

## **CURRENT REPORT**

**of**

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

**August 11, 2010**

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

#### Earnings Release for the Three and Six Months Ended June 30, 2010

On August 11, 2010, Barrington Group issued a press release reporting its financial results for the three and six months ended June 30, 2010 (the “Earnings Announcement”). A copy of the Earnings Announcement is attached to this Current Report as Exhibit 99.1.

#### Transcript of Earnings Call

On August 12, 2010, Barrington Group held a conference call (the “Earnings Call”) to discuss its financial results for the three and six months ended June 30, 2010. A copy of the transcript (the “Transcript”) of the call is attached to this Current Report as Exhibit 99.2. The Transcript has been selectively edited to facilitate the understanding of the information communicated during the conference call.

During the Earnings Call, Barrington Group was asked about the impending maturity of Tucker Broadcasting of Traverse City, Inc.’s \$4.0 million term loan A facility (the “Tucker Term Loan A Facility”) and \$3.0 million term loan B facility (the “Tucker Term Loan B Facility,” and together with the Tucker Term Loan A Facility, the “Tucker Term Loans”), which loans are scheduled to mature on March 31, 2011 (the “Maturity Date”). Barrington Group guarantees the Tucker Term Loan B Facility and is providing credit support for the Tucker Term Loan A Facility in the form of a \$4.0 million letter of credit issued under Barrington Group’s \$25.0 million revolving credit facility. Barrington Group responded that Tucker is currently in negotiations with the lenders under the Tucker Term Loans to extend the Maturity Date. However, Barrington Group can make no assurance as to when, or ultimately if, the Maturity Date will be extended.

## SIGNATURES

Pursuant to the requirements of Section 4.3(a) of the Indenture, Barrington Group and Barrington Capital have duly caused this Current Report to be signed on their behalf by the undersigned thereunto duly authorized.

BARRINGTON BROADCASTING GROUP LLC  
BARRINGTON BROADCASTING CAPITAL CORPORATION

August 16, 2010

/s/ Warren Spector

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



FOR IMMEDIATE RELEASE

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## BARRINGTON REPORTS SECOND QUARTER OPERATING RESULTS

**Hoffman Estates, IL, August 11, 2010** – Barrington Broadcasting Group LLC (“Barrington”) announced today its financial results for the three months and six months ended June 30, 2010. Highlights are as follows:

- Gross revenues for the quarter ended June 30, 2010 increased 13.6% to \$32.7 million from \$28.8 million for the quarter ended June 30, 2009. The increase was primarily due to an increase in national revenues of \$1.0 million, or 16.7%, to \$7.0 million, an increase in local revenues of \$0.9 million, or 4.7%, to \$19.0 million, and an increase in political revenues of \$0.9 million to \$1.0 million. Retransmission revenues increased \$0.7 million, or 50.8%, to \$2.1 million, and other revenues increased \$0.5 million, or 14.6%, to \$3.6 million.
- Net revenues (gross revenues less agency commissions and other direct costs) for the quarter ended June 30, 2010 increased 14.1%, or \$3.5 million, to \$28.1 million from \$24.6 million for the quarter ended June 30, 2009.
- Operating expenses for the quarter ended June 30, 2010, not including depreciation and amortization and an impairment of intangible assets and goodwill, increased 1.1%, or \$0.2 million, to \$19.0 million from \$18.8 million for the quarter ended June 30, 2009.
- Broadcast Cash Flow (as defined herein) for the quarter ended June 30, 2010 increased 39.6% to \$10.8 million from \$7.7 million for the quarter ended June 30, 2009.
- Gross revenues for the six months ended June 30, 2010 increased 16.1% to \$63.7 million from \$54.8 million for the six months ended June 30, 2009. The increase was primarily due to an increase in local revenues of \$2.6 million, or 7.5%, to \$37.2 million, an increase in national revenues of \$1.7 million, or 14.0%, to \$13.5 million, and an increase in political revenues of \$1.8 million to \$2.1 million. Retransmission revenues increased \$1.4 million, or 52.5%, to \$4.1 million, and other revenues increased \$1.4 million, or 26.1%, to \$6.8 million.
- Net revenues (gross revenues less agency commissions and other direct costs) for the six months ended June 30, 2010 increased 16.2%, or \$7.6 million, to \$54.6 million from \$47.0 million for the six months ended June 30, 2009.
- Operating expenses for the six months ended June 30, 2010, not including depreciation and amortization and an impairment of intangible assets and goodwill, decreased 0.8%, or \$0.3 million, to \$38.5 million from \$38.8 million for the six months ended June 30, 2009.
- Broadcast Cash Flow for the six months ended June 30, 2010 increased 62.0% to \$19.6 million from \$12.1 million for the six months ended June 30, 2009.

Results for the three and six months include results from joint sales and shared service agreements with Granite Broadcasting Corporation related to Granite's and Barrington's respective station operations in the Peoria, Illinois and Syracuse, New York markets, effective March 2, 2009.

"We were pleasantly surprised by the rebound of national advertising revenues during the quarter. However, we continue to be focused in three areas: re-engineering of our station-level operations, development of direct local sales strategies, and the growth of the stations' local digital platforms. Our focus on these areas contributed to record second quarter Broadcast Cash Flow results," said K. James Yager, Chief Executive Officer of Barrington Broadcasting.

### **Conference Call**

As previously announced, Barrington will host a conference call to discuss its second quarter results at 11:00 AM (ET) on Thursday, August 12, 2010. The dial-in information for the earnings call is as follows: 1-877-941-1467. A telephonic replay of the earnings call will be available beginning on August 12, 2010 at 1:00 PM (ET) and remain available for 30 days. To access the replay, call 1-800-406-7325 (domestic callers) or 303-590-3030 (international callers) and enter access code 4330762#.

During the conference call, representatives of Barrington may discuss and answer one or more questions concerning Barrington's business and financial matters. The responses to these questions, as well as other matters discussed during the call, may contain information that has not been previously disclosed.

### **Quarterly Report**

The information in this press release should be read in conjunction with the financial statements and footnotes contained in Barrington's quarterly report for the quarter ended June 30, 2010 which will be posted on Barrington's website ([www.barringtontv.com](http://www.barringtontv.com)) on August 13, 2010. Barrington's results for the quarter ended June 30, 2010 are subject to the completion of its quarterly report for such period.

### **Non-GAAP Financial Measures**

Broadcast Cash Flow, EBITDA and Adjusted EBITDA (each as defined in the attachments to this press release) are non-GAAP financial measures (i.e., they are not measures of financial performance under generally accepted accounting principles) and should not be considered in isolation from or as a substitute for consolidated statements of operations and cash flow data prepared in accordance with GAAP. Broadcast Cash Flow, EBITDA and Adjusted EBITDA, as used herein, are not necessarily comparable to similarly titled measures of other companies. For definitions of and additional information regarding Broadcast Cash Flow, EBITDA and Adjusted EBITDA and a reconciliation of such measures to the most comparable measures calculated in accordance with GAAP, please see the attachments to this press release.

Broadcast Cash Flow, EBITDA and Adjusted EBITDA are measures commonly used by financial analysts in evaluating performance of companies, including broadcast companies. Accordingly, Barrington believes that Broadcast Cash Flow, EBITDA and Adjusted EBITDA may be useful in assessing Barrington's operating performance and its ability to meet its debt service requirements. Barrington also believes that these measures allow a standardized comparison between companies in the broadcast industry, while minimizing the differences from depreciation policies, financial leverage and tax strategies.

### **About Barrington**

Barrington was formed in 2003 to acquire and operate television stations in smaller markets across the United States. Barrington currently owns, operates, or supports the operations of twenty four network affiliated television stations. Barrington is owned and controlled by Pilot Group, with management as its partner. Pilot Group is a non-traditional private investment firm founded in 2003 by a group of operating executives who actively help its management partners achieve their goals.

## **Forward Looking Statements**

The statements in this press release that are not historical facts are forward-looking statements that are subject to material risks and uncertainties. Investors are cautioned that any such forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties, and that actual results or developments may differ materially from those in the forward-looking statements as a result of various factors. Such factors include those risks described from time to time in Barrington's quarterly reports and annual reports which are furnished pursuant to the Indenture dated as of August 11, 2006, by and among Barrington, Barrington Broadcasting Capital Corporation, the guarantors named therein and U.S. Bank National Association, as trustee, as amended, and which are posted on Barrington's website. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. Barrington does not undertake to update any forward-looking statements in this press release or with respect to matters described herein.

For further information, contact:

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**Barrington Broadcasting Group LLC**  
**Consolidated Financial Information**  
**For the Three Months and the Six Months Ended June 30, 2010 and June 30, 2009**  
**(Unaudited)**

(Dollars in thousands)	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>6/30/2010</b>	<b>6/30/2009</b>	<b>6/30/2010</b>	<b>6/30/2009</b>
<b>Statement of Operations Data:</b> <sup>(1)</sup>				
Net revenue	\$ 28,092	\$ 24,615	\$ 54,654	\$ 47,046
Expenses:				
Operating <sup>(2)</sup>	17,524	17,403	35,400	35,879
Depreciation and amortization	3,227	5,992	6,543	12,951
Impairment of intangible assets <sup>(3)</sup>	-	1,416	-	1,416
Corporate	1,506	1,413	3,147	2,976
Total operating expenses	22,257	26,224	45,090	53,222
Income (loss) from operations	5,835	(1,609)	9,564	(6,176)
Total net interest expense	5,216	5,446	10,789	11,910
Non-operating income <sup>(4)</sup>	(157)	(1,312)	(157)	(55,899)
(Loss) income before income taxes	776	(5,743)	(1,068)	37,813
Income tax expense <sup>(5)</sup>	74	92	146	244
Net (loss) income	\$ 702	\$ (5,835)	\$ (1,214)	\$ 37,569
 <b>Other Financial Data:</b>				
EBITDA <sup>(6)</sup>	\$ 9,219	\$ 7,111	\$ 16,264	\$ 64,090
Adjusted EBITDA <sup>(7)</sup>	9,317	6,482	16,511	9,691
Broadcast Cash Flow <sup>(8)</sup>	10,811	7,744	19,609	12,108
 <b>Balance Sheet Data:</b>				
Cash and cash equivalents	\$ 24,157			
Total long-term debt, including current portions <sup>(9)</sup>	\$ 225,004			

(1) Statement of operations data is based on Barrington's historical consolidated financial results for the three and the six months ended June 30, 2010 and 2009, and includes the results from joint sales and shared services agreements entered into with Granite Broadcasting Corporation ("Granite") beginning March 2, 2009.

(2) Includes selling, technical, programming (including amortization of program broadcast rights) and general and administrative expenses. Also includes the net operating expenses in connection with Barrington's investment in joint ventures.

(3) Barrington tested the impairment of its FCC broadcast licenses and goodwill during the quarter ended June 30, 2009. For the three months ended June 30, 2009, Barrington recorded a non-cash impairment charge on the FCC broadcast license at one of its television stations in the amount of \$1,416.

(4) For the three months and six months ended June 30, 2010 consists of gain of \$157 on the exchange of assets with Nextel. For the three months and six months ended June 30, 2009, respectively, consists of \$172 and \$54,288 on the extinguishment of debt related to the repurchase of a portion of our 10-1/2% Senior Subordinated Notes due 2014 (the "Notes") and \$1,140 and \$1,611 on the exchange of assets with Nextel.

(5) Since Barrington is a limited liability company, federal taxes are passed through to its members and as such no provision has been made for federal income taxes. Income tax expense includes various state tax liabilities.

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**(Unaudited)**

(6) EBITDA is defined as net income (loss) before income taxes, interest expense, depreciation and amortization. EBITDA is a measure commonly used by financial analysts in evaluating operating performance of companies. Accordingly, management believes that EBITDA may be useful in assessing Barrington's operating performance and Barrington's ability to meet its debt service requirements. A reconciliation of EBITDA to net loss is provided below.

(Dollars in thousands)	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2009</u>
<b>Reconciliation of EBITDA:</b>				
Net (loss) income	\$ 702	\$ (5,835)	\$ (1,214)	\$ 37,569
Total net interest expense	5,216	5,446	10,789	11,910
Income tax expense <sup>(a)</sup>	74	92	146	244
Depreciation and amortization	3,227	5,992	6,543	12,951
Impairment of intangible assets	-	1,416	-	1,416
<b>EBITDA</b>	<b><u>\$ 9,219</u></b>	<b><u>\$ 7,111</u></b>	<b><u>\$ 16,264</u></b>	<b><u>\$ 64,090</u></b>

(a) Since Barrington is a limited liability company, federal taxes are passed through to its members and as such no provision has been made for federal income taxes. Income tax expense includes various state tax liabilities.

(7) Adjusted EBITDA is defined as EBITDA before amortization of program and broadcast rights and network revenues, other non-cash charges, gains or losses on dispositions of assets and other non-recurring items and after program broadcast rights payments and payments from networks. Certain financial covenants in Barrington's credit facility contain ratios based on Adjusted EBITDA and the restricted payment and debt incurrence covenants in the indenture governing Barrington's senior subordinated notes are based on Adjusted EBITDA. In addition, management believes that Adjusted EBITDA may be useful in assessing Barrington's operating performance and Barrington's ability to meet its debt service requirements because Adjusted EBITDA, as opposed to EBITDA, more accurately reflects Barrington's operating performance as it takes into account industry specific adjustments such as amortization of program broadcast rights, program broadcast rights payments, amortization of network revenues, cash payments from networks, as well as gains and losses on dispositions of assets and other non-recurring items. A reconciliation of Adjusted EBITDA to EBITDA is provided below.

(Dollars in thousands)	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2009</u>
<b>Reconciliation of Adjusted EBITDA:</b>				
EBITDA	\$ 9,219	\$ 7,111	\$ 16,264	\$ 64,090
Amortization of program broadcast rights	1,198	1,165	2,405	2,384
Program broadcast rights payments	(1,071)	(930)	(2,381)	(2,219)
Amortization of network revenues <sup>(a)</sup>	(185)	(50)	(278)	(131)
Cash payments from networks	207	32	342	152
Other adjustments to arrive at Adjusted EBITDA <sup>(b)</sup>	(51)	(846)	159	(54,585)
<b>Adjusted EBITDA</b>	<b><u>\$ 9,317</u></b>	<b><u>\$ 6,482</u></b>	<b><u>\$ 16,511</u></b>	<b><u>\$ 9,691</u></b>

(a) Represents net amounts due from networks which are deferred and amortized over the length of the respective network affiliation agreements.

(b) For both the three and six months ended June 30, 2010, respectively, consists of gain on the exchange of assets with Nextel of \$157, as well as a credit of \$13 received in 2010 for fees and expenses related to the amendment of our credit agreement in February 2009. For the three and six months ended June 30, 2010, respectively, also consists of separation costs of \$94 and \$267 and non-recurring costs in respect of various joint sales and shared service agreements of \$25 and \$62. For the three and six months ended June 30, 2009, respectively, consists of gain on the exchange of assets with Nextel of \$1,140 and \$1,611, as well as gain of \$172 and \$54,288 on the extinguishment of debt related to the repurchase of the notes. For the three and six months ended June 30, 2009, respectively, also consists of separation costs of \$315 and \$755 related to workforce reductions and the Granite agreements, \$24 and \$155 of legal expenses incurred related to one-time costs in respect of various joint sales and shared service agreements and fees and expenses of \$127 and \$404 incurred in relation to the amendment of our credit agreement in February 2009.

**Barrington Broadcasting Group LLC**  
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**For the Three Months and the Six Months Ended June 30, 2010 and June 30, 2009**  
**(Unaudited)**

(8) Broadcast Cash Flow is defined as Adjusted EBITDA before provision for corporate overhead costs. Broadcast Cash Flow is a measure commonly used by financial analysts in evaluating operating performance of broadcast companies. Accordingly, management believes that Broadcast Cash Flow may be useful in assessing Barrington's operating performance and Barrington's ability to meet its debt service requirements. A reconciliation of Broadcast Cash Flow to Adjusted EBITDA is presented below.

(Dollars in thousands)	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2009</u>
<b>Reconciliation of Broadcast Cash Flow:</b>				
Adjusted EBITDA	\$ 9,317	\$ 6,482	\$ 16,511	\$ 9,691
Corporate overhead costs <sup>(a)</sup>	1,494	1,262	3,098	2,417
Broadcast Cash Flow	<u>\$ 10,811</u>	<u>\$ 7,744</u>	<u>\$ 19,609</u>	<u>\$ 12,108</u>

(a) The add back of corporate overhead costs is reduced by one-time costs in connection with one-time costs in respect of various joint sales and shared service agreements for 2010 and 2009, as well as fees and expenses incurred in relation to the amendment of our credit agreement in 2009.

(9) Includes (i) Barrington's guarantee of indebtedness of SagamoreHill of Carolina, LLC and SagamoreHill of Carolina Licenses, LLC, licensee of station WWMB (Barrington programs WWMB pursuant to a local marketing agreement), (ii) Barrington's guarantee of, and other credit support with respect to, Tucker's \$7 million of term loans, and (iii) the full drawdown of Barrington's revolving credit facility of \$21 million.

BARRINGTON BROADCASTING GROUP LLC  
SECOND QUARTER 2010 EARNINGS CALL

August 12, 2010, 10:00 AM CT

Chairperson: James Yager (Mgmt.)

Operator: Ladies and gentlemen, welcome to the Barrington Broadcasting Second Quarter 2010 Earnings Call on the 12<sup>th</sup> of August, 2010. Throughout today's recorded presentation, all participants will be in a listen-only mode. After the presentation, there will be an opportunity to ask questions. If any participant has difficulty hearing the presentation today, please press the star, followed by the zero on your telephone for Operator assistance.

I will now hand the conference over to Mr. Jim Yager. Please go ahead, sir.

James Yager: Thank you. I am Jim Yager, Chief Executive Officer of Barrington Broadcasting, and I'd like to welcome you to Barrington Broadcasting's Second Quarter 2010 Earnings call.

Before we begin, I'd like to remind you that certain statements made during this conference call, which are not based on historical facts, may be deemed to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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. Such factors include those risks described in Exhibit 99.1 that are posted on our website. All information is current as of the date of this call and the Company undertakes no duty to update this information.

With me again this morning are Warren Spector, our Chief Financial Officer, and Chris Cornelius, our Chief Operating Officer. Today, we will cover our actual results for the six months ending June 30, 2010, compared to our results for the same period for 2009, as well as our results for the second quarter of this year. Let's start with the results for the second quarter.

Gross revenues for the quarter ending June 30, 2010, increased 13.6% to \$32.7 million from \$28.8 million in the second quarter of 2009. The increase was primarily due to a growth in national revenues, which grew \$1 million or 16.7% to \$7 million in the quarter. Retransmission fees grew \$700,000 or 50.8% to \$2.1 million and Other revenues increased \$500,000 or 14.6% to \$3.6 million during the quarter.

Operating expenses for the quarter ending June 30, 2010, not including depreciation and amortization and an impairment of intangible assets and goodwill, increased 1.1% or \$200,000 to \$19 million from \$18.8 million for the quarter ending June 30, 2009. Broadcast cash flow for the quarter ending June 30, 2010, increased 39.6% to \$10.8 million from \$7.7 million for the quarter ending June 30, 2009.

Now CFO, Warren Spector, will review in more detail our six-month results. Warren?

Warren Spector: Thank you, Jim. Gross revenues for the six months ended June 30, 2010 increased 16.1% to \$63.7 million from \$54.8 million for the six months ended June 30, 2009. The increase was primarily due to an increase in local revenues of \$2.6 million or 7.5% to \$37.2 million, and increase in national revenues of \$1.7 million or 14% to \$13.5 million, and an increase in political revenues of \$1.8 million to \$2.1 million for the period. Retransmission revenues increased \$1.4 million or 52.5% to \$4.1 million and Other revenues increased \$1.4 million or 26.1% to \$6.8 million.

Net revenues, which are gross revenues less agency commissions and other direct costs, for the six months ended June 30, 2010, increased 16.2% or \$7.6 million to \$54.6 million from \$47 million for the six months June 30, 2009. Operating expenses for the six months ended June 30, 2010, not including depreciation and amortization and an impairment of intangible assets and goodwill, decreased .8% or \$300,000 to \$38.5 million from \$38.8 million for the six months ended June 30, 2009. Broadcast cash flow for the six months ended June 30, 2010 increased 62% to \$19.6 million from \$12.1 million for the six months ended June 30, 2009.

Jim, I'll turn it back over to you.

James Yager: Thanks, Warren. As we have stated on previous calls, our primary operating objectives at all of our stations is to grow all revenue categories, continue to reengineer our ongoing station operations and monetize our local digital platforms, as well as maximize our retransmission revenues. In addition, we continue to aggressively pursue joint sales and shared service agreements similar to the ones we have with Granite Broadcasting in Peoria and Syracuse, and to maximize the potential of our digital sub-channels.

To bring you up to date on our operations in the second quarter, I'm going to turn the call over at this point to Chris Cornelius, our Chief Operating Officer.

Chris Cornelius: Thanks, Jim. I'll spend a few minutes detailing second quarter revenues, talk about some of the leading ad categories and successes we've had with our web business. I'll bring you up to date on our news expansion plans and how the expansion of local news, particularly at our Fox stations, have contributed to revenues and margins that are running significantly at our

plan. With Oprah leaving in the fall of 2011, I'll talk about several key program acquisitions that will affect our schedule going into the future. Finally, I'll discuss our ongoing reengineering efforts and its continued effect on delivering a strong bottom line.

Second quarter time sales finished up 11.4% over the same period in 2009 and were up 13.1% over the first half. The quarter was buoyed by overall increases in 14 of our 21 measured advertising categories. We had double digit increases in eight of the 21 categories and a triple digit increase in our political category. The automotive category led the way, up 30% or \$1.3 million. Drilling down a bit into that category, auto makes up 21% of Barrington's total time sales; 63% of our auto revenue comes from local dealers and 37% of our auto revenue comes in nationally.

Our next largest revenue increase was the professional categories—our professional services category, up 11.3%. Rounding out our top three categories was retail and it was up 15%. The political category grew 502%, with revenues increasing \$900,000 to \$1 million. Second quarter political spending occurred in all of our Barrington markets, with the heaviest spending in Michigan, New York and South Carolina.

Barrington's local interactive business continues to have growth from both users and advertisers. Second quarter 2010 online revenues were up 27.4% over the same period in 2009 and up 34.7% over the first half. On the sales side, we focused on our content-driven guide business, which features advertorial content and chat and is designed to compete directly for Yellow Pages, newspaper and specialty magazine ad revenues. We believe this product couples well with television advertising and will deliver strong results for the advertiser and provide Barrington a meaningful revenue annuity into the future.

On the operating side, we are expanding our 10 p.m. newscast on our CW station in Syracuse from a half hour to an hour. It's the only newscast in that time period and is an efficient way for us to deploy existing resources and offer our viewers a convenient alternative to the more traditional 11 p.m. newscasts. We're also adding a 6:30 p.m. newscast at our ABC station in Traverse City. This newscast will be hyper-local and run against the network newscasts. The expense is diminimus, utilizing already existing resources and interactive elements. In Kirksville, Ottumwa on our new CBS multicast channel, we're adding a half hour of evening news that will focus on Ottumwa—on the Ottumwa, Iowa portion of that market. The newscast will feature issues and stories from this part of the market and will be the only broadcast news service doing this.

Delivering and expanding quality, local news and programming is part of Barrington's commitment to localism and it's also extremely profitable. Local news has the highest margins of any of our program day parts. Second quarter gross news revenues accounted for 34.6% of the Company's total time sales and delivered a 60.4% profit margin. We

think properly programmed news will continue to grow in popularity and profitability.

On the programming front, we have successfully negotiated a key off-network hit. The Big Bang Theory has been secured for several of our Fox affiliates, which will begin airing in the fall of 2011. And with Oprah leaving broadcasters' schedules in the fall of 2011, it was important to get deals done for Dr. Oz, which we did in several markets, including two critical markets to us, Flint and Toledo, where it functions as a very strong lead into our 6 p.m. newscast. These programs will strengthen already competitive lineups and is great counterprogramming to the other stations' programming in the market.

The JSA/SSAs in Syracuse and Peoria continue to exceed our expectations. Results in second quarter 2010 delivered \$925,000 in incremental cash flow over the previous year and \$2.1 million through the first half. We'll continue to explore JSA/SSA opportunities where we feel it makes strategic and economic sense.

On the expense side, Barrington continues to benefit from 2009's reengineering and reorganization. We continue to spend time re-thinking the way we conduct our operations, with an eye towards cost, revenue and audience growth. And through the first half of 2010, our plan seems to be working. With an improving ad market, strong political spending and an eye on expenses, our broadcast cash flow is up nearly 62% over 2009 and 16% over 2008.

With that, Jim, back to you.

James Yager:

Thanks, Chris. I believe the six-month results Chris just mentioned are a direct reflection of our strategy to develop strong local sales departments at each of our stations and continuously reengineer our stations' operations in our size markets. In our size markets, our focus is on working directly with clients that make the advertising decisions for their business. This focus requires different types of selling skills than those used in larger markets that, in most cases, are simply ratings driven and transactional in nature. We believe we can continue to grow our television and interactive revenues if we compete for greater share of the total advertising dollars being spent in our markets and that we must manage our sales teams to think in those terms as opposed to just obtaining a larger share of the traditional television dollars being spent in the market.

As we have mentioned on prior calls, we have continuously reduced the Company's overall headcount since 2008. On February 29, 2008, we had 913 full-time employees. Today, we have 682, a reduction of almost 34% in station personnel in two years. Despite those reductions, as Chris stated, we continue to expand the number of news hours we produce each week, thanks to our ongoing review of staffing requirements for news and the use of new technologies.

We also remain committed to maintaining a deep and talented management team at the corporate level, and I might add, a management team at the station level that has fully supported the changes we have made and continue to make in reengineering our operations from the traditional way television stations have done business in the past. And while we have reengineered our operations, we believe we have been able to maintain the quality of our local commercial production and local advertisers and the quality of the news programs we air on a seven-day-a-week basis.

We also continue to explore opportunities for shared service and joint sales agreements, as well as creating virtual duopolies in all of our markets by multicasting on our digital channels. We now have Fox and NBC stations in Marquette, Michigan; ABC and CBS stations in Quincy, Illinois; CBS and ABC stations in Kirksville, Missouri; as well as a CBS and a Mexicanal station in Harlingen, Texas, as a result of this multicast strategy. Since January, we have refocused our interactive efforts to make the Barrington websites more usable to the consumer and more effective for local advertisers, especially those who do not have a local website presence in our markets.

The new President of Barrington Interactive joined us in the second quarter from AOL Homepages, where he had been Vice President and General Manager. We believe our basic interactive strategy under new leadership will result in continued revenue growth in our expanding interactive platforms.

In summary, I would say we are relatively pleased with our results so far this year, and we are optimistic that our growth in revenue and BCF will continue in the last half of the year. Now, let's open the phones to questions you might have.

Operator: Thank you, sir. If any participant would like to ask a question, please press the star, followed by the one on your telephone. If you wish to cancel this request, please press the star, followed by the two. Your questions will be polled in the order they are received and there will be a short pause whilst participants register.

The first question comes from Bishop Cheen, Wells Fargo Securities. Please go ahead, sir.

David Sager: Morning, this is David Sager calling in for Bishop. Just a couple of questions. On the balance sheet, you guys have been, you know, paying down the scheduled term debt repayment. Are there any plans to pay down the revolver since you have, I guess, around \$24 million of cash on hand? Or do you have any other ideas for applying that cash?

James Yager: Why don't we let Warren answer that question. Warren?

Warren Spector: Good morning, David. We don't have any other plans for that cash, and you know, we always look at what's coming up over the next couple of quarters. So there's a very good possibility we'll be paying down a portion, if not all, the revolver by the end of the year.

David Sager: Okay, that's helpful, thank you. And secondly, the covenant leverage still benefits from the equity cure that was made at the end of last year, correct?

Warren Spector: The cure was made at—effective the end of 2008.

David Sager: Or—okay, 2008, right. And does that roll off at the end of this year?

Warren Spector: Yes.

David Sager: The end of 2010? Okay. So beginning with Q1 of '11, that 16 million will no longer count in that formula?

Warren Spector: David, actually it would be effective with the fourth quarter of this year.

David Sager: Q4 2010, okay. Great. And on the local, could you give a little more color? I know you guys usually don't provide pacings but are things looking a little bit better in Q3 for the core advertising?

James Yager: We had good, strong core growth in—from—for second quarter from first quarter, and we don't see any reason that that'll change.

David Sager: Okay. Thank you.

Operator: The next question comes from Matt Swope [ph], [inaudible] Securities. Please go ahead.

Matt Swope: Yes, good morning, guys.

James Yager: Morning.

Speaker: Good morning.

Matt Swope: I'm not sure if you gave the number but could you guys tell us how auto is doing and how much auto was up in the second quarter as compared to last year?

James Yager: Yes, Chris gave that number but he's got it right in front of him so I'm going to ask him to give it again.

Matt Swope: Thank you.

Chris Cornelius: Auto was up 30%, about 1.3 million. We [talk over].

James Yager: We break it out by where we get [talk over].

Chris Cornelius: We had—63% of our auto revenue came from local and local auto dealers and 37% of our auto revenue came in nationally through the rep.

Matt Swope: And [talk over].

James Yager: I would say that would be fairly typical for our size markets. In the top 50 markets you're going to see a slight, probably change—almost a direct change as to where that money comes from. They don't get as much dealer money; they get more of the manufacturers and—

Chris Cornelius: And dealer group money.

James Yager: And dealer group money.

Matt Swope: And if you looked at your makeup from last year's second quarter, would it be about the same, the 63/37? Or has national come back faster?

Chris Cornelius: Last year, second—it'd be about the same.

James Yager: It'd be about the same.

Matt Swope: All right, got it. And what are you seeing, Jim, on the M&A front? Are—you know, both ingoing and outgoing, are people starting to call you more or are you guys looking at assets? Are you seeing more activity there?

James Yager: Well, where we're seeing the activity, to be very candid, is in terms of the JSA/SSA kind of arrangements. There just hasn't been much activity on the M&A—I mean the actual selling and buying of television stations and I guess when we see multiples improve a little bit, we'll see that again. But what we're seeing is an awful lot of activity on the JSA joint service—SSA type thing. The other thing I think we're seeing is the use of these multi-channels in our size markets to bring second and third stations into the market. Chris mentioned in his report we now have a CBS and ABC station in Kirksville—very small market—but what we can do with that is put a news on for Ottumwa, Iowa that we've not been able to serve, which is the ABC station we've historically had. So we see tremendous growth opportunities for us, and we are working on several other kinds of multicast operations because, in our size markets, oftentimes we don't have the full complement of network stations.

Matt Swope: Right. No, that makes sense. And do you think these JSA/SSAs are going to be the precursor to M&A? I mean, are these logical ways for people to get their hooks into each other, to ultimately own more stations?

James Yager: I would think so, although I would say that we probably going to have to watch and see what the SEC does on its current ownership kind of rulings that it's got; it's got a rulemaking out now on ownership and I don't look under this administration for that to change gigantically. We would like to see it but, certainly, the JSA and the SSA has allowed us to do news in

many of the markets that we would not be able to—that probably wouldn't—the third or fourth station would not have been able to do.

Matt Swope: Right. And what do you think, Jim, what happens next with NBC and, ultimately, how does it impact you guys? I guess maybe the first question is, how much of you guys' revenue comes from your NBC affiliates?

Warren Spector: Well, a little more than a third.

James Yager: Yes.

Chris Cornelius: We [talk over] affiliates than [inaudible].

Warren Spector: Our larger markets are NBC affiliates.

James Yager: Yes, I mean our Toledo and our Flint and Syracuse markets are all NBC. And then we have the small one up in Marquette, Michigan. I think the NBC Comcast merger is going to happen. I think it's going to happen with conditions. The big thing we want to see is Comcast keep the O&Os that NBC has because that makes them committed, in our mind, to the over-the-air broadcast. You know, they've already agreed not to migrate sports from the NBC network over to cable. They have also said that they won't use the affiliate agreements to negotiate retrans fees. We're happy with that. What we really want to see is them have to keep those 12 ONOs that they currently have because that keeps them committed to the broadcast side of the business.

Matt Swope: Right. And I—but I think that's—that's almost more my fear, is that they just don't care very much about this business and don't give it the support that it needs and, ultimately, for people like you guys who are dependent on them, you know, we end up with an even weaker version of the Leno experiment or, you know, kind of other—other kind of giveaway prime time programming.

James Yager: Yes, I—you know, all—they're saying all the right things right now. This is one of the things you're just going to have to wait and see.

Matt Swope: Right.

James Yager: I think the merger will go through, though.

Matt Swope: Right. Could you see a scenario where, through the merger, they actually have to divest NBC?

James Yager: I don't see it. I don't know what advantage then the merger would have, I mean other than the—kind of the cable stuff and they—the CNBCs and the MSNBCs and the Universal, I don't see where there would be an advantage to divestiture.

Matt Swope: Right. Yes, well like you say, we'll have to watch and see. And then—and just one last one, you know, kind of along the lines of the last question. Leverage has—you know, you guys have had such a strong last few quarters here and leverage has gotten back to the reasonable range again and how do you think about the capital structure bigger picture? I mean, I know Warren was saying maybe you use some of the cash to pay down the revolver later in the year. What happens next with the capital structure?

James Yager: I'm going to let Warren field that and then I'll jump in.

Warren Spector: Well, I would say, short term, we continue to focus on paying down debt. I—we have to pay down debt through excess cash flow on an annual basis, pursuant to our credit agreement. So I think it's business as usual in paying down debt and then, should there be opportunities that our owners thinks are worthy of looking at and pursuing, it could possible change after that.

Matt Swope: Right.

Warren Spector: I just think it's business as usual and maximize the cash flow as much as we can and pay down debt as much as we can.

Matt Swope: And there's no—Warren, there's no way to go after the bonds right now, is that right? Obviously, that's expensive capital to have.

Warren Spector: Yes, it is now. I mean, we can't go after the bonds. We're prohibited from doing it.

Matt Swope: Right. Unless you got an amendment from your credit facility.

Warren Spector: Unless we got an amendment—

Matt Swope: Yes.

Warren Spector: And we had the cash to do it but the bonds are trading just under par so it does get expensive.

Matt Swope: Sure. Got it, great. Okay, well thank you very much, guys.

James Yager: Thank you.

Operator: Once again, if you would like to ask a question, please press the star, followed by the one on your telephone. And the next question comes from Oscar Olivas from Wells Capital Management. Please go ahead.

Oscar Olivas: Good morning, gentlemen. A quick question on your Tucker Term Loan that's going to come due next year, how are you—how do you plan to address that?

Warren Spector: Well, we have commenced discussions with the lenders in that credit facility and the intention is to extend it.

Oscar Olivas: And you'd be able to still continue to support \$4 million with an L/C for it, are you going to continue to do that as well or are you going to look into an alternative structure?

Warren Spector: You know, Oscar, we're not far enough along to know what the ultimate terms are going to be. I don't—I can't answer that because I don't know.

Oscar Olivas: Okay. And one final question on your capex for the quarter, can you give me that number?

Warren Spector: The capex for the quarter—hold on a second; I'll give that to you. Capex for the quarter was about 2.3 million. I'm sorry, that was for the six months.

Oscar Olivas: Okay, so it's safe to say that the rest of the cash used during the quarter was, like the seasonal working capital changes that you have?

Warren Spector: Sure. Well, correct. Although I think we've provided cash from operations so we built up our cash quarter-over-quarter.

Oscar Olivas: Yes. I was just trying to figure out—because you had a decent size EBITDA number and maybe an increase of \$2 million in cash.

Warren Spector: Uh-huh.

Oscar Olivas: So I guess that difference would be the working capital.

Warren Spector: Yes.

Oscar Olivas: Okay. That sounds good. Thank you, gentlemen.

James Yager: Thank you.

Warren Spector: Thank you.

Operator: As another reminder, if you would like to ask a question, please press the star, followed by the one on your telephone.

And we have a follow-up question from the line of Bishop Cheen. Please go ahead.

David Sager: Hi, it's David Sager again. Just a quick question, follow up on the excess cash flow. Is that 100% or 50% of excess?

Warren Spector: It is 100% of balances in excess of \$2 million.

David Sager: A hundred percent of excess cash flow and excess of—

Warren Spector: Two million.

David Sager: Two million, okay. Thank you.

James Yager: Okay, thank you.

Operator: Thank you. There do appear to be no further questions at this time. Please continue.

James Yager: If there are no further questions, we thank you for being with us this morning and look forward to sharing the results of the third quarter with you, probably in November. Thank you again.

Operator: This does conclude today's second quarter 2010 earnings call. Thank you for your participation. You may now disconnect.

**END**