5)	
Depreciation and amortization	17,281	20,476	(3,195)	(15.6)	
Impairment of intangible assets	1,416	18,523	(17,107)	nm	
Corporate	4,152	4,233	(81)	(1.9)	
Total operating expenses	75,982	102,736	(26,754)	(26.0)	
Loss from operations	(4,734)	(15,901)	11,167	nm	
Interest expense	(15,857)	(18,141)	2,284	12.6	
Amortization of debt issuance costs	(1,581)	(1,433)	(148)	(10.3)	
Interest income	14	20	(6)	(30.0)	
Net interest expense	(17,424)	(19,554)	2,130	10.9	
Non-operating income	56,963	472	56,491	100.0	
Income (loss) before income taxes	34,805	(34,983)	69,788	199.5	
Income tax expense	(512)	(223)	(289)	(129.6)	
Net income (loss)	\$ 34,293	\$ (35,206)	\$ 69,499	197.4	%

Our net revenue for the nine months ended September 30, 2009 was \$71.2 million, as compared to \$86.8 million for the nine months ended September 30, 2008, a decrease of \$15.6 million, or 18.0%. The major components of, and changes to, net revenue were as follows:

- Gross local revenue decreased to \$51.7 million for the nine months ended September 30, 2009 from \$61.1 million for the nine months ended September 30, 2008, a decrease of \$9.3 million, or 15.3%. The decrease in gross local revenue was primarily due to a decline in local automotive advertising revenue of approximately \$4.5 million for nine months ended September 30, 2009, as compared to the same period in 2008. In addition, the continued weakness of the U.S. economy continued to negatively impact other retail advertising. If the economy continues to be weak, we expect the decline in gross local advertising revenue to continue.
- Gross national revenue for the nine months ended September 30, 2009 was \$17.9 million as compared to \$26.4 million for the nine months ended September 30, 2008, a decrease of \$8.5 million, or 32.3%. The decline in gross national advertising revenue was primarily due to a decline in national automotive advertising revenue of approximately \$4.7 million for the nine

months ended September 30, 2009, as compared to the same period in 2008. If the economy continues to be weak, we expect the decline in gross national advertising revenue to continue.

- Our gross political advertising revenue for the nine months ended September 30, 2009 was \$0.9 million, as compared to \$6.4 million for the nine months ended September 30, 2008, a decrease of approximately \$5.5 million. For the nine months ended September 30, 2009, gross political revenue was comprised primarily of political advertising associated with state and local political campaigns and political advertising by special interest groups.
- Other revenue for the nine months ended September 30, 2009 was \$12.5 million, as compared to \$7.8 million for the nine months ended September 30, 2008, an increase of approximately \$4.7 million, or 60.9%. The increase was primarily due to increased revenue associated with the renegotiation of retransmission consent agreements, as well as increases in revenue related to advertising on our station's websites and the Syracuse Granite agreements, whereby we earn fees relative to the services we provide.

Our operating expenses for the nine months ended September 30, 2009 were \$76.0 million, as compared to \$102.7 million for the nine months ended September 30, 2008, a decrease of \$26.7 million, or 26.0%. The major changes to operating expenses were as follows:

- As a result of an impairment analysis performed during the nine months ended September 30, 2009, we recorded a non-cash impairment charge of \$1.4 million for the FCC broadcast license at one of our television stations. For the nine months ended September 30, 2008, we recorded non-cash impairment charges of \$18.0 million for the FCC broadcast licenses at five of our television stations and \$0.5 million for goodwill at one of our stations.
- Our selling, technical and programming expenses were \$38.7 million for the nine months ended September 30, 2009 compared to \$44.1 million for the nine months ended September 30, 2008, a decrease of \$5.4 million, or 12.2%. The decrease in expenses was primarily the result of workforce reductions and mandatory furloughs which we initiated in the second quarter 2008 and first quarter 2009, the Peoria Granite agreements and the renegotiation of various contractual obligations.
- Our general and administrative expenses were \$14.4 million for the nine months ended September 30, 2009 as compared to \$15.4 million for the nine months ended September 30, 2008, a decrease of \$1.0 million, or 6.5%. The decrease in expenses was primarily the result of workforce reductions and mandatory furloughs which we initiated in the second quarter 2008 and first quarter 2009, the Peoria Granite agreements and the renegotiation of various contractual obligations.
- Our depreciation and amortization was \$17.3 million for the nine months ended September 30, 2009 as compared to \$20.5 million for the nine months ended September 30, 2008, a decrease of \$3.2 million, or 15.6%. The decrease was primarily due to a reduction in the loss on the disposal of fixed assets for the nine months ended September 30, 2009 as compared to the same period in 2008, which loss is included in depreciation and amortization, and to the now fully depreciated status of assets placed in service prior to September 30, 2006 and the fully amortized status of various intangible assets acquired as part of the Raycom acquisition in August 2006.
- Total corporate expenses remained the same at \$4.2 million for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008.

Our net interest expense, including amortization of debt issuance costs, for the nine months ended September 30, 2009 was \$17.4 million as compared to \$19.6 million for the nine months ended September 30, 2008, a decrease of \$2.1 million, or 10.9%. The decrease was primarily due to the repurchase of a portion of our outstanding notes during the nine months ended September 30, 2009, which reduced the outstanding balance of the notes. The decrease in interest expense was partially offset by the increased interest associated with the increase in the amount outstanding under our revolving facility for the nine months ended September 30, 2009 as compared to September 30, 2008, and the increase in the applicable margin under our credit facility as a result of the amendment to our credit agreement in February 2009.

Non-operating income for the nine months ended September 30, 2009 and 2008 was \$57.0 million and \$0.5 million, respectively. The increase was attributable to a gain of \$55.1 million associated with the repurchase of a portion of our outstanding notes during the nine months ended September 30, 2009. The remaining non-operating income of \$1.9 million was attributable to the exchange of news gathering 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 by the end of 2010.

Barrington Group and each of its subsidiaries (except for Barrington Capital) are organized as limited liability companies and all of their taxable profits or losses pass through to their respective members. Accordingly, we are not subject to federal income taxes on a consolidated basis, but we are subject to state taxes on a consolidated basis in some jurisdictions. We had a net income tax expense of \$0.2 million for the nine months ended September 30, 2009 and net income tax expense of \$0.2 million for the nine months ended September 30, 2008. Net income tax expense consisted of various state income taxes for our subsidiaries and Tucker, which is organized as a C corporation for income tax purposes. As of September 30, 2009 and 2008, Tucker had net deferred federal tax assets in the amount of \$0.9 million and \$0.5 million, respectively, which were fully reserved by a valuation allowance.

Our net income was \$34.3 million for the nine months ended September 30, 2009, compared to a net loss of \$35.2 million for the nine months ended September 30, 2008, a change of \$69.5 million.

## **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 operating requirements, capital expenditures and our debt service obligations with respect to borrowings under our credit facility and the notes. We expect that cash on hand and cash from operations will be sufficient to cover our operating requirements, capital expenditures and our debt service obligations with respect to borrowings under our credit facility and the notes during the next twelve months.

Although we currently believe that we will be in compliance with the financial covenants contained in our credit agreement throughout 2009, a further deterioration in the economic or business environment could negatively impact our financial results and cause us to fail to comply with one or more of the financial covenants. Our failure to comply with the covenants contained in our credit agreement could result in an event of default. If an event of default occurs, the lenders would be permitted to

accelerate the maturity of the loans outstanding under our credit facility, seek to foreclose upon any collateral securing such loans and terminate any commitments of the lenders to lend to us, which could materially and adversely affect our operating results, our financial condition and our liquidity.

*Cash flows from operating activities.* Our cash flows used in operating activities for the nine months ended September 30, 2009 were \$3.0 million, as compared to cash provided by operating activities of \$4.2 million for the nine months ended September 30, 2008. The increase in cash flows used in operating activities of approximately \$7.2 million was primarily the result of a decrease in net revenue of \$15.6 million primarily related to a decline in automotive and retail advertising, as well as the cyclical nature of political revenue, which tends to decrease in odd-numbered years and increase in even-numbered years. The decrease in net revenue was partially offset by certain operating expense reductions initiated in the second quarter of 2008 and first quarter of 2009, as well as the Peoria Granite agreements, together which reduced operating expenses by approximately \$7.3 million for the nine months ended September 30, 2009 compared to the same period in 2008. Additionally, the decrease in net revenue was also partially offset by a decrease in cash payments of interest during the nine months ended September 30, 2009, as compared to the same period in 2008.

*Cash flows from investing activities.* Our cash flows used in investing activities were \$4.5 million for the nine months ended September 30, 2009, as compared to \$13.7 million for the nine months ended September 30, 2008. The decrease in cash flows used in investing activities for the nine months ended September 30, 2009 was primarily due to Tucker's acquisition of WGTU/WGTQ in April 2008. The decrease of \$10.8 million due to the WGTU/WGTQ acquisition was partially offset by an increase in the purchase of property and equipment of \$0.9 million and an increase of \$0.7 million attributable to the Granite agreements during the nine months ended September 30, 2009. Purchases of property and equipment for the nine months ended September 30, 2009 were \$3.7 million, as compared to \$2.8 million for the nine months ended September 30, 2008. The increase of \$0.9 million in capital expenditures was caused by investment in equipment related to the establishment of a central facility for the master control operations for several of our stations and capital expenditures related the integration of WTVH operations as a result of the Syracuse Granite agreements.

*Cash flows from financing activities.* Our cash flows used in financing activities were \$0.6 million for the nine months ended September 30, 2009, as compared to cash flows provided by financing activities of \$10.6 million for the nine months ended September 30, 2008, a decrease of \$10.0 million. The decrease in cash flows provided by financing activities for the nine months ended September 30, 2009 was primarily a result of proceeds of \$7.0 million from Tucker's financing of the WGTU/WGTQ acquisition and Tucker's issuance to Pilot of a \$3.3 million convertible subordinated note during the nine months ended September 30, 2008. Cash flows used in financing activities for the nine months ended September 30, 2009 included \$16.0 million in capital contributions from Pilot, which contributions were partially used to reduce our indebtedness and resulted in cash outflows of \$12.9 million to repurchase a portion of our outstanding notes and \$2.4 million in debt issuance costs related to the amendment of our credit agreement. Additionally, we paid \$1.2 million in scheduled principal payments on the term loan facility of our credit facility.

*Our credit facility and the notes.* Our credit facility is comprised of a \$147.5 million senior secured term loan facility and a \$25.0 million senior secured revolving facility. As of September 30, 2009, the total balance outstanding under our term loan facility and the SagamoreHill term loan was \$145.5 million. Additionally, the balance outstanding under the Tucker credit facility as of September 30, 2009 totaled \$6.9 million. The balance outstanding under our revolving facility as of September 30, 2009 was \$21.0 million. The borrowings under our revolving facility were used to fund short term working capital needs and to preserve our financial flexibility in light of the current uncertainty in the credit markets. In addition, the letter of credit issued to support the Tucker term loan A facility in the amount of

\$4.0 million reduces the amount available to be drawn under our revolving facility.

Our term loan 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. Borrowings under our credit facility are 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 and issued to Pilot Group a convertible note. The convertible note was due to mature on October 1, 2011. The principal amount of the convertible note bore interest at 9% annually, payable in the form of PIK interest. On February 28, 2009, Pilot Group converted the convertible note into 3,572 shares of non-voting preferred stock of Tucker. At the time of the conversion, PIK interest on the convertible note totaled \$0.3 million, which interest was capitalized and added to the \$3.3 million principal amount of the convertible note.

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%. As of the February 23, 2009 effective date of the amendment to our credit agreement, the applicable margin for borrowings under our term loan facility and our revolving facility increased to 4.25% for LIBOR loans and 3.25% for base rate loans, subject to a pricing grid based on total leverage. The applicable margin for the SagamoreHill term loan is 2.25% for LIBOR loans and 1.25% for base rate loans. The interest rate payable under our credit facility would 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 loan A 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 loan B is 3.0% in the case of LIBOR loans and 2.0% for base rate loans. On April 1, 2010, the applicable margin will increase to 3.75%, in the case of LIBOR loans, and 2.75%, in the case of base rate loans, which margin will be in effect through September 30, 2010. Beginning October 1, 2010, the applicable margin will increase to 5.0%, in the case of LIBOR loans, and 4.0%, in the case of base rate loans.

The amendment to our credit agreement also allows us to use up to \$13.0 million of cash for one year following the February 23, 2009 effective date of the amendment to purchase and retire a portion of the notes. In addition, the amendment eliminated an uncommitted \$50.0 million incremental term loan facility. In connection with the amendment, we incurred approximately \$2.8 million of debt issuance costs, of which \$2.4 million was capitalized.

We would not have been in compliance with the total leverage ratio covenant contained in our credit agreement when measured for the quarter ended December 31, 2008. However, pursuant to the terms of our credit agreement, Pilot Group had the right, subject to certain limitations, to make one or more cash capital contributions to us in order to prevent a default under our credit agreement. During the first quarter of 2009, Pilot Group made cash capital contributions to us in an aggregate amount of \$16.0 million to prevent a default under our credit agreement. As of September 30, 2009, we were in compliance with the financial covenants contained in our credit agreement.

The credit crisis has affected the lenders under our credit facility, although all, to date, have funded their obligations thereunder. On November 1, 2009, CIT Group, Inc., or CIT, one of the lenders under our credit facility, filed for bankruptcy protection. Although we have fully drawn on our revolving facility as of September 30, 2009, if we repay any of our borrowings thereunder, we may not be able to

re-borrow CIT's proportionate share under our revolving facility.

We issued \$125.0 million aggregate principal amount of 10½% Senior Subordinated Notes due 2014, of which \$54.9 million aggregate principal amount were outstanding as of September 30, 2009. The notes 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%.

Subsequent to the February 23, 2009 effective date of the amendment to our credit agreement, we repurchased \$70.1 million aggregate principal amount of the notes for an aggregate purchase price of \$12.9 million. We recorded a gain on the extinguishment of debt of \$55.1 million, which includes the write off of \$2.1 million of deferred financing costs and other fees incurred in association with the repurchase of the notes.

We may from time to time seek to retire or purchase additional notes through cash purchases and/or exchanges for qualified equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions (including the remaining amount available to us for repurchases pursuant to the amendment to our credit agreement) and other factors.

Our credit agreement 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.

In addition, our credit agreement also requires us 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 H to our condensed consolidated financial statements included elsewhere in this Quarterly Report.



At September 30, 2009, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as “structured finance entities” 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 condensed 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. All purchase price allocations for acquisitions we have consummated were finalized prior to December 31, 2008.

*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 or loss and are recognized in the statement of operations when the hedged item affects net income or loss. 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.

*Allowance for Doubtful Accounts.* We maintain an allowance for doubtful accounts for estimated losses resulting from extending credit to our customers who subsequently become unable to make required payments. If the economy or the financial condition of our customers were to deteriorate, resulting in their inability to make payments to us, additional allowances could be required.

### **Recent Issued Accounting Pronouncements**

ASC Topic 805, “Business Combinations,” or ASC 805, requires the acquirer to recognize and measure in the financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest and the goodwill acquired and essentially modifies the purchase method of accounting previously allowed. The pronouncement also requires acquisition costs to be expensed as incurred. The statement establishes disclosure requirements that enable users to evaluate the nature and financial effects of the business combination and must be adopted simultaneously with ASC Topic 810-10-65-1, “Consolidation,” or ASC 810-10-65-1.

ASC Topic 810-10-65-1 “Consolidation,” or ASC 810-10-65-1, requires a non-controlling interest in a consolidated subsidiary to be displayed as a separate component of stockholder’s equity in the consolidated statement of financial position as opposed to a “mezzanine” item between liabilities and equity. In addition, amounts that are attributed to the non-controlling interest should also be reported as part of consolidated net income and not as a separate component of income or expense. Disclosure of the attribution between controlling and non-controlling interests on the face of the income statement is also required.

The effect ASC 805 and ASC 810-10-65-1 will have on our financial statements will depend on the significance of any future acquisitions subject to these pronouncements.

ASC Topic 855, “Subsequent Events,” or ASC 855, requires additional disclosures relating to subsequent events, including disclosing the date through which subsequent events were evaluated and the basis for that date. ASC 855 also modifies the naming of the types of subsequent events from Type 1 and 2 events to recognized subsequent events and unrecognized subsequent events, respectively. We adopted ASC 855 effective with our June 30, 2009 filing. For the quarter ended September 30, 2009, we have evaluated our subsequent events through November 12, 2009, which is the date our financial statements were issued.

In June 2009, the FASB, issued Statement No. 168, “Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162,” or SFAS No. 168. Under SFAS No. 168, the FASB Accounting Standards Codification is the source of authoritative United States generally accepted accounting principles to be applied to nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative generally accepted accounting principles for SEC registrants. The codification superseded all previously existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the codification also became non-authoritative. SFAS No. 168 was effective for us on September 30, 2009 and there was no financial impact of such adoption on our consolidated financial statements. We have updated the notes to the unaudited condensed consolidated financial statements to appropriately reference the new codification.

### **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 changes in the interest rate on the notes because they bear interest at a fixed rate. However, borrowings under our credit facility bear 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, financial condition and liquidity. A 1% change in LIBOR would result in our interest expense under our credit facility fluctuating approximately \$1.7 million per year, without taking into account the effect of any hedging instruments.

We do not enter into derivatives or other financial instruments for trading or speculative purposes; however, in order to manage our interest rate risk, we have entered into interest rate collar agreements to effectively fix the interest rate on the majority of the borrowings under our credit facility.

We are party to two interest rate collar agreements, each effective as of February 12, 2007, which 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 interest rate collar agreement is \$40.0 million and both expire on February 12, 2011.

We are party to two additional interest rate collar agreements, each effective on August 14, 2007, which 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. The notional amount of each interest rate collar agreement is \$20.0 million. The agreements expire on August 16, 2010.

The collar agreements are designated as hedging instruments under ASC Topic 815 “Derivatives and Hedging,” or ASC 815. In accordance with ASC 815, unrealized changes in the fair value of these agreements are recorded in other comprehensive income. The interest rate collars consist of a purchased option and a sold option, which have been entered into simultaneously with the same counterparties.

The 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. During the three months and nine months ended September 30, 2009, payments made under these agreements totaled \$1.2 million and \$3.1 million, respectively. For the three months and nine months ended September 30, 2008, payments on the interest rate collars totaled \$0.7 million and \$1.2 million, respectively. As of September 30, 2009, the value of the interest rate collar agreements was reflected as a liability in our condensed consolidated balance sheets in the amount of \$5.3 million, based on the fair value of the collars as of that date. With the adoption of ASC Topic 820 “Fair Value Measurements and Disclosures,” the consideration of changes in credit risk reduced the fair value of the interest rate collars and resulted in an adjustment of \$0.6 million to the interest rate collar liability as of September 30, 2009. 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 legal and regulatory proceedings arising out of operations. Management believes that we are not currently party to any legal or regulatory 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 for the year ended December 31, 2008, as supplemented by our Quarterly Report for the quarter ended June 30, 2009.

For a more comprehensive discussion of the risks facing us, refer to Exhibit 99.1 to this Quarterly Report which is posted on our website ([www.barringtontv.com](http://www.barringtontv.com)).

#### **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 posted as part of this Quarterly Report are listed in the index to exhibits, which index 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 12, 2009

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](http://www.barringtontv.com)).

<b><u>Exhibit Number</u></b>	<b><u>Title</u></b>
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	Amendment No. 1 to the Credit Agreement, dated as of February 5, 2009, among Barrington Broadcasting Group LLC, Bank of America, N.A. as administrative agent and the Lenders to the Credit Agreement, dated as of August 11, 2006

- 10.3 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
- 10.4 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
- 10.5 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
- 10.6 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
- 10.7 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
- 10.8 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
- 10.9 Management Agreement dated as of December 30, 2003, by and between Barrington Broadcasting LLC and Barrington Broadcasting Company, LLC, as amended
- 10.10 Transition Services Agreement, dated as of August 11, 2006, by and among Raycom Media, Inc., certain subsidiaries thereof and Barrington Broadcasting Group LLC
- 10.11 Time Brokerage Agreement dated as of April 28, 1994, as amended, by and between Atlantic Media Group, Inc. and Vision Communications, Inc.
- 10.12 Amendment to and Extension of Time Brokerage Agreement, dated as of December 9, 2003, by and between Atlantic Media Group, Inc. and Diversified Communications
- 10.13 Second Amendment to Time Brokerage Agreement, dated as of July 19, 2005, by and between Atlantic Media Group, Inc. and Diversified Communications
- 10.14 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
- 10.15 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
- 10.16 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
- 10.17 Joint Sales Agreement, dated as of August 31, 2007, by and among Barrington Traverse City LLC and Tucker Broadcasting of Traverse City, Inc.

- 10.18 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
- 10.19 Shared Services Agreement, dated as of August 31, 2007, by and among Barrington Traverse City LLC and Tucker Broadcasting of Traverse City, Inc.
- 10.20 Employment Agreement dated as of January 1, 2008, by and between Barrington Broadcasting Group LLC and K. James Yager
- 10.21 The First Amendment to the Employment Agreement dated as of January 1, 2009, by and between Barrington Broadcasting Group LLC and K. James Yager
- 10.22 Employment Agreement dated as of January 1, 2008, by and between Barrington Broadcasting Group LLC and Chris Cornelius
- 10.23 The First Amendment to the Employment Agreement dated as of January 1, 2009, by and between Barrington Broadcasting Group LLC and Chris Cornelius
- 10.24 Employment Agreement dated as of January 1, 2008, by and between Barrington Broadcasting Group LLC and Warren Spector
- 10.25 The First Amendment to the Employment Agreement dated as of January 1, 2009, by and between Barrington Broadcasting Group LLC and Warren Spector.
- 10.26 Employment Agreement dated as of January 1, 2008, by and between Barrington Broadcasting Group LLC and Keith Bland
- 10.27 The First Amendment to the Employment Agreement dated as of January 1, 2009, by and between Barrington Broadcasting Group LLC and Keith Bland
- 10.28 Employment Agreement dated as of January 1, 2008, by and between Barrington Broadcasting Group LLC and Mary Flodin
- 10.29 The First Amendment to the Employment Agreement dated as of January 1, 2009, by and between Barrington Broadcasting Group LLC and Mary Flodin
- 10.30 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
- 10.31 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
- 10.32 Convertible Subordinated Note Purchase Agreement, dated as of April 1, 2008, by and between Tucker Broadcasting of Traverse City, Inc. and Pilot Group LP
- 10.33 Joint Sales Agreement, dated as of March 2, 2009, by and among Barrington Syracuse LLC, Barrington Broadcasting Group LLC and Granite Broadcasting Corporation\*
- 10.34 Shared Services Agreement, dated as of March 2, 2009, by and among Barrington Syracuse LLC, Barrington Broadcasting Group LLC and Granite Broadcasting Corporation\*

- 10.35 Joint Sales Agreement, dated as of March 2, 2009, by and among Barrington Peoria LLC, Barrington Broadcasting Group LLC and Granite Broadcasting Corporation\*
- 10.36 Shared Services Agreement, dated as of March 2, 2009, by and among Barrington Peoria LLC, Barrington Broadcasting Group LLC and Granite Broadcasting Corporation\*
- 21 Subsidiaries of Barrington Broadcasting Group LLC
- 99.1 Risk Factors

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\* Certain proprietary information has been omitted from this exhibit.