

**QUARTERLY REPORT  
FOR THE QUARTER ENDED MARCH 31, 2010**

**BARRINGTON BROADCASTING GROUP LLC  
BARRINGTON BROADCASTING CAPITAL CORPORATION**  
2500 W. Higgins Road, Suite 155  
Hoffman Estates, IL 60169  
(847) 884-1877

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 MARCH 31, 2010**

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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 integrate and achieve certain cost savings from the television stations we may acquire, program or provide 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

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

	<b>(Unaudited)</b> <b>March 31,</b> <b>2010</b>	<b>December 31,</b> <b>2009</b>
	(in thousands)	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 22,149	\$ 23,410
Trade receivables, less allowance for doubtful accounts of \$877 and \$768, respectively	17,958	19,146
Current portion of program broadcast rights	2,419	3,368
Prepaid expenses and other current assets	975	1,124
Total current assets	43,501	47,048
Program broadcast rights	725	841
Debt issuance costs	7,755	8,384
Investment in joint ventures	1,395	1,401
Other	640	674
Property and equipment, net	47,332	48,726
Goodwill	9,730	9,730
Other intangibles, net	174,077	174,719
<b>TOTAL ASSETS</b>	<b>\$ 285,155</b>	<b>\$ 291,523</b>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,531	\$ 1,980
Current portion of program broadcast payable	4,797	5,724
Revolving credit facility	21,000	21,000
Current maturities of long-term debt	8,338	3,489
Current portion of contracts payable	111	123
Current portion of interest rate collars	3,649	3,926
Accrued interest	2,359	3,724
Accrued expenses and other liabilities	5,140	4,043
Deferred revenue - current	181	211
Total current liabilities	47,106	44,220
Long-term debt	196,053	203,405
Contracts payable	1,333	1,324
Program broadcast payable	802	1,043
Interest rate collars	-	642
Deferred revenue	1,088	1,119
Total liabilities	246,382	251,753
<b>BARRINGTON MEMBER'S EQUITY</b>		
Member's equity	38,850	40,766
Other comprehensive loss	(3,649)	(4,568)
Total Barrington member's equity	35,201	36,198
Noncontrolling interest of subsidiary	3,572	3,572
Total member's equity	38,773	39,770
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b>\$ 285,155</b>	<b>\$ 291,523</b>

See accompanying notes to the condensed consolidated financial statements

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

	<b>Three Months Ended March 31</b>	
	<b>2010</b>	<b>2009</b>
	(in thousands)	
NET REVENUES	\$ 26,562	\$ 22,431
OPERATING EXPENSES		
Selling, technical and program expenses	13,124	13,378
General and administrative	4,753	5,098
Depreciation and amortization	3,315	6,958
Corporate	1,641	1,564
Total operating expenses	22,833	26,998
INCOME (LOSS) FROM OPERATIONS	3,729	(4,567)
INTEREST (EXPENSE) INCOME		
Interest expense	(4,944)	(5,933)
Amortization of debt issuance costs	(629)	(539)
Interest income	-	8
Total net interest expense	(5,573)	(6,464)
OTHER NON-OPERATING INCOME		
Gain on extinguishment of debt	-	54,117
Non-cash gain from exchange of assets	-	470
Total non-operating income	-	54,587
(LOSS) INCOME BEFORE INCOME TAXES	(1,844)	43,556
INCOME TAX EXPENSE	(72)	(152)
NET (LOSS) INCOME	\$ (1,916)	\$ 43,404

See accompanying notes to the condensed consolidated financial statements

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

	<b>Three Months Ended March 31</b>	
	<b>2010</b>	<b>2009</b>
	(in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss) income	\$ (1,916)	\$ 43,404
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	2,618	6,235
Amortization of program broadcast rights	1,207	1,219
Payments of program broadcast payable	(1,310)	(1,289)
Barter revenue net of expenses	(39)	33
Amortization of intangibles, including debt issuance costs and joint sales fees	1,334	1,252
Gain on extinguishment of debt	-	(54,117)
Gain on disposal and exchange of property and equipment	(4)	(464)
Imputed interest and accretion on convertible subordinated debt	20	65
Equity in loss of joint ventures	18	26
Changes in assets and liabilities that relate to operations, net of effect of acquisitions:		
Trade receivables	1,188	3,009
Prepaid expenses and other	142	(362)
Accounts payable	(448)	(147)
Accrued interest	(1,365)	(3,969)
Accrued expenses	1,097	1,495
Deferred revenue	(61)	(37)
Net cash provided by (used in) operating activities	2,481	(3,647)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(1,193)	(1,256)
Proceeds from disposition of assets	11	4
Acquisition of television stations, net of cash acquired	-	(58)
Investment in joint ventures and joint sales agreement	(12)	(8)
Net cash used in investing activities	(1,194)	(1,318)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repurchase of senior subordinated notes	-	(11,637)
Principal payments on long-term debt	(2,503)	(392)
Payments of contracts payable	(45)	(35)
Proceeds from contributed capital	-	16,032
Payment of debt issuance costs	-	(2,419)
Net cash (used in) provided by financing activities	(2,548)	1,549
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,261)	(3,416)
Cash and cash equivalents, beginning of period	23,410	28,839
Cash and cash equivalents, end of period	\$ 22,149	\$ 25,423

*Continued*

See accompanying notes to the condensed consolidated financial statements

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

	<b>Three Months Ended March 31</b>	
	<b>2010</b>	<b>2009</b>
	(in thousands)	
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments of interest	\$ 6,289	\$ 9,837
Cash payments of income taxes	\$ 40	\$ 152
 <b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of program broadcast rights	\$ (142)	\$ (19)
Equipment acquired by barter transactions	\$ (38)	\$ (1)
Fair market value of equipment acquired in exchange, net of disposals	\$ -	\$ (470)
Issuance of subsidiary preferred stock in exchange for long-term debt of subsidiary	\$ -	\$ 3,572
 <b>ACQUISITION OF TELEVISION STATIONS</b>		
Property and equipment acquired	\$ -	\$ (87)
Intangible assets and goodwill acquired	-	145
Cash used for acquisition of television stations, net	-	58
Amounts paid in 2009 pertaining to 2008 acquisitions	-	(58)
Total cost of acquisitions of television stations	\$ -	\$ -

See accompanying notes to the condensed consolidated financial statements

**BARRINGTON BROADCASTING GROUP LLC**  
**Notes to 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, rental of tower space, retransmission consent fees and barter transactions for goods and services. In addition, 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. These financial statements should be read along with the annual financial statements and footnotes thereto of Barrington Group for the year ended December 31, 2009, 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 Myrtle Beach, 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. Barrington Group exercises significant influence over the programming and operations of both SagamoreHill and Tucker. Barrington Group pays fees to the owners of SagamoreHill and Tucker in conjunction with the respective local marketing agreement, joint sales agreement and shared services agreement and is entitled to fees from SagamoreHill and Tucker. As such, Barrington Group consolidates SagamoreHill and Tucker 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 BROADCASTING GROUP LLC**  
**Notes to the Condensed Consolidated Financial Statements – (continued)**  
**(Unaudited)**

In addition, Barrington Group provides advertising sales and certain other technical and support services to WTVH in Syracuse, New York, which is owned by Granite Broadcasting Corporation, or Granite, under the terms of a joint sales agreement and a shared services agreement. All significant intercompany accounts and transactions have been eliminated.

Barrington Group, through its ownership of KGBT and WFXL, also owns 50% interests in each of Tall Tower LLC, a joint venture formed to operate a television tower in Harlingen, Texas, and Albany Tower LLC, a joint venture formed to operate a television tower in Albany, Georgia. Barrington Group does not exercise control over Tall Tower LLC or Albany Tower LLC and, as such, Barrington Group's interests in Tall Tower LLC and Albany Tower LLC have been consolidated using the equity method of accounting.

Barrington Group has reviewed subsequent events for inclusion in the financial statements through the date that the accompanying financial statements were issued.

**(Note B) – 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 Peoria Granite agreements together with the Syracuse Granite 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 one year to equalize transitional costs incurred by Barrington Group and Granite, which amount is estimated at \$661,000 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 ended March 31, 2010, net payments received from Granite for the transition costs totaled \$59,000. As of March 31, 2010, the unamortized balance of these transitional costs was \$482,000.

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

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

On April 1, 2008, Tucker borrowed \$3,300,000 from Barrington Group’s equity sponsor, Pilot Group LP, or 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, par value \$0.01 per share, of Tucker. 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. The 3,572 shares of non-voting Series A preferred stock represent a non-controlling interest in Tucker.

**(Note D) – Property and Equipment**

Barrington Group recorded \$1,093,000 in additional depreciation for the three months ended March 31, 2009, related to analog transmission equipment that was taken out of service in June 2009, when Barrington Group was required by the Federal Communications Commission, or the FCC, to discontinue broadcasting in the analog format. In addition, for the three months ended March 31, 2009, Barrington Group recorded \$107,000 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.

**(Note E) –Restructuring Reserves**

Barrington Group initiated certain operating expense reductions to eliminate or reduce identified costs, including a reduction in Barrington Group’s workforce of approximately 14%, during the three months ended March 31, 2009.

Barrington Group recorded expenses related to severance costs incurred in connection with its workforce reductions and the Peoria Granite agreements of \$728,000 during the three months ended March 31, 2009. For the three months ended March 31, 2010 and 2009, Barrington Group paid severance costs of \$76,000 and \$489,000, respectively. The severance expenses are included in general and administrative expense in the condensed consolidated statements of operations. The remaining restructuring reserve as of March 31, 2010 of \$84,000 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):

	<u>Balance as of December 31, 2009</u>	<u>Costs Settled</u>	<u>Balance as of March 31, 2010</u>
Peoria Granite agreements	\$ 138	\$ (65)	\$ 73
Workforce reductions	22	(11)	11
	<u>\$ 160</u>	<u>\$ (76)</u>	<u>\$ 84</u>

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

**(Note F)– Long-Term Debt**

As of March 31, 2010, long-term debt consists of the following (in thousands):

	<u>March 31</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Senior secured term loan B	\$ 140,227	\$ 142,706
Revolving credit facility	21,000	21,000
Senior subordinated notes	54,940	54,940
Tucker term loans	6,860	6,878
SagamoreHill term loan	2,364	2,370
Related party loan	-	-
	<u>225,391</u>	<u>227,894</u>
Less current portion of debt	<u>29,338</u>	<u>24,489</u>
	<u>\$ 196,053</u>	<u>\$ 203,405</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 March 31, 2010, 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.

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, among other things, 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.

Under the provisions of ASC Topic 470-50, “Debt/Modifications and Extinguishments,” 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 were written off. For the three months ended March 31, 2009, Barrington Group incurred \$2,683,000 of debt issuance costs related to the

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

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 4.65% as of March 31, 2010. (See Note G.)

On March 10, 2010, Barrington Group discovered that it had made an inadvertent error in the calculation of the amount of the excess cash flow mandatory prepayment which was required to be made under its credit facility for fiscal 2008. Due to this error, Barrington Group originally determined in April 2009 that no excess cash flow mandatory prepayment was required under its credit facility for fiscal 2008, when in fact it actually owed \$1,329,000. This payment would have been due in April 2009 and the failure to make such payment constituted an event of default under Barrington Group's credit facility. In order to cure this payment event of default, on March 15, 2010, Barrington Group made a payment of \$1,365,000, which included default interest on the prepayment amount, to the lenders under its credit facility.

In addition, Barrington Group determined that an excess cash flow mandatory prepayment of \$785,000 was required under its credit facility for the year ended December 31, 2009. Barrington Group paid such excess cash flow mandatory prepayment on March 31, 2010.

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 March 31, 2010. 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.

During the three months ended March 31, 2009, Barrington Group repurchased \$67,785,000 aggregate principal amount of the notes for an aggregate purchase price of \$11,637,000. Barrington Group recorded gains on the extinguishment of debt of \$54,117,000, net of \$2,031,000 in fees and costs, which included the write off of deferred financing costs associated with the repurchase of the notes.

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 March 31, 2010, Barrington Group was in compliance with these financial covenants.

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

Although Barrington Group currently believes that it will be in compliance with the financial covenants contained in its credit agreement throughout 2010, 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 weighted average interest rate on the outstanding balance of the SagamoreHill term loan was 2.51% as of March 31, 2010.

In addition, Barrington Group guarantees the \$3,000,000 Tucker term loan B facility and is providing credit support for the \$4,000,000 Tucker term loan A facility in the form of a \$4,000,000 letter of credit issued under Barrington Group's revolving facility. 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 on the Tucker term loan B facility 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 2.69% as of March 31, 2010.

**(Note G) – 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 H), 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, 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 Barrington Group's current interest rate collar 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

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

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 condensed consolidated statement of operations when the hedged item affects net income.

The following table summarizes the fair value of Barrington Group's derivative financial instruments as of March 31, 2010 (in thousands):

<b>Derivatives Designated as Hedging Instruments Under SFAS No. 133 Interest Rate Collars</b>	<b>Balance Sheet Location</b>	<b>Notional Value</b>	<b>Fair Value</b>
March 31, 2010	Liabilities	\$ 3,791	\$ 3,649

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 ended March 31, 2010 and 2009, Barrington Group made total payments of \$1,401,000 and \$819,000, respectively, on the interest rate collars. Interest payable on the interest rate collars as of March 31, 2010 and 2009, respectively, was \$699,000 and \$546,000 and is included in accrued interest in our condensed consolidated balance sheets. 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 loss (income) related to derivative financial instruments designated as cash flow hedges for the three months ended March 31, 2010 and 2009 (in thousands):

<u>Cash Flow Hedges</u> <u>Rate Collars</u>	<u>Interest</u>	<u>Amount of Loss</u> <u>Recognized in</u> <u>OCL</u>	<u>Amount of Loss</u> <u>reclassified from</u> <u>OCL to</u> <u>Statement of</u> <u>Operations</u>	<u>Amount of Loss</u> <u>expected to be</u> <u>reclassified from</u> <u>OCL to</u> <u>Statement of</u> <u>Operations Over</u> <u>Next 12 Months</u>
Three months ended March 31, 2010		\$ 3,649	\$ 1,376	\$ 3,649
Three months ended March 31, 2009		5,598	819	na

**(Note H) – 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.

The following table presents information about Barrington Group’s liabilities measured at fair value on a recurring basis as of March 31, 2010, 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</u>	<u>Quoted Prices in</u> <u>Active Markets</u> <u>for Identical</u> <u>Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
March 31, 2010	\$ 3,649	\$ -	\$ 3,649	\$ -

As of March 31, 2010, Barrington Group held interest rate collars that are required to be measured at fair value on a recurring basis. (See Note G.) The consideration of changes in credit risk resulted in an adjustment to the interest rate collars of \$142,000 and \$1,692,000 at March 31, 2010 and 2009, respectively, which reduced the fair value of Barrington Group’s interest rate collar liability in the condensed consolidated balance sheets. The fair value of the of the interest rate collars as of March 31,

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

2010, without taking into account the changes in credit risk was \$3,791,000.

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

Comprehensive (loss) income includes net (loss) income and changes in member’s equity from non-owner sources. For Barrington Group, the difference between net (loss) income and comprehensive (loss) income 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):

	March 31	
	2010	2009
Net (loss) income	\$ (1,916)	\$ 43,404
Interest rate collar gains	919	128
Comprehensive (loss) income	\$ (997)	\$ 43,532

**(Note J) – 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 member, in a manner similar to a partnership. Accordingly, no federal tax provision was recorded for the three months ended March 31, 2010 and 2009. 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 ended March 31, 2010 and 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.

For the three months ended March 31, 2010 and 2009, respectively, income tax expense totaled \$72,000 and \$152,000. The decrease in income tax expense is attributable to the gain on the repurchase of a portion of the notes which was recorded during the three months ended March 31, 2009.

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

In January 2010, the FASB issued Accounting Standards Update, or ASU, 2010-06 “Improving Disclosures about Fair Value Measurements,” or ASU 2010-06. ASU 2010-06 updates previous guidance issued in ASC Topic 820-10 “Fair Value Measurements and Disclosures.” The update requires new disclosures and clarifies existing guidance for disclosures about fair value measurements. The updated guidance is effective for interim and annual reporting periods beginning after December 15, 2009. Barrington Group has adopted this updated guidance and included the required disclosures in Note H – Fair Value Measurement in this Quarterly Report.

**BARRINGTON BROADCASTING GROUP LLC**  
**Notes to the Condensed Consolidated Financial Statements – (continued)**  
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In December 2009, the FASB issued ASU 2009-17 “Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities,” or ASU 2009-17. ASU 2009-17 updates the guidance in ASC Topic 810-10 “Consolidations,” or ASC 810-10. The update requires a new qualitative approach for determining whether a reporting entity should consolidate a variable interest entity and changes the requirement for when to reassess whether a reporting entity should consolidate a variable interest entity. The update also addresses the effects on certain provisions of the previous guidance as a result of the qualifying special-purpose entity concept and concerns about the application of certain key provisions of ASC 810-10, including those in which the accounting and disclosures under the standard do not always provide timely and useful information about an enterprise’s involvement in a variable interest entity. The updated guidance is effective for fiscal years beginning after November 15, 2009. Barrington Group has adopted this updated guidance as of January 1, 2010, the adoption of which had no impact on Barrington Group’s financial position or results of operations.

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

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

### **Introduction**

We are a television broadcasting company focused on smaller markets across the United States. We own, 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.

### **Joint Sales and Shared Services Agreements**

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.

### **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 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 is generally more stable and more controllable. We seek to attract new advertisers to television and to increase the amount of advertising time sold to existing local advertisers by relying on experienced local sales forces with strong community ties, producing news and other programming with local advertising appeal and sponsoring or co-promoting local events and activities.

A television station's rates are primarily determined by the estimated number of television homes it can provide for an advertiser's message. The estimates of the total number of television homes in a market and the station's share of those homes are based on the Nielsen Media Research industry-wide television rating service. The demographic make-up of the viewing audience is equally important to

advertisers. A station's rate card for national and local advertisers takes into account, in addition to audience delivered, such variables as the length of the commercial announcements and the quantity purchased. 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 and retransmission consent fees. 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. Retransmission consent revenue is the amount paid by various satellite and cable providers in return for consent to the retransmission of the signals of our television stations.

### **Impairment of Intangible Assets**

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.

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 estimated 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.

### **Reorganization and Restructuring Costs**

During the first quarter of 2009, we reduced our workforce by 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 was required to reimburse us for 50% of certain of these costs. We recorded expenses of \$0.7 million for the three months ended March 31, 2009, related to one-time severance costs as a result of the workforce reduction and the Peoria Granite agreements. As of March 31, 2010, the amount of severance costs remaining to be paid related to the 2009 workforce reduction and the Peoria Granite agreements was \$0.1 million.

In addition, in connection with the execution of the Granite agreements, we paid Granite \$0.1 million during the three months ended March 31, 2010 to equalize transitional costs incurred by us and Granite. These costs have been capitalized and included in other assets in the condensed consolidated balance sheets and are being amortized ratably over the life of the Granite agreements.

## Results of Operations

### *Combined Results of Barrington Group*

On March 2, 2009, we 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 March 31, 2010 Compared to Three Months Ended March 31, 2009*

The following table sets forth our operating results for the three months ended March 31, 2010 as compared to the three months ended March 31, 2009.

	<u>Three Months Ended March 31</u>				
	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>% Change</u>	
	(dollars in thousands)				
Revenue:					
Local	\$ 18,228	\$ 16,491	\$ 1,737	10.5	%
National	6,463	5,812	651	11.2	
Political	1,034	167	867	519.2	
Retransmission fees	2,020	1,310	710	54.2	
Other	3,216	2,260	956	42.3	
Gross revenue	30,961	26,040	4,921	18.9	
Direct costs	4,399	3,609	790	21.9	
Net revenue	26,562	22,431	4,131	18.4	
Operating expenses:					
Selling, technical and program expenses	13,124	13,378	(254)	(1.9)	
General and administrative	4,753	5,098	(345)	(6.8)	
Depreciation and amortization	3,315	6,958	(3,643)	(52.4)	
Corporate	1,641	1,564	77	4.9	
Total operating expenses	22,833	26,998	(4,165)	(15.4)	
Income (loss) from operations	3,729	(4,567)	8,296	181.7	
Interest expense	(4,944)	(5,933)	989	(16.7)	
Amortization of debt issuance costs	(629)	(539)	(90)	16.7	
Interest income	-	8	(8)	(100.0)	
Net interest expense	(5,573)	(6,464)	891	(13.8)	
Non-operating income	-	54,587	(54,587)	(100.0)	
(Loss) income before income taxes	(1,844)	43,556	(45,400)	nm	
Income tax expense	(72)	(152)	80	(52.6)	
Net (loss) income	\$ (1,916)	\$ 43,404	\$ (45,320)	nm	%

Our net revenue for the three months ended March 31, 2010 was \$26.6 million, as compared to \$22.4 million for the three months ended March 31, 2009, an increase of \$4.1 million, or 18.4%. The major components of, and changes to, net revenue were as follows:

- Gross local revenue increased to \$18.2 million for the three months ended March 31, 2010 from \$16.5 million for the three months ended March 31, 2009, an increase of \$1.7 million, or 10.5%.

The increase in gross local revenue was primarily due to a resurgence of local automotive advertising revenue, as well as increases in advertising by other local media and professional service industries in our markets. In addition, the gross local revenue at our NBC stations was positively impacted by the 2010 winter Olympics.

- Gross national revenue for the three months ended March 31, 2010 was \$6.5 million as compared to \$5.8 million for the three months ended March 31, 2009, an increase of \$0.7 million, or 11.2%. The increase in gross national advertising revenue was primarily due to a resurgence of national automotive advertising revenue. In addition, the gross national revenue at our NBC stations was positively impacted by the 2010 winter Olympics.
- Our gross political advertising revenue for the three months ended March 31, 2010 was \$1.0 million, as compared to \$0.2 million for the three months ended March 31, 2009, an increase of approximately \$0.8 million. For the three months ended March 31, 2010, gross political revenue was comprised primarily of mid-term U.S. Senate, U.S. Congress and state gubernatorial races.
- Revenue from retransmission fees for the three months ended March 31, 2010 was \$2.0 million, as compared to \$1.3 million for the three months ended March 31, 2009, an increase of approximately \$0.7 million, or 54.2%. The increase was due to additional revenue associated with certain recently renegotiated retransmission consent agreements.
- Other revenue for the three months ended March 31, 2010 was \$3.2 million, as compared to \$2.3 million for the three months ended March 31, 2009, an increase of approximately \$0.9 million, or 42.3%. The increase was primarily due to increased revenue related to advertising on our stations' websites and joint sales and shared service fees associated with the Syracuse Granite agreements.

Our operating expenses for the three months ended March 31, 2010 were \$22.8 million, as compared to \$27.0 million for the three months ended March 31, 2009, a decrease of \$4.2 million, or 15.4%. The major changes to operating expenses were as follows:

- Our selling, technical and programming expenses were \$13.1 million for the three months ended March 31, 2010 compared to \$13.4 million for the three months ended March 31, 2009, a decrease of \$0.3 million, or 1.9%. The decrease in expenses was primarily the result of workforce reductions and mandatory furloughs which we initiated in March 2009, the Peoria Granite agreements and the renegotiation of various contractual obligations.
- Our general and administrative expenses were \$4.8 million for the three months ended March 31, 2010 as compared to \$5.1 million for the three months ended March 31, 2009, a decrease of \$0.3 million, or 6.8%. The decrease in expenses was primarily the result of workforce reductions and mandatory furloughs which we initiated in March 2009, the Peoria Granite agreements and the renegotiation of various contractual obligations.
- Our depreciation and amortization was \$3.3 million for the three months ended March 31, 2010 as compared to \$7.0 million for the three months ended March 31, 2009, a decrease of \$3.7 million, or 52.8%. The decrease was primarily due to the now fully depreciated status of a portion of our assets placed in service prior to December 31, 2006 and the fully amortized status of various intangible assets acquired as part of our acquisition of substantially all of the assets of 12 television stations from Raycom Media, Inc. In addition, during the three months ended March 31, 2009 we recorded \$1.1 million in additional depreciation related to analog equipment

which was taken out of service in June 2009 and \$0.1 million related to our building in Peoria in which the production of newscasts was terminated in August 2009.

- Total corporate expense remained constant at \$1.6 million for the three months ended March 31, 2010 as compared to the same period in 2009.

Our net interest expense, including amortization of debt issuance costs, for the three months ended March 31, 2010 was \$5.6 million as compared to \$6.5 million for the three months ended March 31, 2009, a decrease of \$0.9 million, or 13.8%. The decrease was primarily due to the repurchase of a portion of our outstanding notes during the three months ended March 31, 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 applicable margin under our credit facility as a result of the amendment to our credit agreement in February 2009.

Non-operating income for the three months ended March 31, 2009 was \$54.6 million. The 2009 non-operating income consisted of a gain of \$54.1 million associated with the repurchase of a portion of our outstanding notes in March 2009. The remaining non-operating income of \$0.5 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 \$0.1 million for the three months ended March 31, 2010 and net income tax expense of \$0.2 million for the three months ended March 31, 2009. Net income tax expense consisted of various state income taxes for our subsidiaries and Tucker, which is organized as a corporation for income tax purposes. As of March 31, 2010 and 2009, Tucker had net deferred federal tax assets in the amount of \$1.1 million and \$0.3 million, respectively, which were fully reserved by a valuation allowance, as we believe the deferred tax assets may not be realized through future taxable earnings.

Our net loss was \$1.9 million for the three months ended March 31, 2010, compared to net income of \$43.4 million for the three months ended March 31, 2009, a change of \$45.3 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. We are currently fully drawn under the revolving credit facility of our credit facility in order to fund seasonal working capital needs and to preserve our financial flexibility in light of the current uncertainty in the credit markets. We expect that cash on hand and cash from operations will be sufficient to cover our operating requirements, capital expenditures and our debt service obligations 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 2010, 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.

On March 10, 2010, we discovered that we had made an inadvertent error in the calculation of the amount of the excess cash flow mandatory prepayment which was required to be made under our credit facility for fiscal 2008. Due to this error, we originally determined in April 2009 that no excess cash flow mandatory prepayment was required under our credit facility for fiscal 2008, when in fact we actually owed \$1.3 million. This payment would have been due in April 2009 and the failure to make such payment constituted an event of default under our credit facility. In order to cure this payment event of default, on March 15, 2010, we made a payment of \$1.4 million, which included default interest on the prepayment amount, to the lenders under our credit facility.

In addition, we determined that an excess cash flow mandatory prepayment of \$0.8 million was required under our credit facility for the year ended December 31, 2009. We paid the excess cash flow mandatory prepayment on March 31, 2010.

*Cash flows from operating activities.* Our cash flows provided by operating activities for the three months ended March 31, 2010 were \$2.5 million, as compared to cash used in operating activities of \$3.6 million for the three months ended March 31, 2009. The increase in cash flows provided by operating activities of approximately \$6.1 million was primarily the result of an increase in gross advertising revenue of \$3.3 million primarily attributable a resurgence of automotive advertising revenue, political advertising revenue and advertising during the 2010 winter Olympics. In addition, cash flows provided by operations were positively impacted by increased revenue from the renegotiation of retransmission consent agreements and cash flows from the joint sales and shared services agreements with Granite. Cash flows provided by operations also improved due to a decrease in cash interest payments on the notes of approximately \$3.5 million during the three months ended March 31, 2010, as compared to the same period in 2009.

*Cash flows from investing activities.* Our cash flows used in investing activities were \$1.2 million for the three months ended March 31, 2010, as compared to \$1.3 million for the three months ended March 31, 2009. The decrease in cash flows used in investing activities for the three months ended March 31, 2010 was primarily due to final costs associated with Tucker's acquisition of WGTU/WGTQ in January 2009 and the decrease in purchases of property and equipment for the three months ended March 31, 2010 as compared to the three months ended March 31, 2009.

*Cash flows from financing activities.* Our cash flows used in financing activities were \$2.5 million for the three months ended March 31, 2010, as compared to cash flows provided by financing activities of \$1.5 million for the three months ended March 31, 2009, a decrease of \$4.0 million. The decrease in cash flows provided by financing activities for the three months ended March 31, 2010 was primarily a result of \$0.4 million of scheduled principal payments made on our term loan facility and \$2.1 million in excess cash flow mandatory prepayments which were paid in March 2010. Net cash provided by financing activities for the three months ended March 31, 2009 included \$16.0 million in capital contributions from Pilot Group, which contributions were partially used to reduce our indebtedness and resulted in cash outflows of \$11.6 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.

*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 March 31, 2010, the total balance outstanding under our term loan facility and the SagamoreHill term loan was \$142.6 million. Additionally, the balance outstanding under the Tucker credit facility as of March 31, 2010 totaled \$6.9 million. The balance outstanding under our revolving facility as of March 31, 2010 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 increased on the Tucker term loan B 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 eliminated an uncommitted \$50.0 million incremental term loan facility. In connection with the amendment, we incurred approximately \$2.7 million of debt issuance costs during the three months ended March 31, 2009, 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 March 31, 2010, we were in compliance with the financial covenants contained in our credit agreement.

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 March 31, 2010. 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 10½%.

During the quarter ended March 31, 2009, we repurchased \$67.8 million aggregate principal amount of the notes for an aggregate purchase price of \$11.6 million. We recorded a gain on the extinguishment of debt of \$54.1 million, which included the write off of \$2.0 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 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 F to our condensed consolidated financial statements included elsewhere in this Quarterly Report.

## Contractual Obligations

The following table summarizes our contractual obligations at March 31, 2010, and the effect such obligations are expected to have on our liquidity and cash flow in future periods.

	Total	2010	2011	2012	2013	2014	2015 and After
	(in thousands)						
Term facility.....	\$ 140,227	\$ 1,090	\$ 1,453	\$ 1,453	\$ 136,231	\$ -	\$ -
Senior subordinated notes.....	54,940	-	-	-	-	54,940	-
SagamoreHill term loan.....	2,364	18	25	25	2,296	-	-
Tucker term loans .....	6,860	53	6,807	-	-	-	-
Revolving credit facility .....	21,000	21,000	-	-	-	-	-
Contracts payable .....	1,444	84	108	555	338	208	151
Program broadcast payables .....	5,599	4,361	595	395	239	9	-
Total obligations reported as liabilities .....	<u>232,434</u>	<u>26,606</u>	<u>8,988</u>	<u>2,428</u>	<u>139,104</u>	<u>55,157</u>	<u>151</u>
Interest on long-term debt obligations <sup>(1)</sup> .....	51,412	13,470	12,632	12,085	9,620	3,605	-
Non-cancelable commitments to purchase							
program broadcast rights .....	8,956	881	3,552	2,548	1,486	489	-
Operating lease obligations .....	7,575	919	929	820	696	677	3,534
Total contractual obligations .....	<u>\$ 300,377</u>	<u>\$ 41,876</u>	<u>\$ 26,101</u>	<u>\$ 17,881</u>	<u>\$ 150,906</u>	<u>\$ 59,928</u>	<u>\$ 3,685</u>

- (1) Represents estimated interest expense on the term loan facility, the revolving facility, the SagamoreHill term loan and the Tucker term loans based on the expected future debt balances and using the floating interest rates on the obligations as of March 31, 2010. Assumes the payments on our interest rate hedging agreements are based on current LIBOR levels through maturity. Interest expense on the notes is calculated at 10.5% annually.

## Seasonality

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

## Off-Balance Sheet Arrangements

We have various operating lease obligations for equipment, land and office space that expire through March 2022. In addition, we account for program rights and obligations in accordance with ASC Topic 920, "Entertainment – Broadcasters," which requires us to record program rights agreements on our balance sheet on the first broadcast date of the program. We have commitments for future program rights agreements not recorded on our balance sheet at March 31, 2010. For a summary of these non-cancelable commitments, see the table under "– Contractual Obligations."

At March 31, 2010, 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 that changes in the inflation rate have a material 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. With the exception of the WGTU/WGTQ acquisition, all purchase price allocations for acquisitions we have consummated were finalized prior to March 31, 2009.

*Impairment of long-lived assets.* Generally accepted accounting principles require that most long-lived assets are carried at the lower of cost or fair value. Such assets compose the major portion of Barrington Group’s total assets and exceed member’s equity. We review and test our indefinite lived assets for potential impairment at least annually and test our long-lived assets for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. This review requires assumptions and estimates of future cash flows to be generated by our stations, discount rates to be used in present value calculations, expected future benefits from network affiliation contracts, and other future conditions. Changes in market conditions or our plans could change management’s judgments regarding impairment of assets.

*Derivative financial instruments.* We invest in derivative financial instruments to limit our exposure to interest rate increases on our floating rate debt. We recognize at fair value all derivatives, whether designated in hedging relationships or not, in the balance sheet as either an asset or liability. The accounting for changes in the fair value of a derivative, including certain derivative instruments embedded in other contracts, depends on the intended use of the derivative and the resulting designation. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and the hedged item are recognized in the statement of operations. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the statement of operations when the hedged item affects net income. If the derivative does not qualify as a hedge, its carrying value must be periodically adjusted to fair value, with any gain or loss recognized in operating results.

*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 would be required.

### **Recently Issued Accounting Pronouncements**

In January 2010, the FASB issued Accounting Standards Update, or ASU, 2010-06 “Improving Disclosures about Fair Value Measurements,” or ASU 2010-06. ASU 2010-06 updates previous guidance issued in ASC Topic 820-10 “Fair Value Measurements and Disclosures.” The update requires new disclosures and clarifies existing guidance for disclosures about fair value measurements. The updated guidance is effective for interim and annual reporting periods beginning after December 15, 2009. We have adopted this updated guidance and included the required disclosures in Note H – Fair Value Measurement, contained elsewhere in this Quarterly Report.

In December 2009, the FASB issued ASU 2009-17 “Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities,” or ASU 2009-17. ASU 2009-17 updates the guidance in ASC Topic 810-10 “Consolidations,” or ASC 810-10. The update requires a new qualitative approach for determining whether a reporting entity should consolidate a variable interest entity and changes the requirement for when to reassess whether a reporting entity should consolidate a variable interest entity. The update also addresses the effects on certain provisions of the previous guidance as a result of the qualifying special-purpose entity concept and concerns about the application of certain key provisions of ASC 810-10, including those in which the accounting and disclosures under the standard do not always provide timely and useful information about an enterprise’s involvement in a variable interest entity. The updated guidance is effective for fiscal years beginning after November 15, 2009. We have adopted this updated guidance as of January 1, 2010, the adoption of which had no impact on our financial position or results of operations.

### **ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.**

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. We have no cash flow exposure due to 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 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 ended March 31, 2010 and 2009, payments made under these agreements totaled \$1.4 million and \$0.8 million, respectively. As of March 31, 2010, the value of the interest rate collar agreements was reflected as a liability in our statements of financial position in the amount of \$3.6 million, based on the fair value of the collars as of those dates. 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 \$0.1 million to the interest rate collar liability as of March 31, 2010. 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 governing the notes, 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**

During the quarter ended March 31, 2010, there were no material changes to the risk factors disclosed in “Item 1A. Risk Factors” of our Annual Report for the year ended December 31, 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: May 13, 2010

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 Time Brokerage Agreement dated as of April 28, 1994, as amended, by and between Atlantic Media Group, Inc. and Vision Communications, Inc.
- 10.11 Amendment to and Extension of Time Brokerage Agreement, dated as of December 9, 2003, by and between Atlantic Media Group, Inc. and Diversified Communications
- 10.12 Second Amendment to Time Brokerage Agreement, dated as of July 19, 2005, by and between Atlantic Media Group, Inc. and Diversified Communications
- 10.13 Third Amendment to Time Brokerage Agreement, dated as of July 19, 2005, by and between SagamoreHill of Carolina LLC and Barrington Broadcasting South Carolina Corporation
- 10.14 Fourth Amendment to Time Brokerage Agreement, dated as of February 6, 2006, by and between SagamoreHill of Carolina LLC and Barrington Broadcasting South Carolina Corporation
- 10.15 Option Agreement, dated as of July 19, 2005, by and among SagamoreHill of Carolina LLC, SagamoreHill of Carolina Licenses LLC and Barrington Broadcasting South Carolina Corporation
- 10.16 Joint Sales Agreement, dated as of August 31, 2007, by and among Barrington Traverse City LLC and Tucker Broadcasting of Traverse City, Inc.
- 10.17 Option Agreement, dated as of August 31, 2007, by and among Barrington Traverse City LLC, Tucker Broadcasting of Traverse City, Inc. and Tucker Media and Management Consulting LLC

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

10.35	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.