

NEXSTAR BROADCASTING GROUP INC

Form 10-K

March 31, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended December 31, 2008

OR

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the transition period from _____ to _____.

Commission File Number: 000-50478

NEXSTAR BROADCASTING GROUP, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State of Organization or Incorporation)

5215 N. O Conner Blvd., Suite 1400

Irving, Texas 75039
(Address of Principal Executive Offices, including Zip Code)

23-3083125
(IRS Employer Identification No.)

(972) 373-8800
(Registrant's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of Each Exchange on Which Registered |
|--|--|
| Class A Common Stock, \$0.01 par value per share | The Nasdaq Stock Market's National Market |

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that it was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2008, the aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was \$46,153,797.

As of January 31, 2009, the Registrant had outstanding:

15,013,839 shares of Class A Common Stock

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and 13,411,588 shares of Class B Common Stock

Documents Incorporated By Reference

Portions of the Proxy Statement for the Registrant's 2009 Annual Meeting of Stockholders will be filed with the Commission within 120 days after the close of the Registrant's fiscal year and incorporated by reference in Part III.

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General

As used in this Annual Report on Form 10-K and unless the context indicates otherwise, Nexstar refers to Nexstar Broadcasting Group, Inc. and its consolidated subsidiaries; Nexstar Broadcasting refers to Nexstar Broadcasting, Inc., our indirect subsidiary; Nexstar Finance Holdings refers to Nexstar Finance Holdings, Inc., our wholly-owned subsidiary; Mission refers to Mission Broadcasting, Inc.; ABRY refers to Nexstar Broadcasting Group, Inc.'s principal stockholder, ABRY Partners, LLC and its affiliated funds; and all references to we, our, ours, and us refer to Nexstar.

Nexstar has time brokerage agreements, shared services agreements and joint sales agreements (which we generally refer to as local service agreements) relating to the television stations owned by Mission, but does not own any of the equity interests in Mission. For a description of the relationship between Nexstar and Mission, see Item 13. Certain Relationships and Related Transactions, and Director Independence.

In the context of describing ownership of television stations in a particular market, the term duopoly refers to owning or deriving the majority of the economic benefit, through local service agreements, from two or more stations in a particular market. For more information on how we derive economic benefit from a duopoly, see Item 1. Business and Item 13. Certain Relationships and Related Transactions, and Director Independence.

There are 210 generally recognized television markets, known as Designated Market Areas, or DMAs, in the United States. DMAs are ranked in size according to various factors based upon actual or potential audience. DMA rankings contained in this Annual Report on Form 10-K are from *Investing in Television Market Report 2008 4th Edition*, as published by BIA Financial Network, Inc.

Reference is made in this Annual Report on Form 10-K to the following trademarks/tradenames which are owned by the third parties referenced in parentheses: *Seinfeld* (Columbia Tristar Television Distribution, a unit of Sony Pictures) and *Entertainment Tonight* (Paramount Distribution, a division of Viacom Inc.).

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended and Section 21E of the Securities Exchange Act of 1934 as amended. All statements other than statements of historical fact are forward-looking statements for purposes of federal and state securities laws, including: any projections or expectations of earnings, revenue, financial performance, liquidity and capital resources or other financial items; any assumptions or projections about the television broadcasting industry, any statements of our plans, strategies and objectives for our future operations, performance, liquidity and capital resources or other financial items; any statements concerning proposed new products, services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words may, will, should, could, would, predicts, potential, continue, expects, anticipates, future, believes, estimates and other similar words.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ from a projection or assumption in any of our forward-looking statements. Our future financial position and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties discussed under Item 1A. Risk Factors located elsewhere in this Annual Report on Form 10-K and in our other filings with the Securities and Exchange Commission (SEC). The forward-looking statements made in this Annual Report on Form 10-K are made only as of the date hereof, and we do not have or undertake any obligation to update any forward-looking statements to reflect subsequent events or circumstances unless otherwise required by law.

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Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements and other information filed by us at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549-0102. Please call (800) SEC-0330 for further information on the Public Reference Room. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers, including us, that file electronically with the SEC. The address for the SEC's website is <http://www.sec.gov>.

We make available, free of charge, through our investor relations website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, statements of changes in beneficial ownership of securities, and amendments to those reports and statements as soon as reasonably practicable after they are filed with the SEC. The address for our website is <http://www.nexstar.tv>.

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PART I

**Item 1. Business
Overview**

We are a television broadcasting company focused exclusively on the acquisition, development and operation of television stations in medium-sized markets in the United States, primarily markets that rank from 50 to 175 out of the 210 generally recognized television markets, as reported by A.C. Nielsen Company. As of December 31, 2008, we owned and operated 32 stations, and provided sales or other services to an additional 18 stations that are owned by Mission and other entities. In 18 of the 29 markets that we serve, we own, operate, program or provide sales and other services to more than one station. We refer to these markets as duopoly markets. We have more than doubled the size of our portfolio since January 1, 2003, having acquired 19 stations and begun providing services to 11 additional stations. The stations that we own, operate, program or provide sales and other services to are in markets located in New York, Pennsylvania, Illinois, Indiana, Missouri, Texas, Louisiana, Arkansas, Alabama, Montana and Maryland. These stations are diverse in their network affiliations: 45 have primary affiliation agreements with one of the four major networks 14 with FOX, 13 with NBC, 9 with ABC and 9 with CBS. Four of the remaining five stations have agreements with MyNetworkTV and one station has an agreement with The CW.

On October 7, 2008, Nexstar Broadcasting Group, Inc. announced that it entered into a definitive agreement to acquire the assets of KWBF the MyNetworkTV affiliate serving the Little Rock, Arkansas market for \$4.0 million from Equity Broadcasting Corp. In February 2009 the station was re-launched under the call letters KARZ-TV. Closing of the acquisition occurred on March 12, 2009.

As of January 1, 2009, KBTW in Beaumont, Texas became a FOX affiliate. KBTW's NBC network affiliation expired on December 31, 2008.

On January 28, 2009, Nexstar entered into a definitive agreement to acquire the assets of WCWJ, a CW affiliate serving the Jacksonville, Florida market. This transaction has received FCC approval and is expected to close in the second quarter of 2009.

We believe that medium-sized markets offer significant advantages over large-sized markets, most of which result from a lower level of competition. First, because there are fewer well-capitalized acquirers with a medium-market focus, we have been successful in purchasing stations on more favorable terms than acquirers of large market stations. Second, in the majority of our markets only five or fewer local commercial television stations exist. As a result, we achieve lower programming costs than stations in larger markets because the supply of quality programming exceeds the demand.

The stations we own and operate or provide services to provide free over-the-air programming to our markets' television viewing audiences. This programming includes (a) programs produced by networks with which the stations are affiliated; (b) programs that the stations produce; and (c) first-run and rerun syndicated programs that the stations acquire. Our primary source of revenue is the sale of commercial air time to local and national advertisers.

We seek to grow our revenue and broadcast cash flow by increasing the audience and revenue shares of the stations we own, operate, program or provide sales and other services to. We strive to increase the audience share of the stations by creating a strong local broadcasting presence based on highly rated local news, local sports coverage and active community sponsorship. We seek to improve revenue share by employing and supporting a high-quality local sales force that leverages the stations' strong local brand and community presence with local advertisers. Additionally, we further improve broadcast cash flow by maintaining strict control over operating and programming costs. The benefits achieved through these initiatives are magnified in our duopoly markets by broadcasting the programming of multiple networks, capitalizing on multiple sales forces and achieving an

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increased level of operational efficiency. As a result of our operational enhancements, we expect revenue from the stations we have acquired or begun providing services to in the last four years to grow faster than that of our more mature stations.

We completed our initial public offering on November 28, 2003. Concurrent with our offering, we completed a corporate reorganization whereby our predecessor, Nexstar Broadcasting Group, L.L.C., and certain direct and indirect subsidiaries of Nexstar Broadcasting Group, L.L.C. merged with and into us. Nexstar Broadcasting Group, L.L.C. was organized as a limited liability company on December 12, 1996 in the State of Delaware and commenced operations on April 15, 1997.

Our principal offices are at 5215 N. O Conner Blvd., Suite 1400, Irving, TX 75039. Our telephone number is (972) 373-8800 and our website is <http://www.nexstar.tv>.

Operating Strategy

We seek to generate revenue and broadcast cash flow growth through the following strategies:

Develop Leading Local Franchises. Each of the stations that we own, operate, program, or provide sales and other services to creates a highly recognizable local brand, primarily through the quality of local news programming and community presence. Based on internally generated analysis, we believe that in approximately two-thirds of our markets that feature local newscasts produced by Nexstar, we rank among the top two stations in local news viewership. Strong local news typically generates higher ratings among attractive demographic profiles and enhances audience loyalty, which may result in higher ratings for programs both preceding and following the news. High ratings and strong community identity make the stations that we own, operate, program, or provide sales and other services to more attractive to local advertisers. For the year ended December 31, 2008 we earned approximately one-third of our advertising revenue from spots aired during local news programming. As of December 31, 2008, our stations and the stations we provide services to provided approximately 675 hours per week of local news programming. Extensive local sports coverage and active sponsorship of community events further differentiate us from our competitors and strengthen our community relationships and our local advertising appeal.

Emphasize Local Sales. We employ a high-quality local sales force in each of our markets to increase revenue from local advertisers by capitalizing on our investment in local programming. We believe that local advertising is attractive because our sales force is more effective with local advertisers, giving us a greater ability to influence this revenue source. Additionally, local advertising has historically been a more stable source of revenue than national advertising for television broadcasters. For the year ended December 31, 2008, revenue generated from local advertising represented 72.2% of our consolidated spot revenue (total of local and national advertising revenue, excluding political advertising revenue). In most of our markets, we have increased the size and quality of our local sales force. We also invest in our sales efforts by implementing comprehensive training programs and employing a sophisticated inventory tracking system to help maximize advertising rates and the amount of inventory sold in each time period.

Operate Duopoly Markets. Owning or providing services to more than one station in a given market enables us to broaden our audience share, enhance our revenue share and achieve significant operating efficiencies. Duopoly markets broaden audience share by providing programming from multiple networks with different targeted demographics. These markets increase revenue share by capitalizing on multiple sales forces. Additionally, we achieve significant operating efficiencies by consolidating physical facilities, eliminating redundant management and leveraging capital expenditures between stations. We derived approximately 71.3% of our net broadcast revenue for the year ended December 31, 2008 from our duopoly markets.

Maintain Strict Cost Controls. We emphasize strict controls on operating and programming costs in order to increase broadcast cash flow. We continually seek to identify and implement cost savings at each of our stations and the stations we provide services to and our overall size benefits each station with respect to negotiating

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favorable terms with programming suppliers and other vendors. By leveraging our size and corporate management expertise, we are able to achieve economies of scale by providing programming, financial, sales and marketing support to our stations and the stations we provide services to. Due to the significant negotiating leverage afforded by limited competition in our markets, Nexstar and Mission on a combined basis reduced the cash broadcast payments as a percentage of net broadcast revenue for the years ended December 31, 2008 and 2007 as compared to the previous three years. Our and Mission's cash broadcast payments were 3.1%, 3.4%, 3.4%, 4.7% and 4.6% of net broadcast revenue for the years ended December 31, 2008, 2007, 2006, 2005 and 2004, respectively.

Capitalize on Diverse Network Affiliations. We currently own, operate, program, or provide sales and other services to a balanced portfolio of television stations with diverse network affiliations, including NBC, CBS, ABC, and Fox affiliated stations which represented approximately 33.0%, 28.1%, 14.7% and 23.7% respectively, of our 2008 net broadcast revenue. The networks provide these stations with quality programming and numerous sporting events such as NBA basketball, Major League baseball, NFL football, NCAA sports, PGA golf and the Olympic Games. Because network programming and ratings change frequently, the diversity of our station portfolio's network affiliations reduces our reliance on the quality of programming from a single network.

Attract and Retain High Quality Management. We seek to attract and retain station general managers with proven track records in larger television markets by providing equity incentives not typically offered by other station operators in our markets. Our station general managers have been granted stock options and have an average of over 20 years of experience in the television broadcasting industry.

Acquisition Strategy

We selectively pursue acquisitions of television stations primarily in markets ranking from 50 to 175 out of the 210 generally recognized television markets, where we believe we can improve revenue and cash flow through active management. Since January 1, 2003, we have more than doubled the number of stations that we own, operate and provide sales and other services to, having acquired 19 stations and contracted to provide services to 11 additional stations. When considering an acquisition, we evaluate the target audience share, revenue share, overall cost structure and proximity to our regional clusters. Additionally, we seek to acquire or enter into local service agreements with stations to create duopoly markets.

Relationship with Mission

Through various local service agreements with Mission, we currently provide sales, programming and other services to 18 television stations that are owned and operated by Mission. Mission is 100% owned by an independent third party. We do not own Mission or any of its television stations. In order for both us and Mission to comply with Federal Communications Commission (FCC) regulations, Mission maintains complete responsibility for and control over programming, finances, personnel and operations of its stations. However, as a result of (a) local service agreements Nexstar has with the Mission stations, (b) Nexstar's guarantee of the obligations incurred under Mission's senior credit facility and (c) purchase options (which expire on various dates between 2011 and 2018) granted by Mission's sole shareholder which will permit Nexstar to acquire the assets and assume the liabilities of each Mission station, subject to FCC consent, we are deemed under accounting principles generally accepted in the United States of America (U.S. GAAP) to have a controlling financial interest in Mission. As a result of our controlling financial interest in Mission under U.S. GAAP and in order to present fairly our financial position, results of operations and cash flows, we consolidate the financial position, results of operations and cash flows of Mission with us as if Mission were a wholly-owned entity. We expect these option agreements to be renewed upon expiration.

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The following chart sets forth general information about the stations we owned, operated, programmed or provided sales and other services to as of December 31, 2008:

| Market Rank ⁽¹⁾ | Market | Station | Affiliation | Status | Commercial Stations in Market ⁽³⁾ | FCC License Expiration Date |
|----------------------------|--|---------|-------------|--------------------|--|-----------------------------|
| 9 | Washington, DC/Hagerstown, MD ⁽⁴⁾ | WHAG | NBC | O&O | | (5) |
| 41 | Harrisburg-Lancaster-Lebanon-York, PA | WLYH | The CW | O&O ⁽⁶⁾ | 6 | (5) |
| 54 | Wilkes Barre-Scranton, PA | WBRE | NBC | O&O | 7 | (5) |
| | | WYOU | CBS | LSA | | (5) |
| 56 | Little Rock-Pine Bluff, AR | KARK | NBC | O&O | 7 | (5) |
| 74 | Springfield, MO | KOLR | CBS | LSA | 6 | (5) |
| | | KSFX | Fox | O&O | | (5) |
| 80 | Rochester, NY | WROC | CBS | O&O | 4 | (5) |
| | | WUHF | Fox | LSA | | (5) |
| 83 | Champaign-Springfield-Decatur, IL | WCIA | CBS | O&O | 6 | (5) |
| | | WCFN | MyNetworkTV | O&O | | (5) |
| 84 | Shreveport, LA | KTAL | NBC | O&O | 7 | 8/1/14 |
| 100 | Ft. Smith-Fayetteville- | | Fox/NBC | O&O | | 6/1/13 |
| | | KFTA | | | | |
| | Springdale-Rogers, AR | KNWA | NBC | O&O | 6 | (5) |
| 101 | Johnstown-Altoona, PA | WTAJ | CBS | O&O | 6 | (5) |
| 102 | Evansville, IN | WTVW | Fox | O&O | 6 | (5) |
| 107 | Ft. Wayne, IN | WFFT | Fox | O&O | 4 | (5) |
| 116 | Peoria-Bloomington, IL | WMBD | CBS | O&O | 5 | (5) |
| | | WYZZ | Fox | LSA | | (5) |
| 131 | Amarillo, TX | KAMR | NBC | O&O | 5 | (5) |
| | | KCIT | Fox | LSA | | (5) |
| | | KCPN-LP | MyNetworkTV | LSA | | (5) |
| 132 | Rockford, IL | WQRF | Fox | O&O | 4 | (5) |
| | | WTVO | ABC | LSA | | (5) |
| 136 | Monroe, LA-El Dorado, AR | KARD | Fox | O&O | 6 | (5) |
| | | KTVE | NBC | LSA | | (5) |
| 141 | Beaumont-Port Arthur, TX | KBTV | NBC | O&O ⁽⁷⁾ | 4 | (5) |
| 143 | Lubbock, TX | KLBK | CBS | O&O | 5 | (5) |
| | | KAMC | ABC | LSA | | (5) |
| 145 | Wichita Falls, TX-Lawton, OK | KFDX | NBC | O&O | 5 | (5) |
| | | KJTL | Fox | LSA | | (5) |
| | | KJBO-LP | MyNetworkTV | LSA | | (5) |
| 146 | Erie, PA | WJET | ABC | O&O | 4 | (5) |
| | | WFXP | Fox | LSA | | (5) |
| 148 | Joplin, MO-Pittsburg, KS | KSNF | NBC | O&O | 4 | (5) |
| | | KODE | ABC | LSA | | (5) |
| 152 | Terre Haute, IN | WTWO | NBC | O&O | 3 | (5) |
| | | WFXW | Fox | LSA | | (5) |
| 156 | Odessa-Midland, TX | KMID | ABC | O&O | 5 | (5) |
| 165 | Abilene-Sweetwater, TX | KTAB | CBS | O&O | 4 | (5) |
| | | KRBC | NBC | LSA | | (5) |

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| | | | | | | |
|-----|----------------|---------|-------------|-----|---|-----|
| 169 | Utica, NY | WFXV | Fox | O&O | 4 | (5) |
| | | WPNY-LP | MyNetworkTV | O&O | | (5) |
| | | WUTR | ABC | LSA | | (5) |
| 170 | Billings, MT | KSVI | ABC | O&O | 4 | (5) |
| | | KHMT | Fox | LSA | | (5) |
| 172 | Dothan, AL | WDHN | ABC | O&O | 3 | (5) |
| 196 | San Angelo, TX | KSAN | NBC | LSA | 4 | (5) |
| | | KLST | CBS | O&O | | (5) |
| 201 | St. Joseph, MO | KQTV | ABC | O&O | 1 | (5) |

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- (1) Market rank refers to ranking the size of the Designated Market Area (DMA) in which the station is located in relation to other DMAs. Source: *Investing in Television Market Report 2008 4th Edition*, as published by BIA Financial Network, Inc.
- (2) O&O refers to stations that we own and operate. LSA, or local service agreement, is the general term we use to refer to a contract under which we provide services to a station owned and operated by an independent third party. Local service agreements include time brokerage agreements, shared services agreements, joint sales agreements and outsourcing agreements. For further information regarding the LSAs to which we are party, see Note 2 to our consolidated financial statements in Part IV, Item 15(a) of this Annual Report on Form 10-K.
- (3) The term commercial station means a television broadcast station and excludes non-commercial stations, religious and Spanish-language stations, cable program services or networks. Source: *Investing in Television Market Report 2008 4th Edition*, as published by BIA Financial Network, Inc.
- (4) Although WHAG is located within the Washington, DC DMA, its signal does not reach the entire Washington, DC metropolitan area. WHAG serves the Hagerstown, MD sub-market within the DMA.
- (5) Application for renewal of license timely was submitted to the FCC. Under the FCC's rules, a license expiration date automatically is extended pending review of and action on the renewal application by the FCC.
- (6) Although Nexstar owns WLYH, this station is programmed by Clear Channel Communications pursuant to a time brokerage agreement.
- (7) KBTW became a Fox affiliated station effective January 1, 2009.

Industry Background

Commercial television broadcasting began in the United States on a regular basis in the 1940s. Currently a limited number of channels are available for over-the-air broadcasting in any one geographic area and a license to operate a television station must be granted by the FCC. All television stations in the country are grouped by A.C. Nielsen Company, a national audience measuring service, into 210 generally recognized television markets, known as designated market areas (DMAs), that are ranked in size according to various metrics based upon actual or potential audience. Each DMA is an exclusive geographic area consisting of all counties in which the home-market commercial stations receive the greatest percentage of total viewing hours. A.C. Nielsen periodically publishes data on estimated audiences for the television stations in the DMA. The estimates are expressed in terms of a rating, which is a station's percentage of the total potential audience in the market, or a share, which is the station's percentage of the audience actually watching television. A station's rating in the market can be a factor in determining advertising rates.

Most television stations are affiliated with networks and receive a significant part of their programming, including prime-time hours, from networks. Whether or not a station is affiliated with one of the four major networks (NBC, ABC, CBS or Fox) has a significant impact on the composition of the station's revenue, expenses and operations. Network programming, along with cash payments for some NBC, ABC and CBS affiliates, is provided to the affiliate by the network in exchange for the network's retention of a substantial majority of the advertising time during network programs. The network then sells this advertising time and retains the revenue. The affiliate retains the revenue from the remaining advertising time it sells during network programs and from advertising time it sells during non-network programs.

Broadcast television stations compete for advertising revenue primarily with other commercial broadcast television stations and cable satellite television systems and, to a lesser extent, with newspapers, radio stations and internet advertising serving the same market. Non-commercial, religious and Spanish-language broadcasting stations in many markets also compete with commercial stations for viewers. In addition, the Internet and other leisure activities may draw viewers away from commercial television stations.

The television broadcast industry is in the midst of a transition to an advanced digital television (DTV) transmission system. DTV transmissions deliver improved video and audio signals including high definition television and have substantial multiplexing and data transmission capabilities. For each licensed television station, the FCC allocated a matching DTV channel for the transition period. By June 12, 2009, television broadcasters are required to cease analog broadcasting and return one of their channels to the FCC.

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Advertising Sales

General

Television station revenue is primarily derived from the sale of local and national advertising. All network-affiliated stations are required to carry advertising sold by their networks which reduces the amount of advertising time available for sale by stations. Our and Mission's stations sell the remaining advertising to be inserted in network programming and the advertising in non-network programming, retaining all of the revenue received from these sales. A national syndicated program distributor will often retain a portion of the available advertising time for programming it supplies in exchange for no fees or reduced fees charged to stations for such programming. These programming arrangements are referred to as barter programming.

Advertisers wishing to reach a national audience usually purchase time directly from the networks, or advertise nationwide on a case-by-case basis. National advertisers who wish to reach a particular region or local audience often buy advertising time directly from local stations through national advertising sales representative firms. Local businesses purchase advertising time directly from the stations' local sales staff.

Advertising rates are based upon a number of factors, including:

a program's popularity among the viewers that an advertiser wishes to target;

the number of advertisers competing for the available time;

the size and the demographic composition of the market served by the station;

the availability of alternative advertising media in the market area;

the effectiveness of the station's sales forces;

development of projects, features and programs that tie advertiser messages to programming; and

the level of spending commitment made by the advertiser.

Advertising rates are also determined by a station's overall ability to attract viewers in its market area, as well as the station's ability to attract viewers among particular demographic groups that an advertiser may be targeting. Advertising revenue is positively affected by strong local economies. Conversely, declines in advertising budgets of advertisers, particularly in recessionary periods, adversely affect the broadcast industry and as a result may contribute to a decrease in the revenue of broadcast television stations.

Seasonality

Advertising revenue is positively affected by national and regional political election campaigns, and certain events such as the Olympic Games or the Super Bowl. Stations' advertising revenue 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 is generally higher during even-numbered years due to advertising placed by candidates for political offices and advertising aired during the Olympic Games.

Local Sales

Local advertising time is sold by each station's local sales staff who call upon advertising agencies and local businesses, which typically include car dealerships, retail stores and restaurants. Compared to revenue from national advertising accounts, revenue from local advertising is generally more stable and more predictable. We seek to attract new advertisers to television and to increase the amount of advertising time sold to existing local advertisers by relying on experienced local sales forces with strong community ties, producing news and other programming with local advertising appeal and sponsoring or co-promoting local events and activities. We place a strong emphasis on the experience of our local sales staff and maintain an on-going training program for sales personnel.

National Sales

National advertising time is sold through national sales representative firms which call upon advertising agencies, whose clients typically include automobile manufacturers and dealer groups, telecommunications companies, fast food franchisers, and national retailers (some of which may advertise locally).

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Each station that we own and operate, program or provide sales and other services to as of December 31, 2008 is affiliated with a network pursuant to an affiliation agreement, as described below:

| Station | Market | Affiliation | Expiration |
|---------------------|--|--------------------|-------------------|
| KBTV ⁽⁴⁾ | Beaumont-Port Arthur, TX | NBC | December 2008 |
| WTVW | Evansville, IN | Fox | June 2010 |
| WQRF | Rockford, IL | Fox | June 2010 |
| KARD | Monroe, LA-El Dorado, AR | Fox | June 2010 |
| KSFY | Springfield, MO | Fox | June 2010 |
| WFXV | Utica, NY | Fox | June 2010 |
| WFFT | Ft. Wayne, IN | Fox | June 2010 |
| WBRE | Wilkes Barre-Scranton, PA | NBC | December 2011 |
| WTWO | Terre Haute, IN | NBC | December 2011 |
| KFDX | Wichita Falls, TX-Lawton, OK | NBC | December 2011 |
| KSNF | Joplin, MO-Pittsburg, KS | NBC | December 2011 |
| WTAJ | Johnstown-Altoona, PA | CBS | May 2010 |
| KCIT | Amarillo, TX | Fox | June 2010 |
| WFXP | Erie, PA | Fox | June 2010 |
| KJTL | Wichita Falls, TX-Lawton, OK | Fox | June 2010 |
| WFXW | Terre Haute, IN | Fox | June 2010 |
| KHMT | Billings, MT | Fox | June 2010 |
| KFTA | Ft. Smith-Fayetteville-Springdale-Rogers, AR | Fox/NBC | June 2010 |
| KSAN | San Angelo, TX | NBC | December 2010 |
| KRBC | Abilene-Sweetwater, TX | NBC | December 2010 |
| WUTR | Utica, NY | ABC | December 2010 |
| WDHN | Dothan, AL | ABC | December 2010 |
| WJET | Erie, PA | ABC | December 2010 |
| KSVI | Billings, MT | ABC | December 2010 |
| KMID | Odessa-Midland, TX | ABC | December 2010 |
| WTVO | Rockford, IL | ABC | December 2010 |
| KAMC | Lubbock, TX | ABC | December 2010 |
| KQTV | St. Joseph, MO | ABC | December 2010 |
| WPNY-LP | Utica, NY | MyNetworkTV | August 2011 |
| WCFN | Champaign-Springfield-Decatur, IL | MyNetworkTV | August 2011 |
| KCPN-LP | Amarillo, TX | MyNetworkTV | August 2011 |
| KJBO-LP | Wichita Falls, TX-Lawton, OK | MyNetworkTV | August 2011 |
| WUHF ⁽¹⁾ | Rochester, NY | Fox | March 2012 |
| WYZZ ⁽¹⁾ | Peoria-Bloomington, IL | Fox | March 2012 |
| KLST | San Angelo, TX | CBS | August 2012 |
| KTAB | Abilene-Sweetwater, TX | CBS | December 2012 |
| KODE | Joplin, MO-Pittsburg, KS | ABC | December 2012 |
| KNWA | Ft. Smith-Fayetteville-Springdale-Rogers, AR | NBC | January 2013 |
| WROC | Rochester, NY | CBS | January 2013 |
| KOLR | Springfield, MO | CBS | June 2013 |
| KLBK | Lubbock, TX | CBS | July 2013 |
| WCIA | Champaign-Springfield-Decatur, IL | CBS | September 2013 |
| WMBD | Peoria-Bloomington, IL | CBS | September 2013 |
| KAMR | Amarillo, TX | NBC | December 2014 |
| KTAL | Shreveport, LA | NBC | December 2014 |
| KARK | Little Rock-Pine Bluff, AR | NBC | December 2014 |
| WHAG | Washington, DC/Hagerstown, MD ⁽²⁾ | NBC | December 2014 |

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WYOU Wilkes Barre-Scranton, PA
WLYH⁽³⁾ Harrisburg-Lancaster-Lebanon-York, PA
KTVE Monroe, LA El Dorado, AR

CBS
The CW
NBC

June 2015
September 2016
December 2011

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- (1) This station is owned by a subsidiary of Sinclair Broadcasting Group, Inc. which maintains the network affiliation agreement with the Fox network.
- (2) Although WHAG is located within the Washington, DC DMA, its signal does not reach the entire Washington, DC metropolitan area. WHAG serves the Hagerstown, MD sub-market within the DMA.
- (3) Under a time brokerage agreement, Nexstar allows Newport Television License, LLC, Inc. to program most of WLYH's broadcast time, sell its advertising time and retain the advertising revenue generated in exchange for monthly payments to Nexstar.
- (4) KBTW became a Fox affiliated station effective January 1, 2009. The Fox agreement expires in December 2013.

Each affiliation agreement provides the affiliated station with the right to broadcast all programs transmitted by the network with which it is affiliated. In exchange, the network has the right to sell a substantial majority of the advertising time during these broadcasts. In addition, some stations receive compensation from the network based on the hours of network programming they broadcast.

We expect all of the network affiliation agreements listed above to be renewed upon expiration.

Competition

Competition in the television industry takes place on several levels: competition for audience, competition for programming and competition for advertising.

Audience. We compete for audience share specifically on the basis of program popularity. The popularity of a station's programming has a direct effect on the advertising rates it can charge its advertisers. A portion of the daily programming on the stations that we own or provide services to is supplied by the network with which each station is affiliated. In those periods, the stations are dependent upon the performance of the network programs in attracting viewers. Stations program non-network time periods with a combination of self-produced news, public affairs and other entertainment programming, including movies and syndicated programs. The major television networks have also begun to sell their programming directly to the consumer via portal digital devices such as video iPods and cell phones which presents an additional source of competition for television broadcaster audience share. Other sources of competition for audience include home entertainment systems, such as VCRs, DVDs and DVRs; video-on-demand and pay-per-view; the Internet; and television game devices.

Although the commercial television broadcast industry historically has been dominated by the ABC, NBC, CBS and Fox television networks, other newer television networks and the growth in popularity of subscription systems, such as local cable and direct broadcast satellite (DBS) systems which air exclusive programming not otherwise available in a market, have become significant competitors for the over-the-air television audience.

Programming. Competition for programming involves negotiating with national program distributors or syndicators that sell first-run and rerun packages of programming. Stations compete against in-market broadcast station operators for exclusive access to off-network reruns (such as *Seinfeld*) and first-run product (such as *Entertainment Tonight*) in their respective markets. Cable systems generally do not compete with local stations for programming, although various national cable networks from time to time have acquired programs that would have otherwise been offered to local television stations. Time Warner, Inc., General Electric Company, Viacom Inc., The News Corporation Limited and the Walt Disney Company each owns a television network and also owns or controls major production studios, which are the primary source of programming for the networks. It is uncertain whether in the future such programming, which is generally subject to short-term agreements between the studios and the networks, will be moved to the networks. Television broadcasters also compete for non-network programming unique to the markets they serve. As such, stations strive to provide exclusive news stories, unique features such as investigative reporting and coverage of community events and to secure broadcast rights for regional and local sporting events.

Advertising. Stations compete for advertising revenue with other television stations in their respective markets; and other advertising media such as newspapers, radio stations, magazines, outdoor advertising, transit

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advertising, yellow page directories, direct mail, local cable systems, DBS systems and the Internet. Competition for advertising dollars in the broadcasting industry occurs primarily within individual markets. Generally, a television broadcast station in a particular market does not compete with stations in other market areas.

Additional Competitive Factors. Additional factors that are material to a television station's competitive position include signal coverage and assigned channel. Television stations can be distinguished by the frequency on which they broadcast. Analog television stations that broadcast over the very high frequency or VHF band (channels 2-13) of the spectrum generally have some competitive advantage over analog television stations which broadcast over the ultra-high frequency or UHF band (channels above 13) of the spectrum because the former usually have better signal coverage and operate at lower transmission costs. However, the improvement of UHF transmitters and receivers, the complete elimination from the marketplace of VHF-only receivers and the expansion of cable television systems have reduced the VHF signal advantage. In addition, any disparity between VHF and UHF is likely to diminish even further in the coming era of digital television.

The broadcasting industry is continually faced with technological change and innovation which increase the popularity of competing entertainment and communications media. Further advances in technology may increase competition for household audiences and advertisers. The increased use of digital technology by cable systems and DBS, along with video compression techniques, will reduce the bandwidth required for television signal transmission. These technological developments are applicable to all video delivery systems, including over-the-air broadcasting, and have the potential to provide vastly expanded programming to highly targeted audiences. Reductions in the cost of creating additional channel capacity could lower entry barriers for new channels and encourage the development of increasingly specialized niche programming. This ability to reach very narrowly defined audiences is expected to alter the competitive dynamics for advertising expenditures. We are unable to predict the effect that these or other technological changes will have on the broadcast television industry or on the future results of our operations or the operations of the stations we provide services to.

Federal Regulation

Television broadcasting is subject to the jurisdiction of the FCC under the Communications Act of 1934, as amended (the Communications Act). The following is a brief discussion of certain provisions of the Communications Act and the FCC's regulations and policies that affect the business operations of television broadcast stations. Over the years, Congress and the FCC have added, amended and deleted statutory and regulatory requirements to which station owners are subject. Some of these changes have a minimal business impact whereas others may significantly affect the business or operation of individual stations or the broadcast industry as a whole. The following discussion summarizes some of the statutory and regulatory rules and policies currently in effect. For more information about the nature and extent of FCC regulation of television broadcast stations you should refer to the Communications Act and the FCC's rules, public notices and policies.

License Grant and Renewal. The Communications Act prohibits the operation of broadcast stations except under licenses issued by the FCC. Television broadcast licenses are granted for a maximum term of eight years and are subject to renewal upon application to the FCC. The FCC is required to grant an application for license renewal if during the preceding term the station served the public interest, the licensee did not commit any serious violations of the Communications Act or the FCC's rules, and the licensee committed no other violations of the Communications Act or the FCC's rules which, taken together, would constitute a pattern of abuse. A majority of renewal applications are routinely granted under this standard. If a licensee fails to meet this standard the FCC may still grant renewal on terms and conditions that it deems appropriate, including a monetary forfeiture or renewal for a term less than the normal eight-year period.

After a renewal application is filed, interested parties, including members of the public, may file petitions to deny a renewal application, to which the licensee/renewal applicant is entitled to respond. After reviewing the pleadings, if the FCC determines that there is a substantial and material question of fact whether grant of the renewal application would serve the public interest, the FCC is required to hold a trial-type hearing on the issues.

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presented. If, after the hearing, the FCC determines that the renewal applicant has met the renewal standard the FCC will grant the renewal application. If the licensee/renewal applicant fails to meet the renewal standard or show that there are mitigating factors entitling it to renewal subject to appropriate sanctions, the FCC can deny the renewal application. In the vast majority of cases where a petition to deny is filed against a renewal application, the FCC ultimately grants the renewal without a hearing. No competing application for authority to operate a station and replace the incumbent licensee may be filed against a renewal application.

In addition to considering rule violations in connection with a license renewal application, the FCC may sanction a station licensee for failing to observe FCC rules and policies during the license term, including the imposition of a monetary forfeiture.

The Communications Act prohibits the assignment or the transfer of control of a broadcast license without prior FCC approval.

Ownership Restrictions. The Communications Act limits the extent of non-U.S. ownership of companies that own U.S. broadcast stations. Under this restriction, a U.S. broadcast company such as ours may have no more than 25% non-U.S. ownership (by vote and by equity).

The FCC also has rules which establish limits on the ownership of broadcast stations. These ownership limits apply to attributable interests in a station licensee held by an individual, corporation, partnership or other entity. In the case of corporations, officers, directors and voting stock interests of 5% or more (20% or more in the case of qualified investment companies, such as insurance companies and bank trust departments) are considered attributable interests. For partnerships, all general partners and non-insulated limited partners are attributable. Limited liability companies are treated the same as partnerships. The FCC also considers attributable the holder of more than 33% of a licensee's total assets (defined as total debt plus total equity), if that person or entity also provides over 15% of the station's total weekly broadcast programming or has an attributable interest in another media entity in the same market which is subject to the FCC's ownership rules, such as a radio or television station, cable television system or daily newspaper.

Local Ownership (Duopoly Rule). Under the current duopoly rule, a single entity is allowed to own or have attributable interests in two television stations in a market if (1) the two stations do not have overlapping service areas, or (2) after the combination there are at least eight independently owned and operating full-power television stations and one of the combining stations is not ranked among the top four stations in the DMA. The duopoly rule allows the FCC to consider waivers to permit the ownership of a second station only in cases where the second station has failed or is failing or unbuilt.

Under the duopoly rule, the FCC attributes toward the local television ownership limits another in-market station when one station owner programs a second in-market station pursuant to a time brokerage or local marketing agreement, if the programmer provides more than 15% of the second station's weekly broadcast programming. However, local marketing agreements entered into prior to November 5, 1996 are exempt attributable interests until the FCC determines otherwise. This grandfathered period, when reviewed by the FCC, is subject to possible extension or termination.

In 2006, the FCC initiated a rulemaking proceeding which provides for a comprehensive review of all of its media ownership rules, as required by the Communications Act. The Commission is considering rules relating to ownership of two or more TV stations in a market, ownership of local TV and radio stations by daily newspapers in the same market, cross-ownership of local TV and radio stations, and changes to how the national TV ownership limits are calculated. The proceeding, has included several public hearings that were held throughout the country in 2008. At this time, it is not possible to predict the outcome of any changes, if any, to the FCC's media ownership rules.

In certain markets, we and Mission own and operate both full-power and low-power television broadcast stations (in Utica, Nexstar owns and operates WFXV and WPNY-LP; in Wichita Falls, Mission owns and

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operates KJTL and KJBO-LP; and in Amarillo, Mission owns and operates KCIT and KCPN-LP). The FCC's duopoly rules and policies regarding ownership of television stations in the same market apply only to full-power television stations and not low-power television stations such as WPNY-LP, KJBO-LP and KCPN-LP.

The only market in which we currently are permitted to own two stations under the duopoly rule is the Champaign-Springfield-Decatur, Illinois market. However, we also are permitted to own two stations in the Fort Smith-Fayetteville-Springdale-Rogers market pursuant to a waiver under the FCC's rules permitting common ownership of a satellite television station in a market where a licensee also owns the primary station. In all of the markets where we have entered into local service agreements, except for two, we do not provide programming other than news (comprising less than 15% of the second station's programming) to the second station and, therefore, we are not attributed with ownership of the second station. In the two markets where we provide more programming to the second station—WFXP in Erie, Pennsylvania and KHMT in Billings, Montana—the local marketing agreements were entered into prior to November 5, 1996. Therefore, we may continue to program these stations under the terms of these agreements until the rule is changed.

National Ownership. There is no nationwide limit on the number of television stations which a party may own. However, the FCC's rules limit the percentage of U.S. television households which a party may reach through its attributable interests in television stations. This rule provides that when calculating a party's nationwide aggregate audience coverage, the ownership of a UHF station is counted as 50% of a market's percentage of total national audience. In 2004, Congress determined that one party may have an attributable interest in television stations which reach, in the aggregate, 39% of all U.S. television households; and the FCC thereafter modified its corresponding rule. The FCC currently is considering whether this act has any impact on the FCC's authority to examine and modify the UHF discount.

The stations that Nexstar owns have a combined national audience reach of 5.6% of television households with the UHF discount.

Radio/Television Cross-Ownership Rule (One-to-a-Market Rule). In markets with at least 20 independently owned media outlets, ownership of one television station and up to seven radio stations, or two television stations (if allowed under the television duopoly rule) and six radio stations is permitted. If the number of independently owned media outlets is fewer than 20 but greater than or equal to 10, ownership of one television station (or two if allowed) and four radio stations is permitted. In markets with fewer than 10 independent media voices, ownership of one television station (or two if allowed) and one radio station is permitted. In calculating the number of independent media voices in a market, the FCC includes all radio and television stations, independently owned cable systems (counted as one voice), and independently owned daily newspapers which have circulation that exceeds 5% of the households in the market.

Local Television/Newspaper Cross-Ownership Rule. Under this rule, a party is prohibited from having an attributable interest in a television station and a daily newspaper except in cases where the market at issue is one of the 20 largest DMAs, and subject to other criteria and limitations.

Local Television/Cable Cross-Ownership. There is no FCC rule prohibiting common ownership of a cable television system and a television broadcast station in the same area.

Cable Must-Carry or Retransmission Consent Rights. Every three years television broadcasters are required to make an election between must-carry or retransmission consent rights in connection with the carriage of their analog signal on cable television systems within their DMA. For a majority of our and Mission's stations the most recent election was made October 1, 2008, for the three-year period beginning January 1, 2009.

If a broadcaster chooses to exercise its must-carry rights, it may request cable system carriage on its over-the-air channel or another channel on which it was carried on the cable system as of a specified date. A cable system generally must carry the station's signal in compliance with the station's carriage request, and in a

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manner that makes the signal available to all cable subscribers. However, must-carry rights are not absolute, and whether a cable system is required to carry the station on its system, or in the specific manner requested, depends on variables such as the location, size and number of activated channels of the cable system and whether the station's programming duplicates, or substantially duplicates the programming of another station carried on the cable system. If certain conditions are met, a cable system may decline to carry a television station that has elected must-carry status, although it is unusual for all the required conditions to exist.

If a broadcaster chooses to exercise its retransmission consent rights, a cable television system which is subject to that election may not carry the station's signal without the station's consent. This generally requires the cable system and television station operator to negotiate the terms under which the broadcaster will consent to the cable system's carriage of its station's signal.

We and Mission have elected to exercise retransmission consent rights for all of our stations where we have a legal right to do so. We and Mission have negotiated retransmission consent agreements with substantially all of the cable systems which carry the stations' signals.

Direct-to-Home Satellite Services and Carriage Rights. Direct broadcast satellite (DBS) providers are permitted to carry local channels, including significantly viewed out-of-market stations when local service is provided. Under certain circumstances, DBS providers also are permitted to provide network service from a station outside a local market for subscribers in the market who are unserved by a local station affiliated with the same network. In addition, DBS subscribers who were not receiving a digital signal as of December 8, 2004 may receive distant signals for digital television programming from their DBS provider if they are receiving the local analog signal of a network affiliate and the subscriber cannot receive a local digital signal of that network-affiliated station over-the-air.

Satellite carriers that provide any local-into-local service in a market must carry, upon request, all stations in that market that have elected mandatory carriage, and DBS operators are now carrying other local stations in local-into-local markets, including some noncommercial, independent and foreign language stations. However, satellite carriers are not required to carry duplicative network signals from a local market unless the stations are licensed to different communities in different states. Satellite carriers are required to carry all local television stations in a contiguous manner on their channel line-up and may not discriminate in their carriage of stations.

Commercial television stations make elections between retransmission consent and must-carry status for satellite services on the same schedule as cable elections, with the most recent elections made by October 1, 2008 for the three year period that began on January 1, 2009. DirecTV currently provides satellite carriage of our and Mission's stations in the Champaign-Springfield-Decatur, Evansville, Ft. Smith-Fayetteville-Springdale-Rogers, Ft. Wayne, Johnstown-Altoona, Little Rock-Pine Bluff, Peoria-Bloomington, Rochester, Rockford, Shreveport, Springfield and Wilkes Barre-Scranton markets. EchoStar currently provides satellite carriage of our and Mission's stations in the Abilene-Sweetwater, Amarillo, Beaumont-Port Arthur, Billings, Champaign-Springfield-Decatur, Dothan, Erie, Evansville, Fort Wayne, Ft. Smith-Fayetteville-Springdale-Rogers, Hagerstown, Johnstown-Altoona, Joplin, MO-Pittsburg, KS, Little Rock-Pine Bluff, Lubbock, Monroe, LA-El Dorado, AR, Odessa-Midland, Peoria-Bloomington, Rochester, Rockford, San Angelo, Shreveport, Springfield, Terre Haute, Wichita Falls, TX-Lawton, OK and Wilkes Barre-Scranton markets. We and Mission have long-term carriage agreements with both DirecTV (expiring in 2011) and DISH Network (formerly EchoStar) (expiring in 2011) that provide for the carriage of the currently carried stations, as well as those subsequently added in new local-to-local markets, or those added by acquisition or other means.

Digital Television (DTV). In February 2009, President Obama signed into law legislation that established June 12, 2009 as the deadline for television broadcasters to complete their transition to DTV-only operations and return their analog spectrum to the FCC. The DTV transmission system delivers video and audio signals of higher quality (including high definition television) than the existing analog transmission system. DTV also has substantial capabilities for multiplexing (the broadcast of several channels of programs concurrently) and data

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transmission. The introduction of digital television requires consumers to purchase new television sets that are capable of receiving and displaying the DTV signals, or adapters to receive DTV signals and convert them to analog signals for display on their existing receivers.

For the transition period, the FCC allotted each licensed television station a second channel for broadcast of a DTV signal. Stations may broadcast with both analog and DTV signals until June 12, 2009; however all stations must be broadcasting in at least low power digital. Stations are required to simulcast 100% of their analog programming on their DTV channel during the transition period.

As of December 31, 2008, Mission's stations WFXP, WUTR, WTVO, WYOU, KCIT, KTVE, KAMC and KRBC and Nexstar's stations WBRE, WROC, KARK, KNWA, KFTA, WMBD, WTAJ, WLYH, KSFX, WQRF, KTAL, WCIA, WTVW, KARD, KAMR, KLBK and KTAB are broadcasting with full-power DTV signals. As of February 17, 2009, Mission's stations WYOU, KJTL, KSAN, KAMC and WTVO and Nexstar's stations KARK, KFDX, KFTA, KLBK, KLST, WBRE, WLYH, WMBD and WQRF have terminated analog operations and are broadcasting exclusively in DTV. On March 17, 2009, Nexstar informed the FCC that KTAB would be terminating analog operations and broadcasting exclusively in DTV as of May 12, 2009, that station WJET would be terminating analog operations and broadcasting exclusively in DTV as of April 17, 2009, that stations KSVI, WDHN, KNWA, KSNF, KARD, KTAL and KSFX would be terminating analog operations and broadcasting exclusively in DTV as of April 16, 2009 and that stations KAMR, KBTB, WCIA, WCFN, WTVW, WFFT, WTAJ, KMID, WROC, KQTV, WTWO, WFXV and WHAG would be terminating analog operations and broadcasting exclusively in DTV as of the final DTV transition date of June 12, 2009. On March 17, 2009, Mission informed the FCC that station KRBC would be terminating analog operations and broadcasting exclusively in DTV as of May 12, 2009, that station WFXP would be terminating analog operations and broadcasting exclusively in DTV as of April 17, 2009, that stations KHMT, KTVE and KOLR would be terminating analog operations and broadcasting exclusively in DTV as of April 16, 2009, and that stations KCIT, KODE, WFXW and WUTR would be terminating analog operations and broadcasting exclusively in DTV as of the final DTV conversion date of June 12, 2009.

In addition, Nexstar stations KBTB, KMID, KSNF, KLST and KQTV, and Mission station WFXW hold construction permits issued by the FCC to build higher-power DTV facilities by August 18, 2009. All of the Nexstar and Mission stations holding such construction permits are expected to complete construction on or before that deadline.

Channels used for analog broadcasts range from 2 through 69. The FCC designated Channels 2 through 51 as the core channels for use by television broadcasters' DTV stations after June 12, 2009. Nexstar has four stations with transitional DTV channel assignments outside the core. Mission has one station with its transitional DTV channel assignments outside the core. These stations will be required to change their DTV channels to in-core channels at the end of the transition.

Television station operators may use their DTV signals to provide ancillary services, such as computer software distribution, Internet, interactive materials, e-commerce, paging services, audio signals, subscription video, or data transmission services. To the extent a station provides such ancillary services it is subject to the same regulations as are applicable to other analogous services under the FCC's rules and policies. Commercial television stations also are required to pay the FCC 5% of the gross revenue derived from all ancillary services provided over their DTV signals for which a station received a fee in exchange for the service or received compensation from a third party in exchange for transmission of material from that third party, not including commercial advertisements used to support broadcasting.

DTV Channel Election. On October 20, 2006, the FCC released an order establishing the permanent, post-transition DTV channels for all stations. Nexstar's and Mission's stations have been assigned in-core channels for their permanent DTV operations.

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DTV MVPD Carriage. Stations may choose must-carry status or retransmission consent for their analog signals, but may only elect retransmission consent for their digital signals. When a television station operates only as a DTV station, and returns its analog channel to the FCC and converts to digital-only operations which, in most cases, will be on or about June 12, 2009, it may assert must-carry rights for a single DTV programming stream. Digital television signals carried on a cable system must be available to all subscribers on the system's basic service tier.

The exercise of must-carry rights by a digital-only television station for its DTV signal applies only to a single programming stream and other program-related content carried on that stream. If a television station is concurrently broadcasting more than one program stream on its DTV signal it may select which program stream is subject to its must-carry election. Cable systems and DBS providers are not required to carry Internet, e-commerce or other ancillary services provided over DTV signals if those services are not related to the station's primary video programming carried on the cable system and if they are not provided to viewers for free.

With respect to direct-to-the-home satellite service providers, the FCC will address DTV carriage at a later time.

Programming and Operation. The Communications Act requires broadcasters to serve the public interest. Since the late 1970s, the FCC gradually has relaxed or eliminated many of the more formalized procedures it had developed to promote the broadcast of certain types of programming responsive to the needs of a station's community of license. However, television station licensees are still required to present programming that is responsive to community problems, needs and interests and to maintain certain records demonstrating such responsiveness. The FCC may consider complaints from viewers concerning programming when it evaluates a station's license renewal application, although viewer complaints also may be filed and considered by the FCC at any time. Stations also must follow various rules promulgated under the Communications Act that regulate, among other things:

political advertising (its price and availability);

sponsorship identification;

contest and lottery advertising;

obscene and indecent broadcasts;

technical operations, including limits on radio frequency radiation;

discrimination and equal employment opportunities;

closed captioning;

children's programming;

program ratings guidelines; and

network affiliation agreements.

Employees

As of December 31, 2008, we had a total of 2,258 employees, comprised of 1,950 full-time and 308 part-time or temporary employees. As of December 31, 2008, 154 of our employees were covered by collective bargaining agreements. We believe that our employee relations are satisfactory, and we have not experienced any work stoppages at any of our facilities. However, we cannot assure you that our collective bargaining agreements will be renewed in the future, or that we will not experience a prolonged labor dispute, which could have a material adverse effect on our business, financial condition or results of operations.

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Item 1A. Risk Factors

You should carefully consider the following risk factors, which we believe are the most significant risks related to our business, as well as the other information contained in this document.

Risks Related to Our Operations

The continued economic slowdown in the United States and the national and world-wide financial crisis may adversely affect our results of operations, cash flows and financial condition. Among other things, these negative economic trends could adversely affect demand for television advertising, reduce the availability, and increase the cost, of short-term funds for liquidity requirements, and adversely affect our ability to meet long-term commitments. In addition, general trends in the television industry could adversely affect demand for television advertising as consumers flock to alternative media, including the Internet, for entertainment.

The continued economic slowdown in the United States is likely to adversely affect our results of operations and cash flows by, among other things, reducing demand for local and national television advertising and making it more difficult for customers to pay their accounts. Moreover, television viewing among consumers has been negatively impacted by the increasing availability of alternative media, including the Internet. As a result, in recent years demand for television advertising has been declining and demand for advertising in alternative media has been increasing, and we expect this trend to continue. Our ability to access funds under the Nexstar Senior Credit Facility (Nexstar Facility) depends, in part, on our compliance with certain financial covenants in the Nexstar Facility, including covenants based on EBITDA as defined in the Nexstar Facility. If our EBITDA is not sufficient to ensure compliance with these covenants, we might not be able to draw down funds under our revolving credit facility or it might be considered an event of default under the Nexstar Facility.

Disruptions in the capital and credit markets, as have been experienced during 2008 and are continuing in 2009, could adversely affect our ability to draw on our bank revolving credit facilities. Our access to funds under the revolving credit facilities is dependent on the ability of the banks that are parties to the facilities to meet their funding commitments. Those banks may not be able to meet their funding commitments to us if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from us and other borrowers within a short period of time.

Longer term disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives or failures of significant financial institutions could adversely affect our access to liquidity needed for our business. Any disruption could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged. Such measures could include deferring capital expenditures and other discretionary uses of cash.

We and Mission have a history of net losses.

We and Mission had aggregate net losses of \$78.1 million, \$19.8 million and \$9.0 million for the years ended December 31, 2008, 2007 and 2006, respectively. We and Mission may not be able to achieve or maintain profitability.

Our substantial debt could limit our ability to grow and compete.

As of December 31, 2008, we and Mission had \$662.1 million of debt, which represented 133.2% of our and Mission's total combined capitalization. The companies' high level of debt could have important consequences to our business. For example, it could:

limit our ability to borrow additional funds or obtain additional financing in the future;

limit our ability to pursue acquisition opportunities;

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expose us to greater interest rate risk since the interest rate on borrowings under the senior credit facilities is variable;

limit our flexibility to plan for and react to changes in our business and our industry; and

impair our ability to withstand a general downturn in our business and place us at a disadvantage compared to our competitors that are less leveraged.

Refer to Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Contractual Obligations for disclosure of the approximate aggregate amount of principal indebtedness scheduled to mature.

We and Mission could also incur additional debt in the future. The terms of our and Mission's senior credit facilities, as well as the indentures governing our publicly-held notes, limit, but do not prohibit us or Mission from incurring substantial amounts of additional debt. To the extent we or Mission incur additional debt we would become even more susceptible to the leverage-related risks described above.

The agreements governing our debt contain various covenants that limit our management's discretion in the operation of our business.

Our senior credit facility and the indentures governing our publicly-held notes contain various covenants that restrict our ability to, among other things:

incur additional debt and issue preferred stock;

pay dividends and make other distributions;

make investments and other restricted payments;

merge, consolidate or transfer all or substantially all of our assets;

enter into sale and leaseback transactions;

create liens;

sell assets or stock of our subsidiaries; and

enter into transactions with affiliates.

In addition, our senior credit facility requires us to maintain or meet certain financial ratios, including consolidated leverage ratios and interest coverage ratios. Future financing agreements may contain similar, or even more restrictive, provisions and covenants. As a result of these restrictions and covenants, our management's ability to operate our business at its discretion is limited, and we may be unable to compete effectively, pursue acquisitions or take advantage of new business opportunities, any of which could harm our business. Mission's senior credit facility contains similar terms and restrictions.

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If we fail to comply with the restrictions in present or future financing agreements, a default may occur. A default could allow creditors to accelerate the related debt as well as any other debt to which a cross-acceleration or cross-default provision applies. A default could also allow creditors to foreclose on any collateral securing such debt.

Our senior secured credit facility agreement contains covenants which require us to comply with certain financial ratios, including: (a) maximum total and senior leverage ratios, (b) a minimum interest coverage ratio, and (c) a minimum fixed charge coverage ratio. The covenants, which are calculated on a quarterly basis, include the combined results of Nexstar Broadcasting and Mission. Mission's senior secured credit facility agreement does not contain financial covenant ratio requirements; however it does include an event of default if Nexstar does not comply with all covenants contained in its credit agreement. The senior subordinated notes and senior discount notes contain restrictive covenants customary for borrowing arrangements of this type.

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As of December 31, 2008 and at each respective quarterly reporting period during 2008, we were in compliance with all covenants contained in the credit agreements governing our senior secured credit facility and the indentures governing the publicly-held notes. For a discussion of the financial ratio requirements of these covenants, we refer you to Note 10 of our consolidated financial statements in Part IV, Item 15(a) of this Annual Report on Form 10-K.

On March 30, 2009, we closed an offer to exchange \$143,600,000 of the 7% senior subordinated notes due 2014 in exchange for \$143,600,000 7% senior subordinated PIK Notes due 2014 (the PIK Notes). Based on the financial covenants in the senior secured credit facility, the PIK Notes are not included in the debt amount used to calculate the total leverage ratio until January 2011. In addition to the debt exchange, we have undertaken certain actions as part of our efforts to ensure we do not exceed the maximum total leverage and senior leverage ratios including 1) the elimination of corporate bonuses for 2008 and 2009, 2) the consolidation of various back office processes in certain markets, 3) the execution of a management services agreement whereby Nexstar operates four stations in exchange for a service fee, and 4) the consummation of a purchase agreement on March 11, 2009 to acquire all the assets of KARZ.

In addition to the above items, our plans for 2009 include certain other cost containment measures, including one week Company furloughs for all employees, if necessary. We believe the consummation of the exchange offer combined with the actions described above, will allow us to maintain compliance with all covenants contained in the credit agreements governing our senior secured facility and the indentures governing our publicly held notes for a period of at least the next twelve months from December 31, 2008. However, no assurance can be provided that our actions will be successful or that such actions will allow us to maintain compliance with these covenants.

The industry-wide mandatory conversion to digital television could have an adverse impact on our business, as certain viewers that do not upgrade their technology to be able to receive digital signals could no longer be able to view our programming.

Television stations in the U.S. are in the process of transitioning from analog to digital broadcasts and must phase-out analog broadcasting altogether by June 12, 2009. Some stations including some of our and Mission's stations already have made the transition and now broadcast in digital only. TV viewers who receive their signals over-the-air (instead of through multichannel video program distributors, which we refer to as MVPDs, such as cable, satellite, or fiber optic service) and who have older, analog-only television receivers, will have to obtain digital-to-analog converters (or new digital televisions) and perhaps new antennas in order to continue watching television after the stations they watch complete the transition to digital-only transmissions. The federal government established a program to provide eligible TV viewers with coupons to cover the expense of purchasing digital-to-analog converters (but not new antennas). Moreover, due to technological differences in the way digital as compared to analog TV signals are received, it is possible that some viewers who live in locations where they currently receive adequate analog signals over-the-air will not be able to receive usable digital signals after the transition (even with digital-to-analog converters and new antennas) and, therefore, will not be able to watch some or all of the stations they have been watching (unless they subscribe to an MVPD service).

Mission may make decisions regarding the operation of its stations that could reduce the amount of cash we receive under our local service agreements.

Mission is 100% owned by an independent third party. Mission owns and operates 16 television stations as of December 31, 2008. We have entered into local service agreements with Mission, pursuant to which we provide services to Mission's stations. In return for the services we provide, we receive substantially all of the available cash, after payment of debt service costs, generated by Mission's stations. We also guarantee all of the obligations incurred under Mission's senior credit facility, which were incurred primarily in connection with Mission's acquisition of its stations. The sole shareholder of Mission has granted to us a purchase option to

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acquire the assets and assume the liabilities of each Mission station, subject to FCC consent, for consideration equal to the greater of (1) seven times the station's cash flow, as defined in the option agreement, less the amount of its indebtedness as defined in the option agreement or (2) the amount of its indebtedness.

We do not own Mission or Mission's television stations. However, as a result of our guarantee of the obligations incurred under Mission's senior credit facility, our arrangements under the local service agreements and purchase option agreements with Mission, we are deemed under U.S. GAAP to have a controlling financial interest in Mission while complying with the FCC's rules regarding ownership limits in television markets. In order for both us and Mission to comply with FCC regulations, Mission maintains complete responsibility for and control over the programming, finances, personnel and operations of its stations. As a result, Mission's sole shareholder and officers can make decisions with which we disagree and which could reduce the cash flow generated by these stations and, as a consequence, the amounts we receive under our local service agreements with Mission. For instance, we may disagree with Mission's programming decisions, which programming may prove unpopular and/or may generate less advertising revenue. Furthermore, subject to Mission's agreement with its lenders, Mission's sole shareholder could choose to pay himself a dividend.

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

Due to the quality of the programming provided by the networks, stations that are affiliated with a network generally have higher ratings than unaffiliated independent stations in the same market. As a result, it is important for stations to maintain their network affiliations. All of the stations that we operate or provide services to have network affiliation agreements. 13 stations have primary affiliation agreements with NBC, 9 with CBS, 9 with ABC, 14 with Fox, 4 with MyNetworkTV and 1 with The CW. Each of NBC, CBS and ABC generally provides affiliated stations with up to 22 hours of prime time programming per week, while each of Fox, MyNetworkTV and The CW provides affiliated stations with up to 15 hours of prime time programming per week. In return, affiliated stations broadcast the respective network's commercials during the network programming. Under the affiliation agreements with NBC, CBS and ABC, some of the stations we operate or provide services to also receive compensation from these networks.

All of the network affiliation agreements of the stations that we own, operate, program or provide sales and other services to are scheduled to expire at various times beginning in June 2010 through September 2016.

Network affiliation agreements are also subject to earlier termination by the networks under limited circumstances. For more information regarding these network affiliation agreements, see Item 1. Business Network Affiliations.

The FCC could decide not to grant renewal of the FCC license of any of the stations we operate or provide services to which would require that station to cease operations.

Television broadcast licenses are granted for a maximum term of eight years and are subject to renewal upon application to the FCC. The FCC is required to grant an application for license renewal if, during the preceding term, the station served the public interest, the licensee did not commit any serious violations of the Communications Act or the FCC's rules, and the licensee committed no other violations of the Communications Act or the FCC's rules which, taken together, would constitute a pattern of abuse. A majority of renewal applications are routinely granted under this standard. If a licensee fails to meet this standard the FCC may still grant renewal on terms and conditions that it deems appropriate, including a monetary forfeiture or renewal for a term less than the normal eight-year period.

On October 26, 2005, the Director of the Central Illinois Chapter of the Parents Television Council (PTC) submitted an informal objection to the application for renewal of license for Nexstar's station WCIA in Champaign, Illinois, requesting the FCC withhold action on WCIA's license renewal application until the FCC acts on the PTC's complaint regarding an allegedly indecent broadcast on WCIA.

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On January 3, 2006, Cable America Corporation submitted a petition to deny the applications for renewal of license for Nexstar's station KSFY and Mission's station KOLR, both licensed to Springfield, Missouri. Cable America alleged that Nexstar's local service agreements with Mission give Nexstar improper control over Mission's operations. Nexstar and Mission submitted a joint opposition to this petition to deny and Cable America submitted a reply. Cable America subsequently requested that the FCC dismiss its petition. However, the petition remains pending with the FCC.

Nexstar and Mission began to submit renewal of license applications for their stations beginning in June 2004. We and Mission expect the FCC to renew the licenses for our stations in due course but cannot provide any assurances that the FCC will do so.

The loss of the services of our chief executive officer could disrupt management of our business and impair the execution of our business strategies.

We believe that our success depends upon our ability to retain the services of Perry A. Sook, our founder and President and Chief Executive Officer. Mr. Sook has been instrumental in determining our strategic direction and focus. The loss of Mr. Sook's services could adversely affect our ability to manage effectively our overall operations and successfully execute current or future business strategies.

Our growth may be limited if we are unable to implement our acquisition strategy.

We intend to continue our growth by selectively pursuing acquisitions of television stations. The television broadcast industry is undergoing consolidation, which may reduce the number of acquisition targets and increase the purchase price of future acquisitions. Some of our competitors may have greater financial or management resources with which to pursue acquisition targets. Therefore, even if we are successful in identifying attractive acquisition targets, we may face considerable competition and our acquisition strategy may not be successful.

FCC rules and policies may also make it more difficult for us to acquire additional television stations. Television station acquisitions are subject to the approval of the FCC and, potentially, other regulatory authorities. The need for FCC and other regulatory approvals could restrict our ability to consummate future transactions if, for example, the FCC or other government agencies believe that a proposed transaction would result in excessive concentration in a market, even if the proposed combinations may otherwise comply with FCC ownership limitations.

Growing our business through acquisitions involves risks and if we are unable to manage effectively our rapid growth, our operating results will suffer.

We have experienced rapid growth. Since January 1, 2003, we have more than doubled the number of stations that we own, operate, program or provide sales and other services to, having acquired 19 stations and contracted to provide service to 11 additional stations. We will continue to actively pursue additional acquisition opportunities. To manage effectively our growth and address the increased reporting requirements and administrative demands that will result from future acquisitions, we will need, among other things, to continue to develop our financial and management controls and management information systems. We will also need to continue to identify, attract and retain highly skilled finance and management personnel. Failure to do any of these tasks in an efficient and timely manner could seriously harm our business.

There are other risks associated with growing our business through acquisitions. For example, with any past or future acquisition, there is the possibility that:

we may not be able to successfully reduce costs, increase advertising revenue or audience share or realize anticipated synergies and economies of scale with respect to any acquired station;

an acquisition may increase our leverage and debt service requirements or may result in our assuming unexpected liabilities;

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our management may be reassigned from overseeing existing operations by the need to integrate the acquired business;

we may experience difficulties integrating operations and systems, as well as company policies and cultures;

we may fail to retain and assimilate employees of the acquired business; and

problems may arise in entering new markets in which we have little or no experience.

The occurrence of any of these events could have a material adverse effect on our operating results, particularly during the period immediately following any acquisition.

FCC actions may restrict our ability to create duopolies under local service agreements, which would harm our existing operations and impair our acquisition strategy.

In some of our markets, we have created duopolies by entering into what we refer to as local service agreements. While these agreements take varying forms, a typical local service agreement is an agreement between two separately owned television stations serving the same market, whereby the owner of one station provides operational assistance to the other station, subject to ultimate editorial and other controls being exercised by the latter station's owner. By operating or entering into local service agreements with more than one station in a market, we (and the other station) achieve significant operational efficiencies. We also broaden our audience reach and enhance our ability to capture more advertising spending in a given market.

While all of our existing local service agreements comply with FCC rules and policies, the FCC may not continue to permit local service agreements as a means of creating duopoly-type opportunities.

On August 2, 2004, the FCC initiated a rule making proceeding to determine whether to make TV joint sales agreements attributable under its ownership rules. Comments and reply comments were filed in this proceeding in the fourth quarter of 2004. The FCC has not yet issued a decision in this proceeding. However, if the FCC adopts a joint sales agreement attribution rule for television stations we will be required to comply with the rule.

Cable America Corporation and an affiliate of Equity separately have alleged that our local service agreements with Mission give Nexstar improper control over Mission's operations. If the FCC challenges our existing arrangements with Mission (or our similar arrangements with Sinclair Broadcasting Group, Inc. (Sinclair)) based on these complaints and determines that our arrangements violate the FCC's rules and policies, we may be required to terminate such arrangements and we could be subject to sanctions, fines and/or other penalties.

The FCC may decide to terminate grandfathered time brokerage agreements.

The FCC attributes time brokerage agreements and local marketing agreements (TBAs) to the programmer under its ownership limits if the programmer provides more than 15% of a station's weekly broadcast programming. However, TBAs entered into prior to November 5, 1996 are exempt attributable interests for now.

The FCC will review these grandfathered TBAs in the future. During this review, the FCC may determine to terminate the grandfathered period and make all TBAs fully attributable to the programmer. If the FCC does so, we and Mission will be required to terminate the TBAs for stations WFXP and KHMT unless the FCC simultaneously changes its duopoly rules to allow ownership of two stations in the applicable markets.

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Failure to construct full-power DTV facilities may lead to a loss of station coverage area or other FCC sanctions.

Television broadcasters may currently broadcast both analog and DTV signals. In February 2009, President Obama signed into law legislation that established June 12, 2009 as the deadline for television broadcasters to complete their transition to DTV-only operations and return their analog spectrum to the FCC.

As of December 31, 2008, Mission's stations WFXP, WUTR, WTVO, WYOU, KCIT, KTVE, KAMC and KRBC and Nexstar's stations WBRE, WROC, KARK, KNWA, KFTA, WMBD, WTAJ, WLYH, KSFX, WQRF, KTAL, WCIA, WTVW, KARD, KAMR, KLBK and KTAB were broadcasting with full-power DTV signals. As of February 17, 2009, Mission's stations WYOU, KJTL, KSAN-TV, KAMC and WTVO, and Nexstar's stations KARK, KFDX, KFTA, KLBK, KLST, WBRE, WLYH, WMBD and WQRF have terminated analog operations and are broadcasting exclusively in DTV. On March 17, 2009, Nexstar informed the FCC that KTAB would be terminating analog operations and broadcasting exclusively in DTV as of May 12, 2009, that station WJET would be terminating analog operations and broadcasting exclusively in DTV as of April 17, 2009, that stations KSVI, WDHN, KNWA-TV, KSNF, KARD, KTAL and KSFX would be terminating analog operations and broadcasting exclusively in DTV as of April 16, 2009, and that stations KAMR, KBTB, WCIA, WCFN, WTVW, WFFT, WTAJ, KMID, WROC, KQTV, WTWO, WFXV and WHAG would be terminating analog operations and broadcasting exclusively in DTV as of the final DTV transition date of June 12, 2009. On March 17, 2009, Mission informed the FCC that station KRBC would be terminating analog operations and broadcasting exclusively in DTV as of May 12, 2009, that station WFXP would be terminating analog operations and broadcasting exclusively in DTV as of April 17, 2009, that stations KHMT, KTVE and KOLR would be terminating analog operations and broadcasting exclusively in DTV as of April 16, 2009, and that stations KCIT, KODE, WFXW and WUTR would be terminating analog operations and broadcasting exclusively in DTV as of the final DTV transition date of June 12, 2009.

In addition, Nexstar stations KBTB, KMID, KSNF, KLST and KQTV, and Mission station WFXW hold construction permits issued by the FCC to build higher-power DTV facilities by August 18, 2009. All of the Nexstar and Mission stations holding such construction permits are expected to complete construction on or before that deadline.

Stations that fail to meet the deadlines for termination of analog operations set forth in their March 17, 2009 filings at the FCC may face monetary forfeitures imposed by the FCC. Stations that hold construction permits issued by the FCC to build higher-power DTV facilities by August 18, 2009 that fail to meet that construction deadline may lose interference protection in certain geographic areas authorized by those construction permits.

The level of foreign investments held by our principal stockholder, ABRY Partners, LLC and its affiliated funds (ABRY), may limit additional foreign investments made in us.

The Communications Act limits the extent of non-U.S. ownership of companies that own U.S. broadcast stations. Under this restriction, a U.S. broadcast company such as ours may have no more than 25% non-U.S. ownership (by vote and by equity). Because our majority shareholder, ABRY has a substantial level of foreign investment, the amount of additional foreign investment that may be made in us is limited to approximately 12% of our total outstanding equity.

The interest of our principal stockholder, ABRY, in other media may limit our ability to acquire television stations in particular markets, restricting our ability to execute our acquisition strategy.

The number of television stations we may acquire in any market is limited by FCC rules and may vary depending upon whether the interests in other television stations or other media properties of persons affiliated with us are attributable under FCC rules. The broadcast or other media interest of our officers, directors and stockholders with 5% or greater voting power are generally attributable under the FCC's rules, which may limit us from acquiring or owning television stations in particular markets while those officers, directors or

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stockholders are associated with us. In addition, the holder of otherwise non-attributable equity and/or debt in a licensee in excess of 33% of the total debt and equity of the licensee will be attributable where the holder is either a major program supplier to that licensee or the holder has an attributable interest in another broadcast station, cable system or daily newspaper in the same market.

ABRY, our principal stockholder, is one of the largest private firms specializing in media and broadcasting investments. As a result of ABRY's interest in us, we could be prevented from acquiring broadcast companies in markets where ABRY has an attributable interest in television stations or other media, which could impair our ability to execute our acquisition strategy. Our certificate of incorporation allows ABRY and its affiliates to identify, pursue and consummate additional acquisitions of television stations or other broadcast-related businesses that may be complementary to our business and therefore such acquisitions opportunities may not be available to us.

We are controlled by one principal stockholder, ABRY, and its interests may differ from your interests.

As a result of ABRY's controlling interest in us, ABRY is able to exercise a controlling influence over our business and affairs. ABRY is able to unilaterally determine the outcome of any matter submitted to a vote of our stockholders, including the election and removal of directors and the approval of any merger, consolidation or sale of all or substantially all of our assets. In addition, five of our directors are or were affiliated with ABRY. ABRY's interests may differ from the interests of other security holders and ABRY could take actions or make decisions that are not in the best interests of our security holders. Furthermore, this concentration of ownership by ABRY may have the effect of impeding a merger, consolidation, takeover or other business combination involving us or discouraging a potential acquirer from making a tender offer for our shares.

Our certificate of incorporation, bylaws, debt instruments and Delaware law contain anti-takeover protections that may discourage or prevent a takeover of us, even if an acquisition would be beneficial to our stockholders.

Provisions of our certificate of incorporation and bylaws, as well as provisions of the Delaware General Corporation Law, could delay or make it more difficult to remove incumbent directors or for a third party to acquire us, even if a takeover would benefit our stockholders. The provisions in our certificate of incorporation and bylaws:

authorize the issuance of blank check preferred stock by our board of directors without a stockholder vote;

do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates; and

set forth specific advance notice procedures for matters to be raised at stockholder meetings.

The Delaware General Corporation Law prohibits us from engaging in business combinations with interested shareholders (with some exceptions) unless such transaction is approved in a prescribed manner. The existence of this provision could have an anti-takeover effect with respect to transactions not approved in advance by the board of directors, including discouraging attempts that might result in a premium over the market price for our common stock.

In addition, a change in control would be an event of default under our senior credit facility and trigger the rights of holders of our publicly-traded notes to cause us to repurchase such notes. These events would add to the cost of an acquisition, which could deter a third party from acquiring us.

We and Mission have a material amount of goodwill and intangible assets, and therefore we and Mission could suffer losses due to future asset impairment charges.

As of December 31, 2008, approximately \$390.5 million, or 62.3%, of our and Mission's combined total assets consisted of goodwill and intangible assets, including FCC licenses and network affiliation agreements.

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We recorded an impairment charge of \$82.4 million during the year ended December 31, 2008 that included an impairment to the carrying value of FCC licenses of \$41.4 million, related to 20 of our television stations; an impairment to the carrying value of network affiliation agreements of \$2.1 million related to 3 of our television stations; and an impairment to the carrying values of goodwill of \$38.9 million, related to 10 reporting units consisting of 11 of our television stations. We and Mission test goodwill and FCC licenses annually, and on an interim date if factors or indicators become apparent that would require an interim test of these assets, in accordance with Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets. We and Mission test network affiliation agreements whenever circumstances or indicators become apparent the asset may not be recoverable through expected future cash flows. The methods used to evaluate the impairment of Nexstar's and Mission's goodwill and intangible assets would be affected by a significant reduction in operating results or cash flows at one or more of Nexstar's and Mission's television stations, or a forecast of such reductions, a significant adverse change in the advertising marketplaces in which Nexstar's and Mission's television stations operate, the loss of network affiliations, or by adverse changes to FCC ownership rules, among others, which may be beyond our or Mission's control. If the carrying amount of goodwill and intangible assets is revised downward due to impairment, such non-cash charge could materially affect Nexstar's and Mission's financial position and results of operations.

Risks Related to Our Industry

Nexstar's operating results are dependent on advertising revenue and as a result, Nexstar may be more vulnerable to economic downturns and other factors beyond Nexstar's control than businesses not dependent on advertising.

Nexstar derives revenue primarily from the sale of advertising time. Nexstar's ability to sell advertising time depends on numerous factors that may be beyond Nexstar's control, including:

the health of the economy in the local markets where our stations are located and in the nation as a whole;

the popularity of our programming;

fluctuations in pricing for local and national advertising;

the activities of our competitors, including increased competition from other forms of advertising-based media, particularly newspapers, cable television, Internet and radio;

the decreased demand for political advertising in non-election years; and

changes in the makeup of the population in the areas where our stations are located.

Because businesses generally reduce their advertising budgets during economic recessions or downturns, the reliance upon advertising revenue makes Nexstar's operating results particularly susceptible to prevailing economic conditions. Our programming may not attract sufficient targeted viewership, and we may not achieve favorable ratings. Our ratings depend partly upon unpredictable and volatile factors beyond our control, such as viewer preferences, competing programming and the availability of other entertainment activities. A shift in viewer preferences could cause our programming not to gain popularity or to decline in popularity, which could cause our advertising revenue to decline. In addition, we and the programming providers upon which we rely may not be able to anticipate, and effectively react to, shifts in viewer tastes and interests in our markets.

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

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Our business is characterized generally by high fixed costs, primarily for debt service, broadcast rights and personnel. Other than commissions paid to our sales staff and outside sales agencies, our expenses do not vary significantly with the increase or decrease in advertising revenue. As a result, a relatively small change in advertising prices could have a disproportionate effect on our financial results. Accordingly, a minor shortfall in expected revenue could have a significant negative impact on our financial results.

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Preemption of regularly scheduled programming by network news coverage may affect our revenue and results of operations.

Nexstar may experience a loss of advertising revenue and incur additional broadcasting expenses due to preemption of our regularly scheduled programming by network coverage of a major global news event such as a war or terrorist attack. As a result, advertising may not be aired and the revenue for such advertising may be lost unless the station is able to run the advertising at agreed-upon times in the future. Advertisers may not agree to run such advertising in future time periods, and space may not be available for such advertising. The duration of such preemption of local programming cannot be predicted if it occurs. In addition, our stations and the stations we provide services to may incur additional expenses as a result of expanded news coverage of a war or terrorist attack. The loss of revenue and increased expenses could negatively affect our results of operations.

The industry-wide mandatory conversion to digital television will require us to make significant capital expenditures without assurance that we will remain competitive with other developing technologies.

The conversion from broadcasting in the analog broadcast format to the digital broadcast format is expensive. Digital conversion expenditures were \$23.3 million, \$8.6 million and \$14.3 million respectively, for the years ended December 31, 2008, 2007 and 2006. We estimate that we will spend approximately \$5.4 million in 2009 to complete DTV conversions.

Since digital technology allows broadcasting of multiple channels within the additional allocated spectrum, this technology could expose us to additional competition from programming alternatives.

Technological advancements and the resulting increase in programming alternatives, such as cable television, DBS systems, pay-per-view, home video and entertainment systems, video-on-demand and the Internet have created new types of competition to television broadcast stations and will also increase competition for household audiences and advertisers.

If direct broadcast satellite companies do not carry the stations that we own and operate or provide services to, we could lose audience share and revenue.

Direct broadcast satellite television companies are permitted to transmit local broadcast television signals to subscribers in local markets provided that they offer to carry all local stations in that market. However, satellite providers have limited satellite capacity to deliver local station signals in local markets. Satellite providers, such as DirecTV and EchoStar, carry our and Mission's stations in only some of our markets and may choose not to carry local stations in any of our other markets. DirecTV currently provides satellite carriage of our and Mission's stations in the Champaign-Springfield-Decatur, Evansville, Ft. Smith-Fayetteville-Springdale-Rogers, Ft. Wayne, Johnstown-Altoona, Little Rock-Pine Bluff, Peoria-Bloomington, Rochester, Rockford, Shreveport, Springfield and Wilkes Barre-Scranton markets. EchoStar currently provides satellite carriage of our and Mission's stations in the Abilene-Sweetwater, Amarillo, Beaumont-Port Arthur, Billings, Champaign-Springfield-Decatur, Dothan, Erie, Evansville, Fort Wayne, Ft. Smith-Fayetteville-Springdale-Rogers, Hagerstown, Johnstown-Altoona, Joplin, MO-Pittsburg, KS, Little Rock-Pine Bluff, Lubbock, Monroe, LA-El Dorado, AR, Odessa-Midland, Peoria-Bloomington, Rochester, Rockford, San Angelo, Shreveport, Springfield, Terre Haute, Wichita Falls, TX-Lawton, OK and Wilkes Barre-Scranton markets. In those markets in which the satellite providers do not carry local station signals, subscribers to those satellite services are unable to view local stations without making further arrangements, such as installing antennas and switches. Furthermore, when direct broadcast satellite companies do carry local television stations in a market, they are permitted to charge subscribers extra for such service. Some subscribers may choose not to pay extra to receive local television stations. In the event subscribers to satellite services do not receive the stations that we own and operate or provide services to, we could lose audience share which would adversely affect our revenue and earnings.

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The FCC can sanction us for programming broadcast on our stations which it finds to be indecent.

In 2004, the FCC began to impose substantial fines on television broadcasters for the broadcast of indecent material in violation of the Communications Act and its rules. The FCC also revised its indecency review analysis to more strictly prohibit the use of certain language on broadcast television. Because our and Mission's stations' programming is in large part comprised of programming provided by the networks with which the stations are affiliated, we and Mission do not have full control over what is broadcast on our stations, and we and Mission may be subject to the imposition of fines if the FCC finds such programming to be indecent.

In addition, Congress recently increased the fines which may be imposed on a television broadcaster for an indecency violation to a maximum of \$325 thousand per violation.

Intense competition in the television industry could limit our growth and impair our ability to become profitable.

As a television broadcasting company, we face a significant level of competition, both directly and indirectly. Generally we compete for our audience against all the other leisure activities in which one could choose to engage rather than watch television. Specifically, stations we own or provide services to compete for audience share, programming and advertising revenue with other television stations in their respective markets and with other advertising media, including newspapers, radio stations, cable television, DBS systems and the Internet.

The entertainment and television industries are highly competitive and are undergoing a period of consolidation. Many of our current and potential competitors have greater financial, marketing, programming and broadcasting resources than we do. The markets in which we operate are also in a constant state of change arising from, among other things, technological improvements and economic and regulatory developments. Technological innovation and the resulting proliferation of television entertainment, such as cable television, wireless cable, satellite-to-home distribution services, pay-per-view and home video and entertainment systems, have fractionalized television viewing audiences and have subjected free over-the-air television broadcast stations to increased competition. We may not be able to compete effectively or adjust our business plans to meet changing market conditions. We are unable to predict what form of competition will develop in the future, the extent of the competition or its possible effects on our businesses.

The FCC could implement legislation and/or regulations that might have a significant impact on the operations of the stations we own and the stations we provide services to or the television broadcasting industry as a whole.

The FCC's ongoing rule making proceeding concerning implementation of the transition from analog to digital television broadcasts is likely to have a significant impact on the television industry and the operation of our stations and the stations we provide services to. The FCC has initiated proceedings to determine whether to make TV joint sales agreements attributable interests under its ownership rules; to determine whether it should establish formal rules under which broadcasters will be required to serve the local public interest; and to determine whether to modify or eliminate certain of its broadcast ownership rules, including the radio-television cross-ownership rule and the newspaper-television cross-ownership rule. A change to any of these rules may have significant impact on us and the stations we provide services to.

In addition, the FCC may decide to initiate other new rule making proceedings on its own or in response to requests from outside parties, any of which might have such an impact. Congress also may act to amend the Communications Act in a manner that could impact our stations and the stations we provide services to or the television broadcast industry in general.

Item 1B. Unresolved Staff Comments

None

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Nexstar owns and leases facilities in the following locations:

| Station Metropolitan Area and Use | Owned or Leased | Square Footage/Acreage Approximate Size | Expiration of Lease |
|---|------------------------|--|----------------------------|
| WBRE Wilkes Barre-Scranton, PA | | | |
| News Bureau/Office-Studio | Leased | 6,977 Sq. Ft. | 11/30/09 |
| Office-Studio | 100% Owned | 0.80 Acres | |
| Office-Studio | 100% Owned | 49,556 Sq. Ft. | |
| Office-Studio Williamsport News Bureau | Leased | 460 Sq. Ft. | Month to Month |
| Office-Studio Stroudsburg News Bureau | Leased | 320 Sq. Ft. | 4/30/11 |
| Office-Studio Scranton News Bureau | Leased | 1,627 Sq. Ft. | 11/30/09 |
| Tower/Transmitter Site Williamsport | 33% Owned | 1.33 Acres | |
| Tower/Transmitter Site Sharp Mountain | 33% Owned | 0.23 Acres | |
| Tower/Transmitter Site Blue Mountain | 100% Owned | 0.998 Acres | |
| Tower/Transmitter Site Penobscot Mountain | 100% Owned | 20 Acres | |
| Tower/Transmitter Site Pimple Hill | Leased | 400 Sq. Ft. | Month to Month |
| KARK Little Rock-Pine Bluff, AR | | | |
| Office-Studio | Leased | 34,835 Sq. Ft. | 3/31/22 |
| Tower/Transmitter Site | 100% Owned | 40 Acres | |
| KTAL Shreveport, LA | | | |
| Office-Studio | 100% Owned | 2 Acres | |
| Office-Studio | 100% Owned | 16,000 Sq. Ft. | |
| Equipment Building Texarkana | 100% Owned | 0.0808 Acres | |
| Office-Studio Texarkana | Leased | 2,941 Sq. Ft. | 9/30/13 |
| Tower/Transmitter Site | 100% Owned | 109 Acres | |
| Tower/Transmitter Site | 100% Owned | 2,284 Sq. Ft. | |
| WROC Rochester, NY | | | |
| Office-Studio | 100% Owned | 3.9 Acres | |
| Office-Studio | 100% Owned | 48,864 Sq. Ft. | |
| Tower/Transmitter Site | 100% Owned | 0.24 Acres | |
| Tower/Transmitter Site | 100% Owned | 2,400 Sq. Ft. | |
| Tower/Transmitter Site | 50% Owned | 1.90 Acres | |
| WCIA/WCFN Champaign-Springfield-Decatur, IL | | | |
| Office-Studio | 100% Owned | 20,000 Sq. Ft. | |
| Office-Studio | 100% Owned | 1.5 Acres | |
| Office-Studio Sales Bureau | Leased | 1,600 Sq. Ft. | 1/31/12 |
| Office-Studio News Bureau | Leased | 350 Sq. Ft. | 2/28/13 |
| Office-Studio Decatur News Bureau | Leased | 300 Sq. Ft. | 5/31/10 |
| Roof Top & Boiler Space Danville Tower | Leased | 20 Sq. Ft. | 11/30/10 |
| Tower/Transmitter Site WCIA Tower | 100% Owned | 38.06 Acres | |
| Tower/Transmitter Site Springfield Tower | 100% Owned | 2.0 Acres | |
| Tower/Transmitter Site Dewitt Tower | 100% Owned | 1.0 Acres | |
| WMBD Peoria-Bloomington, IL | | | |
| Office-Studio | 100% Owned | 0.556 Acres | |
| Office-Studio | 100% Owned | 18,360 Sq. Ft. | |
| Building-Transmitter Site | 100% Owned | 2,350 Sq. Ft. | |
| Building-Transmitter Site | 100% Owned | 800 Sq. Ft. | |
| Tower/Transmitter Site | 100% Owned | 34.93 Acres | |
| Tower/Transmitter Site | 100% Owned | 1.0 Acres | |
| KBTV Beaumont-Port Arthur, TX | | | |
| Office-Studio ⁽⁶⁾ | Leased | 8,000 Sq. Ft. | 1/31/10 |
| Office-Studio | 100% Owned | 26,160 Sq. Ft. | |
| Tower/Transmitter Site | 100% Owned | 1.2 Acres | |
| Tower/Transmitter Site | 100% Owned | 40 Acres | |

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| | | |
|--------------------------------------|------------|----------------|
| WTWO Terre Haute, IN | | |
| Office-Studio | 100% Owned | 4.774 Acres |
| Office-Studio Tower/Transmitter Site | 100% Owned | 17,375 Sq. Ft. |
| WJET Erie, PA | | |
| Tower/Transmitter Site | 100% Owned | 2 Sq. Ft. |
| Office-Studio | 100% Owned | 9.87 Acres |
| Office-Studio | 100% Owned | 15,533 Sq. Ft. |

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| Station Metropolitan Area and Use | Owned or Leased | Square Footage/Acreage Approximate Size | Expiration of Lease |
|---|------------------------|--|----------------------------|
| KFDX Wichita Falls, TX Lawton, OK Office-Studio-Tower/Transmitter Site | 100% Owned | 28.06 Acres | |
| Office-Studio | 100% Owned | 13,568 Sq. Ft. | |
| KSNF Joplin, MO-Pittsburg, KS Office-Studio | 100% Owned | 13.36 Acres | |
| Office-Studio | 100% Owned | 13,169 Sq. Ft. | |
| Tower/Transmitter Site | Leased | 240 Sq. Ft. | Month to Month |
| KMID Odessa-Midland, TX Office-Studio | 100% Owned | 1.127 Acres | |
| Office-Studio | 100% Owned | 14,000 Sq. Ft. | |
| Tower/Transmitter Site | 100% Owned | 69.87 Acres | |
| Tower/Transmitter Site | 100% Owned | 0.322 Acres | |
| KTAB Abilene-Sweetwater, TX Office-Studio ⁽¹⁾ | | | |
| Tower/Transmitter Site | 100% Owned | 25.55 Acres | |
| KQTV St Joseph, MO Office-Studio | 100% Owned | 3 Acres | |
| Office-Studio | 100% Owned | 15,100 Sq. Ft. | |
| Tower/Transmitter Site | 100% Owned | 9,360 Sq. Ft. | |
| Offsite Storage | Leased | 130 Sq. Ft. | Month to Month |
| WDHN Dothan, AL Office-Studio- Tower/Transmitter Site | 100% Owned | 10 Acres | |
| Office-Studio | 100% Owned | 7,812 Sq. Ft. | |
| KLST San Angelo, TX Office-Studio | 100% Owned | 7.31 Acres | |
| Tower/Transmitter Site | 100% Owned | 8 Acres | |
| WHAG Washington, DC/Hagerstown, MD Office-Studio | Leased | 11,000 Sq. Ft. | 6/30/09 |
| Sales Office-Frederick | Leased | 1,200 Sq. Ft. | 8/10/10 |
| Tower/Transmitter Site | Leased | 11.2 Acres | 5/12/21 |
| WTVW Evansville, IN Office-Studio | 100% Owned | 1.834 Acres | |
| Office-Studio | 100% Owned | 14,280 Sq. Ft. | |
| Tower/Transmitter Site | Leased | 16.36 Acres | 5/12/21 |
| KSFX Springfield, MO Office-Studio ⁽²⁾ | | | |
| Tower/Transmitter Site Kimberling City | 100% Owned | .25 Acres | |
| Tower/Transmitter Site | Leased | 0.5 Acres | 5/12/21 |
| WFFT Fort Wayne, IN Office-Studio | 100% Owned | 21.84 Acres | |
| Tower/Transmitter Site | Leased | 0.5 Acres | 5/12/21 |
| KAMR Amarillo, TX Office-Studio | 100% Owned | 26,000 Sq. Ft. | |
| Tower/Transmitter Site | Leased | 110.2 Acres | 5/12/21 |
| Translator Site | Leased | 0.5 Acres | 5/31/09 |
| KARD Monroe, LA Office-Studio | 100% Owned | 14,450 Sq. Ft. | |
| Tower/Transmitter Site | Leased | 26 Acres | 5/12/21 |
| Tower/Transmitter Site | Leased | 80 Sq. Ft. | Month to Month |
| KLBK Lubbock, TX Office-Studio | 100% Owned | 11.5 Acres | |
| Tower/Transmitter Site | Leased | 0.5 Acres | 5/12/21 |

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WFXV Utica, NY

Office-Studio⁽³⁾

Tower/Transmitter Site Burlington Flats

Tower/Transmitter Site

Tower/Transmitter Site Cassville

100% Owned

Leased

Leased

6.316 Acres

160 Sq. Ft.

96 Sq. Ft.

9/1/14

1/12/10

WPNY LP Utica, NY

Office-Studio⁽⁴⁾

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| Station Metropolitan Area and Use | Owned or Leased | Square Footage/Acreage Approximate Size | Expiration of Lease |
|---|------------------------|--|----------------------------|
| KSVI Billings, MT | | | |
| Office-Studio | 100% Owned | 9,700 Sq. Ft. | |
| Tower/Transmitter Site | Leased | 10 Acres | 5/12/21 |
| Tower/Transmitter Site | Leased | 75 Sq. Ft. | 6/30/11 |
| Tower/Transmitter Site | Leased | 75 Sq. Ft. | 10/31/15 |
| Tower/Transmitter Site | Leased | 75 Sq. Ft. | 12/31/22 |
| Tower/Transmitter Site Rapeljie | Leased | 1 Acre | 2/1/11 |
| Tower/Transmitter Site Hardin | Leased | 1 Acre | 12/1/14 |
| Tower/Transmitter Site Columbus | Leased | 75 Sq. Ft. | 6/1/10 |
| Tower/Transmitter Site Sarpy | Leased | 75 Sq. Ft. | Month to Month |
| Tower/Transmitter Site Rosebud | Leased | 1 Acre | Year to Year |
| Tower/Transmitter Site Miles City | Leased | .25 Acre | 3/23/11 |
| Tower/Transmitter Site Sheridan, WY | Leased | 56 Sq. Ft. | 12/31/10 |
| Tower/Transmitter Site McCullough Pks, WY | Leased | 75 Sq. Ft. | Month to Month |
| WQRF Rockford, IL | | | |
| Office-Studio ⁽⁵⁾ | | | |
| Tower/Transmitter Site | Leased | 2,000 Sq. Ft. | 5/12/21 |
| KFTA/KNWA Fort Smith-Fayetteville-Springdale-Rogers, AR | | | |
| Office | Leased | 9,950 Sq. Ft. | Month to Month |
| Office | Leased | 900 Sq. Ft. | 6/30/09 |
| Office-Studio | Leased | 10,000 Sq. Ft. | 7/31/14 |
| Tower/Transmitter Site | Leased | 216 Sq. Ft. | Month to Month |
| Tower/Transmitter Site | Leased | 936 Sq. Ft. | 7/31/25 |
| Tower/Transmitter Site | 100% Owned | 1.61 Acres | |
| Tower/Transmitter Site Fort Smith | Leased | 1,925 Sq. Ft. | 9/1/11 |
| Microwave Relay Site | 100% Owned | 166 Sq. Ft. | |
| Microwave Site | Leased | 216 Sq. Ft. | Month to Month |
| WTAJ Altoona-Johnstown, PA | | | |
| Office-Studio | Leased | 22,367 Sq. Ft. | 5/31/09 |
| Office-Johnstown | Leased | 672 Sq. Ft. | 2/28/11 |
| Office-State College Bureau | Leased | 7,200 Sq. Ft. | Month to Month |
| Office-Dubois Bureau | Leased | 315 Sq. Ft. | 9/30/10 |
| Tower/Transmitter Site | Owned | 4,400 Sq. Ft. | |
| Corporate Office Irving, TX | Leased | 18,168 Sq. Ft. | 12/31/13 |
| Corporate Office Offsite Storage Dallas, TX | Leased | 475 Sq. Ft. | Month to Month |

- (1) The office space and studio used by KTAB are owned by KRBC.
- (2) The office space and studio used by KSFY are owned by KOLR.
- (3) The office space and studio used by WFXV are owned by WUTR.
- (4) The office space and studio used by WPNY-LP are owned by WUTR.
- (5) The office space and studio used by WQRF are owned by WTVO.
- (6) This office was destroyed by a fire in February 2009.

Mission owns and leases facilities in the following locations:

| | | | |
|---|------------|----------------|----------------|
| WYOU Wilkes Barre-Scranton, PA | | | |
| Office-Studio ⁽¹⁾ | | | |
| Tower/Transmitter Site Penobscot Mountain | 100% Owned | 120.33 Acres | |
| Tower/Transmitter Site Bald Mountain | 100% Owned | 7.2 Acres | |
| Tower/Transmitter Site Williamsport | 33% Owned | 1.35 Acres | |
| Tower/Transmitter Site Sharp Mountain | 33% Owned | 0.23 Acres | |
| Tower/Transmitter Site Stroudsburg | Leased | 10,000 Sq. Ft. | Month to Month |

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| | | | |
|---|------------|-----------|---------|
| WFXW Terre Haute, IN Office-Studio ⁽²⁾ Tower/Transmitter Site | 100% Owned | 1 Acre | |
| WFXP Erie, PA Office-Studio ⁽³⁾ Tower/Transmitter Site | Leased | 1 Sq. Ft. | 6/30/09 |
| KJTL Wichita Falls, TX Lawton, OK Office-Studio ⁽⁴⁾ Tower/Transmitter Site | Leased | 40 Acres | 1/30/15 |

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| Station Metropolitan Area and Use | Owned or Leased | Square Footage/Acreage Approximate Size | Expiration of Lease |
|---|--|--|---|
| KJBO-LP Wichita Falls, TX-Lawton, OK Office-Studio ⁽⁴⁾ Tower/Transmitter Site | Leased | 5 Acres | Year to Year |
| KODE Joplin, MO-Pittsburg, KS Office-Studio Tower/Transmitter Site | 100% Owned Leased | 2.74 Acres 215 Sq. Ft. | 5/1/27 |
| KRBC Abilene-Sweetwater, TX Office-Studio Office-Studio Tower/Transmitter Site | 100% Owned 100% Owned 100% Owned | 5.42 Acres 19,312 Sq. Ft. 12.78 Acres | |
| KTVE Monroe, LA/El Dorado, AR Office-Studio Tower/Transmitter Site Tower/Transmitter Site El Dorado Tower/Transmitter Site Union Parrish Tower/Transmitter Site Bolding | Leased Leased Leased Leased Leased | 2 Acres 3 Acres 2.7 Acres 11.5 Acres | 4/30/32 4/30/32 4/30/32 4/30/32 |
| KSAN San Angelo, TX Office-Studio ⁽⁵⁾ Tower/Transmitter Site Microwave Relay Station | Leased Leased | 10 Acres 0.3 Acres | 5/15/09 10/31/09 |
| KOLR Springfield, MO Office-Studio Office-Studio Tower/Transmitter Site | 100% Owned 100% Owned Leased | 30,000 Sq. Ft. 7 Acres 0.5 Acres | 5/12/21 |
| KCIT/KCPN-LP Amarillo, TX Office-Studio ⁽⁶⁾ Tower/Transmitter Site Tower/Transmitter Site Parmer County, TX Tower/Transmitter Site Guyman, OK Tower/Transmitter Site Curry County, NM | Leased Leased Leased Leased | 100 Acres 80 Sq. Ft. 80 Sq. Ft. 6 Acres | 5/12/21 Month to Month Month to Month Month to Month |
| KAMC Lubbock, TX Office-Studio ⁽⁷⁾ Tower/Transmitter Site Tower/Transmitter Site | Leased Leased | 40 Acres 1,200 Sq. Ft. | 5/12/21 Month to Month |
| KHMT Billings, MT Office-Studio ⁽⁸⁾ Tower/Transmitter Site | Leased | 4 Acres | 5/12/21 |
| WUTR Utica, NY Office-Studio Tower/Transmitter Site | 100% Owned 100% Owned | 12,100 Sq. Ft. 21 Acres | |
| WTVO Rockford, IL Office-Studio-Tower/Transmitter Site Corporate Office-Brecksville, OH | 100% Owned Leased | 20,000 Sq. Ft. 540 Sq. Ft. | 10/31/10 |

- (1) The office space and studio used by WYOU are owned by WBRE.
(2) The office space and studio used by WFXW are owned by WTWO.
(3) The office space and studio used by WFXP are owned by WJET.
(4) The office space and studio used by KJTL and KJBO-LP are owned by KFDX.
(5) The office space and studio used by KSAN are owned by KLST.
(6) The office space and studio used by KCIT/KCPN-LP are owned by KAMR.
(7) The office space and studio used by KAMC are owned by KLBK.

(8) The office space and studio used by KHMT are owned by KSVI.

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Item 3. Legal Proceedings

From time to time, Nexstar and Mission are involved in litigation that arises from the ordinary operations of business, such as contractual or employment disputes or other general actions. In the event of an adverse outcome of these proceedings, Nexstar and Mission believe the resulting liabilities would not have a material adverse effect on Nexstar's and Mission's financial condition or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

We did not submit any matter to a vote of our shareholders during the fourth quarter of 2008.

Table of Contents**Index to Financial Statements****PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities
Market Prices; Record Holders and Dividends**

Our Class A Common Stock trades on The Nasdaq Stock Market's National Market (Nasdaq) under the symbol NXST .

The following table sets forth the high and low sales prices for our Class A Common Stock for the periods indicated, as reported by Nasdaq:

| | High | Low |
|------------------------------|-------------|------------|
| 2008: | | |
| 1 st Quarter 2008 | \$ 8.94 | \$ 5.90 |
| 2 nd Quarter 2008 | \$ 6.50 | \$ 4.09 |
| 3 rd Quarter 2008 | \$ 3.92 | \$ 2.22 |
| 4 th Quarter 2008 | \$ 2.06 | \$ 0.50 |
| 2007: | | |
| 1 st Quarter 2007 | \$ 10.05 | \$ 4.69 |
| 2 nd Quarter 2007 | \$ 15.13 | \$ 9.29 |
| 3 rd Quarter 2007 | \$ 15.41 | \$ 7.51 |
| 4 th Quarter 2007 | \$ 10.80 | \$ 7.87 |

The following table summarizes the outstanding shares of common stock held by shareholders of record as of January 31, 2009:

| Type | Shares Outstanding | Shareholders of Record |
|----------------|-------------------------------|-----------------------------------|
| Common Class A | 15,013,839 | 69 ⁽¹⁾ |
| Common Class B | 13,411,588 | 3 |

(1) The majority of these shares are held in nominee names by brokers and other institutions on behalf of approximately 1,300 shareholders. We have not paid and do not expect to pay any dividends or distribution on our common stock for the foreseeable future. We currently expect to retain future earnings, if any, for use in the operation and expansion of our business.

Securities Authorized for Issuance Under Equity Compensation Plans as of December 31, 2008

| Plan Category | Number of securities to be issued upon exercise of outstanding options (a) | Weighted average exercise price of outstanding options (b) | Number of securities remaining available for future issuance excluding securities reflected in column (a) (c) |
|--|---|---|--|
| Equity compensation plans approved by security holders | 3,715,000 | \$ 8.13 | 723,000 |
| Equity compensation plans not approved by security holders | | | |
| Total | 3,715,000 | \$ 8.13 | 723,000 |

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For a more detailed description of our option plans and grants, we refer you to Note 13 to the consolidated financial statements included in Part IV, Item 15(a) of this Annual Report on Form 10-K.

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Comparative Stock Performance Graph

The following graph compares the total return of our Class A Common Stock based on closing prices for the period from December 31, 2003, the date our Class A Common Stock was first traded on NASDAQ, through December 31, 2008 with the total return of (i) the NASDAQ Composite Index and (ii) a peer index consisting of the following publicly traded pure play television companies: ACME Communications, Inc., Gray Television, Inc., Hearst Argyle Television, Inc., LIN TV Corp., Sinclair Broadcast Group, Inc. and Young Broadcasting Inc. (the Television Index). Granite Broadcasting Corporation, a constituent of our Television Index prior to 2007, is not included in our Television Index for or subsequent to 2007 as a result of its deregistration as a public company in connection with its privatization in June 2007. The graph assumes the investment of \$100 in our Class A Common Stock and in each of the indices on December 31, 2003. The performance shown is not necessarily indicative of future performance.

| | 12/31/03 | 12/31/04 | 12/31/05 | 12/31/06 | 12/31/07 | 12/31/08 |
|---|-----------|-----------|-----------|-----------|-----------|----------|
| Nexstar Broadcasting Group, Inc. (NXST) | \$ 100.00 | \$ 67.25 | \$ 36.54 | \$ 33.92 | \$ 66.67 | \$ 3.73 |
| NASDAQ Composite Index | \$ 100.00 | \$ 85.05 | \$ 66.66 | \$ 69.01 | \$ 63.58 | \$ 8.67 |
| Television Index (TV) | \$ 100.00 | \$ 108.41 | \$ 110.79 | \$ 122.16 | \$ 134.29 | \$ 79.25 |

Table of Contents**Index to Financial Statements****Item 6. Selected Financial Data**

We have derived the following consolidated statement of income data for 2008, 2007, and 2006 and consolidated balance sheet data as of December 31, 2008 and 2007 from our financial statements included herein. We have derived the following statement of income data for 2005 and 2004 and consolidated balance sheet data as of December 31, 2006, 2005 and 2004 from our 2006 Form 10-K filed on March 14, 2007 and our 2005 Form 10-K filed on March 16, 2006. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our Consolidated Financial Statements and the related Notes to Consolidated Financial Statements which are included herein.

| | 2008 | Fiscal year ended December 31, 2007 2006 2005 | | | 2004 |
|--|--|--|------------|-------------|-------------|
| | (in thousands, except per share amounts) | | | | |
| Statement of Operations Data: | | | | | |
| Net revenue | \$ 284,919 | \$ 266,801 | \$ 265,169 | \$ 228,939 | \$ 249,531 |
| Operating expenses (income): | | | | | |
| Direct operating expenses (exclusive of depreciation and amortization shown separately below) | 78,287 | 74,128 | 71,465 | 67,681 | 65,608 |
| Selling, general and administrative expenses (exclusive of depreciation and amortization shown separately below) | 90,468 | 86,773 | 85,293 | 75,863 | 76,603 |
| Non-cash contract termination fees | 7,167 | | | | |
| Impairment of goodwill | 38,856 ⁽¹⁾ | | | | |
| Impairment of other intangible assets | 43,539 ⁽²⁾ | | | | |
| Amortization of broadcast rights | 20,423 | 21,457 | 19,701 | 22,257 | 24,805 |
| Depreciation and amortization | 49,153 | 45,880 | 42,221 | 43,244 | 44,412 |
| Merger related expenses | | | | | 456 |
| Gain on asset exchange | (4,776) | (1,962) | | | |
| Loss on property held for sale | | | | 616 | |
| Loss (gain) on asset disposal, net | (43) | (17) | 639 | 668 | 582 |
| Income (loss) from operations | (38,155) | 40,542 | 45,850 | 18,610 | 37,065 |
| Interest expense | (48,832) | (55,040) | (51,783) | (47,260) | (52,265) |
| Gain (loss) on extinguishment of debt | 2,897 | | | (15,715) | (8,704) |
| Interest income | 713 | 532 | 760 | 213 | 113 |
| Other income, net | 2 | | | 380 | 5,077 |
| Loss before income taxes | (83,375) | (13,966) | (5,173) | (43,772) | (18,714) |
| Income tax benefit (expense). | 5,316 | (5,807) | (3,819) | (4,958) | (3,892) |
| Loss before minority interest in consolidated entity | (78,059) | (19,773) | (8,992) | (48,730) | (22,606) |
| Minority interest of consolidated entity | | | | | 2,106 |
| Net loss | \$ (78,059) | \$ (19,773) | \$ (8,992) | \$ (48,730) | \$ (20,500) |

(1) The Company recognized an impairment charge of \$38.9 million related to goodwill. See Footnote 8 under Item 8 of this Form 10K for additional information.

(2) The Company recognized an impairment charge of \$43.5 million related to FCC licenses and network affiliation agreements. See Footnote 8 under Item 8 of this Form 10K for additional information.

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| | 2008 | Fiscal year ended December 31, | | | 2004 |
|--|-----------|--|-----------|-----------|-----------|
| | | 2007 | 2006 | 2005 | |
| | | (in thousands, except per share amounts) | | | |
| Basic and diluted loss per share: | | | | | |
| Net loss attributable to common shareholders | \$ (2.75) | \$ (0.70) | \$ (0.32) | \$ (1.72) | \$ (0.72) |
| Weighted average number of shares outstanding: | | | | | |
| Basic and diluted | 28,423 | 28,401 | 28,376 | 28,363 | 28,363 |
| Balance Sheet Data (end of period): | | | | | |
| Cash and cash equivalents | \$ 15,834 | \$ 16,226 | \$ 11,179 | \$ 13,487 | \$ 18,505 |
| Working capital (deficit) | 27,391 | (11,472) | 21,872 | 26,144 | 35,249 |
| Net intangible assets and goodwill | 390,540 | 494,092 | 519,450 | 494,231 | 519,626 |
| Total assets | 626,587 | 708,702 | 724,709 | 680,081 | 734,965 |
| Total debt | 662,117 | 681,176 | 681,135 | 646,505 | 629,898 |
| Total stockholders' deficit | (165,156) | (89,390) | (73,290) | (66,025) | (17,295) |
| Cash Flow Data: | | | | | |
| Net cash provided by (used for): | | | | | |
| Operating activities | \$ 60,648 | \$ 36,987 | \$ 54,462 | \$ 14,350 | \$ 31,911 |
| Investing activities | (38,492) | (18,608) | (79,272) | (26,358) | (44,605) |
| Financing activities | (22,548) | (13,332) | 22,502 | 6,990 | 20,351 |
| Other Financial Data: | | | | | |
| Capital expenditures, net of proceeds from asset sales | \$ 30,687 | \$ 18,221 | \$ 23,751 | \$ 13,891 | \$ 10,298 |
| Cash payments for broadcast rights | 8,239 | 8,376 | 8,284 | 9,704 | 10,520 |

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with Item 6. Selected Financial Data and the consolidated financial statements and related notes included in Part IV, Item 15(a) of this Annual Report on Form 10-K.

As used in this discussion, unless the context indicates otherwise, Nexstar refers to Nexstar Broadcasting Group, Inc. and its consolidated subsidiaries Nexstar Finance Holdings, Inc. and Nexstar Broadcasting, Inc., and Mission refers to Mission Broadcasting, Inc. All references to we, our, and us refer to Nexstar. All references to the Company refer to Nexstar and Mission collectively.

As a result of our controlling financial interest in Mission under accounting principles generally accepted in the United States of America (U.S. GAAP) and in order to present fairly our financial position, results of operations and cash flows, we consolidate the financial position, results of operations and cash flows of Mission as if it were a wholly-owned entity. We believe this presentation is meaningful for understanding our financial performance. As discussed in Note 2 to our consolidated financial statements in Part IV, Item 15(a) of this Annual Report on Form 10-K, we have considered the method of accounting under FASB Interpretation No. 46, Consolidation of Variable Interest Entities, an interpretation on Accounting Research Bulletin No. 51 (FIN No. 46) as revised in December 2003 (FIN No. 46R) and have determined that we are required to continue consolidating Mission's financial position, results of operations and cash flows. Therefore, the following discussion of our financial position and results of operations includes Mission's financial position and results of operations.

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Executive Summary

2008 Highlights

Net revenue increased 6.8% during the year ended December 31, 2008 compared to the year ended December 31, 2007, primarily from the increase in political advertising revenue, retransmission compensation and new media revenue, partially offset by a decrease in local and national advertising revenue. Gross political advertising revenue increased \$28.6 million or 663.4% for the year ended December 31, 2008. The increase was attributed to the presidential and statewide and/or local races that occurred during the year.

Gross local and national advertising revenue on a combined basis decreased \$12.1 million, or 4.8% during the year ended December 31, 2008 due in large part to decrease in automotive-related advertising, our largest advertising category.

Total revenue from the retransmission consent agreements was approximately \$21.8 million for the year ended December 31, 2008 (of which approximately \$14.4 million was retransmission compensation and approximately \$7.4 million was advertising revenue generated from the retransmission consent agreements), compared to \$17.2 million for the year ended December 31, 2007 (of which approximately \$11.8 million was retransmission compensation and approximately \$5.4 million was advertising revenue generated from the retransmission consent agreements).

eMedia revenue increased by approximately \$5.1 million to \$10.2 million for the year ended December 31, 2008 compared to \$5.1 million for the year ended December 31, 2007 as a result of expanding markets and the introduction of additional products in this area.

On January 16, 2008, Mission completed the acquisition of KTVE the NBC affiliate in Monroe, Louisiana El Dorado, Arkansas, for total consideration of \$8.3 million, inclusive of transaction costs. The financial results for KTVE are included in 2008 from January 16, 2008 through December 31, 2008, but not in the years prior to 2008.

In April 2008, Nexstar recorded a \$7.2 million non-cash contract termination fee related to the cancellation of national sales representation agreements.

We recorded an impairment charge of \$82.4 million during the year ended December 31, 2008 that included an impairment to the carrying value of FCC licenses of \$41.4 million, related to 20 of our television stations; an impairment to the carrying value of network affiliation agreements of \$2.1 million related to 3 of our television stations; and an impairment to the carrying values of goodwill of \$38.9 million, related to 10 reporting units consisting of 11 of our television stations.

During the year ended December 31, 2008, repayments totaling \$110.3 million were made on Nexstar's and Mission's debt outstanding, of which \$52.2 applied to Nexstar's 11.375% senior discount notes, \$4.6 was paid to retire \$7.5 million of Nexstar's 7% senior subordinated notes, \$50.0 million were revolving loan repayments and \$3.5 million were scheduled term loan maturities.

On June 30, 2008, we completed the issuance of \$35.6 million of senior subordinated payment-in-kind (PIK) notes, due 2014.

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On October 7, 2008, Nexstar announced the entry into an agreement to acquire KARZ-TV (formerly KWBF-TV) in Little Rock, Arkansas. Following the appropriate consents and approvals, this transaction closed on March 12, 2009. The base purchase price was \$4.0 million, subject to working capital adjustments that will not become final until ninety days following the closing date. Nexstar deposited \$0.4 million into an escrow account related to this transaction.

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Overview of Operations

We owned and operated 32 television stations as of December 31, 2008. Through various local service agreements, we programmed or provided sales and other services to 18 additional television stations, including 16 television stations owned and operated by Mission as of December 31, 2008. All of the stations that we program or provide sales and other services to, including Mission, are 100% owned by independent third parties.

The following table summarizes the various local service agreements we had in effect as of December 31, 2008 with Mission:

| Service Agreements | Mission Stations |
|---------------------------|---|
| TBA Only ⁽¹⁾ | WFXP and KHMT |
| SSA & JSA ⁽²⁾ | KJTL, KJBO-LP, KOLR, KCIT, KCPN-LP, KAMC, KRBC, KSAN, WUTR, WFXW, WYOU, KODE, WTVO and KTVE |

- (1) We have a time brokerage agreement (TBA) with each of these stations which allows us to program most of each station s broadcast time, sell each station s advertising time and retain the advertising revenue generated in exchange for monthly payments to Mission.
- (2) We have both a shared services agreement (SSA) and a joint sales agreement (JSA) with each of these stations. The SSA allows the sharing of services including news production, technical maintenance and security, in exchange for our right to receive certain payments from Mission as described in the SSAs. The JSAs permit us to sell and retain a percentage of the net revenue from the station s advertising time in return for monthly payments to Mission of the remaining percentage of net revenue, as described in the JSAs.

In conjunction with Mission s acquisition of KTVE, the NBC affiliate in the Monroe, Louisiana El Dorado, Arkansas market, effective January 16, 2008, it entered into a SSA and JSA with Nexstar. The terms of the SSA and JSA are comparable to the terms of the SSAs and JSAs between Nexstar and Mission as discussed above.

Our ability to receive cash from Mission is governed by these agreements. The arrangements under the SSAs and JSAs have had the effect of us receiving substantially all of the available cash, after debt service costs, generated by the stations listed above. The arrangements under the TBAs have also had the effect of us receiving substantially all of the available cash generated by the TBA stations listed above. We anticipate that, through these local service agreements, we will continue to receive substantially all of the available cash, after payments for debt service costs, generated by the stations listed above.

We also guarantee the obligations incurred under Mission s senior secured credit facility. Similarly, Mission is a guarantor of our senior secured credit facility and the senior subordinated notes we have issued. In consideration of our guarantee of Mission s senior credit facility, the sole shareholder of Mission has granted us a purchase option to acquire the assets and assume the liabilities of each Mission station, subject to FCC consent, for consideration equal to the greater of (1) seven times the station s cash flow, as defined in the option agreement, less the amount of its indebtedness as defined in the option agreement, or (2) the amount of its indebtedness. These option agreements (which expire on various dates between 2011 and 2018) are freely exercisable or assignable by us without consent or approval by the sole shareholder of Mission. We expect these option agreements to be renewed upon expiration.

We do not own Mission or Mission s television stations. However, as a result of our guarantee of the obligations incurred under Mission s senior credit facility, our arrangements under the local service agreements and purchase option agreements with Mission, we are deemed under U.S. GAAP to have a controlling financial interest in Mission while complying with the FCC s rules regarding ownership limits in television markets. In order for both us and Mission to comply with FCC regulations, Mission maintains complete responsibility for and control over programming, finances, personnel and operations of its stations.

The operating revenue of our stations is derived primarily from broadcast advertising revenue, which is affected by a number of factors, including the economic conditions of the markets in which we operate, the demographic makeup of those markets and the marketing strategy we employ in each market. Most advertising

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contracts are short-term and generally run for a few weeks. For the years ended December 31, 2008 and 2007, revenue generated from local advertising represented 72.2% and 70.3%, respectively, of our consolidated spot revenue (total of local and national advertising revenue, excluding political advertising revenue). The remaining advertising revenue represents inventory sold for national or political advertising. All national and political revenue is derived from advertisements placed through advertising agencies. The agencies receive a commission rate of 15.0% of the gross amount of advertising schedules placed by them. While the majority of local spot revenue is placed by local agencies, some advertisers place their schedules directly with the stations' local sales staff, thereby eliminating the agency commission. Each station also has an agreement with a national representative firm that provides for sales representation outside the particular station's market. Advertising schedules received through the national representative firm are for national or large regional accounts that advertise in several markets simultaneously. National commission rates vary within the industry and are governed by each station's agreement.

Each of our stations and the stations we provide services to has a network affiliation agreement pursuant to which the network provides programming to the station during specified time periods, including prime time. Under the affiliation agreements with NBC, CBS and ABC, some of our stations and the stations we provide services to receive cash compensation for distributing the network's programming over the air and for allowing the network to keep a portion of advertising inventory during those time periods. The affiliation agreements with Fox, MyNetworkTV and The CW do not provide for compensation. In recent years, in conjunction with the renewal of affiliation agreements with NBC, CBS and ABC, the amount of network compensation has been declining from year to year. We expect this trend to continue in the future. Therefore, revenue associated with network compensation agreements is expected to decline in future years and may be eliminated altogether at some point in time.

Each station acquires licenses to broadcast programming in non-news and non-network time periods. The licenses are either purchased from a program distributor for cash and/or the program distributor is allowed to sell some of the advertising inventory as compensation to eliminate or reduce the cash cost for the license. The latter practice is referred to as barter broadcast rights. The station records the estimated fair market value of the licenses, including any advertising inventory given to the program distributor, as a broadcast right asset and liability. Barter broadcast rights are recorded at management's estimate of the value of the advertising time exchanged using historical advertising rates, which approximates the fair value of the program material received. The assets are amortized as a component of amortization of broadcast rights. Amortization is computed using the straight-line method based on the license period or usage, whichever yields the greater expense. The cash broadcast rights liabilities are reduced by monthly payments while the barter liability is amortized over the life of the contract as barter revenue.

Our primary operating expenses consist of commissions on advertising revenue, employee compensation and related benefits, newsgathering and programming costs. A large percentage of the costs involved in the operation of our stations and the stations we provide services to remains relatively fixed.

Seasonality

Advertising revenue is positively affected by strong local economies, national and regional political election campaigns, and certain events such as the Olympic Games or the Super Bowl. Because television broadcast stations rely on advertising revenue, declines in advertising budgets, particularly in recessionary periods, adversely affect the broadcast industry, and as a result may contribute to a decrease in the revenue of broadcast television stations. The stations' advertising revenue 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 is generally higher during even-numbered years resulting from political advertising and advertising aired during the Olympic Games.

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Industry Trends

The Television Bureau of Advertising has forecasted U.S. television spot advertising revenue (total of local and national advertising revenue, excluding political advertising revenue) in 2009 to decline by approximately 7.0 to 11.0% compared to 2008.

Our net revenue increased 6.8% to \$284.9 million for the year ended December 31, 2008 compared to \$266.8 million for the year ended December 31, 2007 primarily due to an increase in political advertising revenue. Political advertising revenue was \$32.9 million for the year ended December 31, 2008, a significant increase from the \$4.3 million for the year ended December 31, 2007. The demand for political advertising is generally higher in even-numbered years, when congressional and presidential elections occur, than in odd-numbered years when there are no federal elections scheduled. During an election year, political advertising revenue makes up a significant portion of the increase in revenue in that year. However, even during an election year, political revenue is influenced by geography and the competitiveness of the election races. Since 2009 is not an election year, we expect a significant decrease in the political advertising revenue to be reported in 2009 in relation to the amount of political advertising reported in 2008.

The increase in political revenue was offset by a decrease in local and national advertising revenue of \$12.1 million, or 4.8%. The decrease was primarily due to a decrease in automotive-related advertising, our largest advertising category, represented approximately 22.7% and 23.8% of our core local and national advertising revenue for the years ended December 31, 2008 and 2007, respectively. Our automotive-related advertising decreased approximately 12.2% for the year ended December 31, 2008 as compared to the same period in 2007. This trend has been primarily due to the current condition of the automotive industry and resulting decline in the demand for advertising from this business category.

Station Acquisitions

On January 16, 2008, Mission completed its acquisition of KTVE, the NBC affiliate in Monroe, Louisiana El Dorado, Arkansas, for total consideration of \$8.3 million, inclusive of transaction costs.

Refinancing of Long-Term Debt Obligations

On June 27, 2008, Nexstar Broadcasting Inc. (the Issuer), an indirect subsidiary of Nexstar Broadcasting Group, Inc. (the Parent), and the Parent entered into a purchase agreement (the Purchase Agreement) with certain initial purchasers (the Purchasers) identified therein pursuant to which the Issuer agreed to issue and sell, the Purchasers agreed to purchase, Senior Subordinated PIK Notes due 2014 (the Notes) in aggregate principal amount of \$35,623,410 at a purchase price equal to 98.25%. The transaction closed on June 30, 2008 and was subject to customary representations, warranties and closing conditions. Each of the Issuer and the Parent has agreed to indemnify the Purchasers for any breach of any of the representations, warranties, covenants or agreements made by such party. The Issuer used the net proceeds from the sale of Notes to reduce revolver borrowings under its senior bank credit facility. The Notes are guaranteed by the Parent (the Guarantee).

Recent Developments

On October 6, 2008, Nexstar entered into a purchase agreement to acquire substantially all of the assets of KARZ-TV (formerly KWBF-TV), the MyNetworkTV affiliate serving the Little Rock, Arkansas market for \$4.0 million (base price) subject to working capital adjustments. This acquisition closed on March 12, 2009.

On January 28, 2009, Nexstar entered into an agreement to acquire the assets of WCWJ, the CW affiliate serving the Jacksonville, Florida market, for a base purchase price of \$18.0 million subject to working capital adjustments. The transaction is expected to close in the second quarter of 2009.

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On February 27, 2009, Nexstar announced the commencement of an offer to exchange up to \$143,600,000 aggregate principal amount of its outstanding \$191,510,000 in aggregate principal amount of 7% senior subordinated notes due 2014 (CUSIP No. 65336YAB9) (the "Old Notes") in exchange for (i) up to \$143,600,000 in aggregate principal amount of Nexstar Broadcasting's 7% senior subordinated PIK Notes due 2014 (the "New Notes"), to be guaranteed by each of the existing guarantors to the Old Notes and (ii) cash. This debt exchange closed on March 30, 2009. See Debt Covenant discussion in the "Liquidity and Capital Resources" section.

During the first quarter of 2009, the Company repurchased a total of \$27.9 million (face amount) of its 11.375% notes and \$1.0 million (face amount) of the old notes for a total of \$10.0 million, plus accrued interest of \$1.0 million.

Historical Performance**Revenue**

The following table sets forth the principal types of revenue earned by the Company's stations for the periods indicated and each type of revenue (other than trade and barter) as a percentage of total gross revenue, as well as agency commissions:

| | 2008 | | Year Ended December 31, 2007 | | 2006 | |
|--|------------------------------------|-------|---------------------------------|-------|------------|-------|
| | Amount | % | Amount | % | Amount | % |
| | (in thousands, except percentages) | | | | | |
| Local | \$ 171,552 | 57.0 | \$ 175,508 | 62.9 | \$ 164,077 | 58.8 |
| National | 66,122 | 22.0 | 74,256 | 26.6 | 71,620 | 25.6 |
| Political | 32,886 | 10.9 | 4,308 | 1.6 | 27,031 | 9.7 |
| Retransmission compensation ⁽¹⁾ | 14,393 | 4.8 | 11,810 | 4.2 | 8,696 | 3.1 |
| eMedia revenue | 10,180 | 3.4 | 5,113 | 1.8 | 100 | |
| Network compensation | 3,523 | 1.1 | 4,364 | 1.6 | 4,210 | 1.5 |
| Other | 2,498 | 0.8 | 3,652 | 1.3 | 3,542 | 1.3 |
| Total gross revenue | 301,154 | 100.0 | 279,011 | 100.0 | 279,276 | 100.0 |
| Less: Agency commissions | 34,587 | 11.5 | 31,629 | 11.3 | 33,104 | 11.9 |
| Net broadcast revenue | 266,567 | 88.5 | 247,382 | 88.7 | 246,172 | 88.1 |
| Trade and barter revenue | 18,352 | | 19,419 | | 18,997 | |
| Net revenue | \$ 284,919 | | \$ 266,801 | | \$ 265,169 | |

(1) Retransmission compensation consists of a per subscriber-based compensatory fee and excludes advertising revenue generated from retransmission consent agreements, which is included in gross local advertising revenue.

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The following table sets forth a summary of the Company's operations for the periods indicated and their percentages of net revenue:

| | 2008 | | Year Ended December 31, 2007 | | 2006 | |
|--|------------------------------------|-------|---------------------------------|-------|------------|-------|
| | Amount | % | Amount | % | Amount | % |
| | (in thousands, except percentages) | | | | | |
| Net revenue | \$ 284,919 | 100.0 | \$ 266,801 | 100.0 | \$ 265,169 | 100.0 |
| Operating expenses (income): | | | | | | |
| Corporate expenses | 15,473 | 5.4 | 13,348 | 5.0 | 14,588 | 5.5 |
| Station direct operating expenses, net of trade | 72,056 | 25.3 | 68,112 | 25.5 | 64,358 | 24.3 |
| Selling, general and administrative expenses | 74,995 | 26.3 | 73,425 | 27.5 | 70,705 | 26.7 |
| Impairment of goodwill | 38,856 | 13.6 | | | | |
| Impairment of other intangible assets | 43,539 | 15.3 | | | | |
| Non-cash contract termination fees | 7,167 | 2.5 | | | | |
| Gain on asset exchange | (4,776) | (1.7) | (1,962) | (0.7) | | |
| Loss (gain) on asset disposal, net | (43) | | (17) | | 639 | 0.2 |
| Trade and barter expense | 17,936 | 6.3 | 18,423 | 6.9 | 18,717 | 7.1 |
| Depreciation and amortization | 49,153 | 17.3 | 45,880 | 17.2 | 42,221 | 15.9 |
| Amortization of broadcast rights, excluding barter | 8,718 | 3.1 | 9,050 | 3.4 | 8,091 | 3.1 |
| Income (loss) from operations | \$ (38,155) | | \$ 40,542 | | \$ 45,850 | |

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007.***Revenue***

Gross local advertising revenue was \$171.6 million for the year ended December 31, 2008, compared to \$175.5 million for the same period in 2007, a decrease of \$3.9 million, or 2.3%. Gross national advertising revenue was \$66.1 million for the year ended December 31, 2008, compared to \$74.3 million for the same period in 2007, a decrease of \$8.2 million, or 11.0%. The combined net decrease in gross local and national advertising revenue of \$12.1 million was primarily the result of a decrease in automotive related advertising, our largest advertising category.

Gross political advertising revenue was \$32.9 million for the year ended December 31, 2008, compared to \$4.3 million for the same period in 2007, an increase of \$28.6 million, or 663.4%. The increase in gross political revenue was attributed to presidential, statewide and/or local races (primarily in Pennsylvania, Indiana, Alabama, Missouri and Montana) that occurred during the year ended December 31, 2008 as compared to nominal political advertising during the year ended December 31, 2007.

Retransmission compensation was \$14.4 million for the year ended December 31, 2008, compared to \$11.8 million for the same period in 2007, an increase of \$2.6 million, or 22.0%. The increase in retransmission compensation was primarily the result of (1) additional subscriber base for certain content distributors in 2008 compared to 2007, (2) annual rate increases in 2008 for certain retransmission consent agreements, (3) the addition of new markets under retransmission consent agreements in 2008 and (4) renewal of various multi-year contracts at higher rates with certain distributors.

eMedia revenue, representing revenue generated from non-television web-based advertising, was \$10.2 million for the year ended December 31, 2008, compared to \$5.1 million for the year ended December 31, 2007. The increase in new media revenue was a result of having all of our markets complete implementation of this digital media platform initiative for all of 2008 as compared to 2007, in which complete implementation did not take place until June 2007. Also contributing to the increase is the introduction of additional products in this area.

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Operating Expenses

Corporate expenses, related to costs associated with the centralized management of Nexstar's and Mission's stations, were \$15.5 million for the year ended December 31, 2008, compared to \$13.3 million for the year ended December 31, 2007, an increase of \$2.2 million, or 15.9%. The increase during the year ended December 31, 2008 was primarily attributed to an increase in legal and professional fees of \$2.4 million.

Station direct operating expenses, consisting primarily of news, engineering and programming, net of trade, and selling, general and administrative expenses were \$147.1 million for the year ended December 31, 2008, compared to \$141.5 million for the same period in 2007, an increase of \$5.6 million, or 3.9%. The increase in station direct operating expenses, net of trade, is primarily attributed to (1) the addition of KTVE in 2008 and (2) payroll-related costs and commissions related to the growth in eMedia revenue. These increases were partially offset by a reduction in employee incentives.

Amortization of broadcast rights, excluding barter, was \$8.7 million for the year ended December 31, 2008, compared to \$9.1 million for the same period in 2007, a decrease of \$0.4 million, or 3.7%.

Amortization of intangible assets was \$28.1 million for the year ended December 31, 2008, compared to \$25.7 million for the same period in 2007, an increase of \$2.4 million, or 9.6%. The increase was primarily related to the acceleration of amortization of our NBC Network affiliation agreement at KBTV due to the station becoming a Fox affiliated station effective January 1, 2009.

Depreciation of property and equipment was \$21.0 million for the year ended December 31, 2008, compared to \$20.2 million for the same period in 2007, an increase of \$0.8 million, or 4.0%. The increase in depreciation was due to a corresponding increase in property and equipment, including Mission's acquisition of KTVE.

For the year ended December 31, 2008, we recognized a non-cash gain of \$4.8 million from the exchange of equipment under an arrangement we first transacted with Sprint Nextel Corporation during the second quarter of 2007.

We recognized a \$7.2 million non-cash charge related to the termination of the national sales representation contract.

We recorded an impairment charge of \$82.4 million during the year ended December 31, 2008 that included an impairment to the carrying values of FCC licenses of \$41.4 million, related to 22 of our television stations; an impairment to the carrying value of network affiliation agreements of \$2.1 million, related to 3 of our television stations; and an impairment to the carrying values of goodwill of \$38.9 million, related to 10 reporting units consisting of 11 of our television stations. See Note 8 in the Notes to Consolidated Financial Statements in Item 8 of this document.

Income from Operations

Loss from operations was \$38.2 million for the year ended December 31, 2008, compared to income of \$40.5 million for the same period in 2007, a decrease of \$78.7 million, or 194.3%. The decrease was primarily the result of impairment charges as required by SFAS 142 "Goodwill and Other Intangible Assets" partially offset by increases in net revenue.

Interest Expense

Interest expense, including amortization of debt financing costs, was \$48.8 million for the year ended December 31, 2008, compared to \$55.0 million for the same period in 2007, a decrease of \$6.2 million, or 11.3%. The decrease in interest expense was primarily attributed to lower average interest rates during the year ended

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December 31, 2008 compared to the same period in 2007 combined with the \$46.9 million principal payment on our 11.375% senior discounted Notes on April 1, 2008, a \$5.3 million dollar repurchase of the 11.375% Notes in September 2008 and a repurchase of \$7.5 million of the 7% Notes in October 2008.

Gain on Extinguishment of Debt

On October 16, 2008, Nexstar purchased \$5 million (face value) of the Company's outstanding 7% Notes. The cash paid was approximately \$3.1 million which included approximately \$0.1 million of accrued interest. On October 28, 2008, Nexstar purchased \$2.5 million (face value) of the 7% Notes for approximately \$1.5 million, which included approximately \$0.1 million of accrued interest. As a result of these two transactions, Nexstar recognized a combined gain of \$2.9 million. This amount is net of a \$0.1 million pro-rata write-off of debt financing costs associated with the 7% Notes.

Income Taxes

Income tax benefit was \$5.3 million for the year ended December 31, 2008, compared to income tax expense of \$5.8 million for the same period in 2007, a decrease of \$11.1 million. The decrease was primarily due to the tax benefit recognized as a result of the impairment charge on indefinite-lived assets. Our provision for income taxes is primarily created by an increase in the deferred tax liabilities position during the year arising from the amortizing of goodwill and other indefinite-lived intangible assets for income tax purposes which are not amortized for financial reporting purposes. The impairment charge reduced the book value and therefore decreased the deferred tax liability position. No tax benefit was recorded with respect to the losses for 2008 and 2007, as the utilization of such losses is not likely to be realized in the foreseeable future.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006.

Revenue

Gross local advertising revenue was \$175.5 million for the year ended December 31, 2007, compared to \$164.1 million for the same period in 2006, an increase of \$11.4 million, or 7.0%. Gross national advertising revenue was \$74.3 million for the year ended December 31, 2007, compared to \$71.6 million for the same period in 2006, an increase of \$2.7 million, or 3.7%. The combined net increase in gross local and national advertising revenue of \$14.1 million was primarily the result of (1) the inclusion of local and national advertising revenue of approximately \$11.4 million for 2007 from newly acquired television station WTaj and (2) advertising revenue generated from the retransmission consent agreements which increased by approximately \$3.5 million compared to the same period in 2006. Advertising revenue from the Telecommunications and Furniture business categories, which increased by approximately \$1.1 million and \$0.4 million during 2007 compared to the prior year, respectively, were offset by declines in advertising revenue from the Insurance, Fast Foods/Restaurants and Department and Retail Stores business categories, which decreased by approximately \$1.0 million, \$0.4 million and \$0.6 million during 2007 compared to the prior year, respectively.

Gross political advertising revenue was \$4.3 million for the year ended December 31, 2007, compared to \$27.0 million for the same period in 2006, a decrease of \$22.7 million, or 84.1%. The decrease in gross political revenue was attributed to statewide and/or local races (primarily in Pennsylvania, Missouri, Illinois, Texas, New York and Indiana) that occurred during the year ended December 31, 2006 as compared to nominal political advertising during the year ended December 31, 2007.

Retransmission compensation was \$11.8 million for the year ended December 31, 2007, compared to \$8.7 million for the same period in 2006, an increase of \$3.1 million, or 35.8%. The increase in retransmission compensation was primarily the result of (1) additional subscriber base for certain content distributors in 2007 compared to 2006, (2) annual rate increases in 2007 for certain retransmission consent agreements and (3) a few additional markets under retransmission consent agreements in 2007.

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eMedia revenue, representing revenue generated from non-television web-based advertising, was \$5.1 million for the year ended December 31, 2007, compared to \$0.1 million for the year ended December 31, 2006. The increase in new media revenue was a result of having all of our markets complete implementation of this digital media platform initiative as of June 2007 compared to implementation by only a few initial markets in 2006.

Operating Expenses

Corporate expenses, related to costs associated with the centralized management of Nexstar's and Mission's stations, were \$13.3 million for the year ended December 31, 2007, compared to \$14.6 million for the year ended December 31, 2006, a decrease of \$1.3 million, or 8.5%. The decrease during the year ended December 31, 2007 was primarily attributed to (1) approximately \$1.0 million less incentive compensation recognized in 2007 than in 2006, (2) \$0.3 million less of non-income related taxes incurred in 2007 and (3) \$0.4 million less of audit and tax preparation fees incurred in 2007.

Station direct operating expenses, consisting primarily of news, engineering and programming, net of trade, and selling, general and administrative expenses were \$141.5 million for the year ended December 31, 2007, compared to \$135.1 million for the same period in 2006, an increase of \$6.4 million, or 4.8%. The increase in station direct operating expenses, net of trade, and selling, general and administrative expenses for the year ended December 31, 2007 was primarily attributed to the inclusion of such expenses totaling approximately \$5.4 million for 2007 from newly acquired television station WTAJ and additional payroll costs incurred in 2007 mainly as a result of annual merit increases and costs associated with a new department created to develop web-based revenue.

Amortization of broadcast rights, excluding barter, was \$9.1 million for the year ended December 31, 2007, compared to \$8.1 million for the same period in 2006, an increase of \$1.0 million, or 11.9%. The increase was primarily attributed to the amortization of broadcast rights of approximately \$0.6 million for 2007 from newly acquired television station WTAJ.

Amortization of intangible assets was \$25.7 million for the year ended December 31, 2007, compared to \$24.1 million for the same period in 2006, an increase of \$1.6 million, or 6.4%. The increase was primarily related to the amortization of intangible assets of approximately \$1.8 million for 2007 from newly acquired television station WTAJ.

Depreciation of property and equipment was \$20.2 million for the year ended December 31, 2007, compared to \$18.1 million for the same period in 2006, an increase of \$2.1 million, or 11.7%. The increase was primarily attributed to the depreciation of assets of approximately \$1.6 million for 2007 from newly acquired television station WTAJ.

For the year ended December 31, 2007, we recognized a non-cash gain of \$2.0 million from the exchange of equipment under an arrangement we first transacted with Sprint Nextel Corporation during the last three quarters of 2007.

Income from Operations

Income from operations was \$40.5 million for the year ended December 31, 2007, compared to \$45.9 million for the same period in 2006, a decrease of \$5.4 million, or 11.6%. The decrease was primarily the result of the increase in operating expenses, particularly in station direct operating expenses, net of trade, and selling, general and administrative expenses, depreciation and amortization of intangible assets as described above, for the year ended December 31, 2007 compared to the same period in 2006, partially offset by increases in net revenue and gain on asset exchange.

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Interest Expense

Interest expense, including amortization of debt financing costs, was \$55.0 million for the year ended December 31, 2007, compared to \$51.8 million for the same period in 2006, an increase of \$3.2 million, or 6.3%. The increase in interest expense was primarily attributed to (1) higher average interest rates incurred during the year ended December 31, 2007 compared to the same period in 2006 under our and Mission's senior credit facilities and (2) a greater amount of average debt outstanding in 2007 under our senior credit facility resulting from the borrowing in connection with our acquisition of WTAJ and WLYH in December 2006.

Income Taxes

Income tax expense was \$5.8 million for the year ended December 31, 2007, compared to \$3.8 million for the same period in 2006, an increase of \$2.0 million, or 52.1%. The increase was primarily due to (1) the recognition of a \$0.5 million benefit from a prior year tax position in the third quarter of 2006, (2) a \$0.5 million reduction in our net deferred tax liabilities position resulting from enactment of the Texas Margin Tax recorded in the second quarter of 2006, (3) a provision for current state income tax of \$0.5 million for the year ended December 31, 2007 related to the Texas Margin Tax and (4) \$0.8 million of income tax expense for the year ended December 31, 2007 related to the increase in deferred tax liabilities in 2007 associated with our newly acquired television station WTAJ. The increase was partially offset by (1) a \$0.5 million reduction in our deferred state income tax provision for the year ended December 31, 2007 resulting from the enactment of recent legislation revising the Texas Margin Tax and its computation of the temporary credit for Texas business loss carryovers and (2) the recognition of a \$0.1 million benefit from a prior year tax position in the third quarter of 2007. Our provision for income taxes is primarily created by an increase in the deferred tax liabilities position during the year arising from the amortizing of goodwill and other indefinite-lived intangible assets for income tax purposes which are not amortized for financial reporting purposes. This expense has no impact on our cash flows. No tax benefit was recorded with respect to the losses for 2007 and 2006, as the utilization of such losses is not likely to be realized in the foreseeable future.

Liquidity and Capital Resources

We and Mission are highly leveraged, which makes the Company vulnerable to changes in general economic conditions. Our and Mission's ability to meet the future cash requirements described below depends on our and Mission's ability to generate cash in the future, which is subject to general economic, financial, competitive, legislative, regulatory and other conditions, many of which are beyond our and Mission's control. Based on current operations and anticipated future growth, we believe that our and Mission's available cash, anticipated cash flow from operations and available borrowings under the Nexstar and Mission senior credit facilities will be sufficient to fund working capital, capital expenditure requirements, interest payments and scheduled debt principal payments for at least the next twelve months. In order to meet future cash needs we may, from time to time, borrow under credit facilities or issue other long- or short-term debt or equity, if the market and the terms of our existing debt arrangements permit, and Mission may, from time to time, borrow under its available credit facility. We will continue to evaluate the best use of Nexstar's operating cash flow among its capital expenditures, acquisitions and debt reduction.

Table of Contents**Index to Financial Statements*****Overview***

The following tables present summarized financial information management believes is helpful in evaluating the Company's liquidity and capital resources:

| | Year Ended December 31, | | |
|--|-------------------------|-----------|------------|
| | 2008 | 2007 | 2006 |
| | (in thousands) | | |
| Net cash provided by operating activities | \$ 60,648 | \$ 36,987 | \$ 54,462 |
| Net cash used for investing activities | (38,492) | (18,608) | (79,272) |
| Net cash provided by (used for) financing activities | (22,548) | (13,332) | 22,502 |
| Net increase (decrease) in cash and cash equivalents | \$ (392) | \$ 5,047 | \$ (2,308) |
| Cash paid for interest | \$ 39,036 | \$ 40,575 | \$ 38,182 |
| Cash paid for income taxes, net | \$ 178 | \$ 51 | \$ 36 |

| | December 31, | |
|--|----------------|------------|
| | 2008 | 2007 |
| | (in thousands) | |
| Cash and cash equivalents | \$ 15,834 | \$ 16,226 |
| Long-term debt including current portion | \$ 662,117 | \$ 681,176 |
| Unused commitments under senior secured credit facilities ⁽¹⁾ | \$ 66,500 | \$ 69,500 |

(1) Based on covenant calculations, as of December 31, 2008, \$28.4 million of total unused revolving loan commitments under the Nexstar and Mission credit facilities were available for borrowing.

Cash Flows Operating Activities

The comparative net cash flows provided by operating activities increased by \$23.3 million during the year ended December 31, 2008 compared to the same period in 2007. The increase was primarily due to (1) our increase in net revenue of \$18.1 million, partially offset by an increase in direct operating and general and administrative expenses of \$7.8 million, (2) an increase of \$10.2 million resulting from the timing of collections for accounts receivable and (3) an increase of \$2.3 million related to timing of interest payments on the 11.375% senior discount notes.

Cash paid for interest decreased by \$1.5 million during the year ended December 31, 2008 compared to the same period in 2007. The decrease was due to a decrease in cash payments of interest on our and Mission's bank debt. Cash payments of interest on our and Mission's senior credit facilities were \$19.9 million for the year ended December 31, 2008, compared to \$26.6 million for the year ended December 31, 2007, a decrease of \$6.7 million. The decrease was due to lower average interest rates incurred during the year ended December 31, 2008 compared to the same period in 2007 and a lower level of average debt outstanding in 2008 on the respective credit facilities. The decrease in cash interest paid on bank debt was partially offset by an increase in cash interest paid on the 11.375% senior discount notes, which required cash payments beginning in April 2008.

The comparative net cash flows provided by operating activities decreased by \$17.5 million during the year ended December 31, 2007 compared to the same period in 2006. The decrease was primarily due to (1) less favorable operating results as reflected in the \$10.8 million increase in net loss, (2) a decrease of \$5.3 million resulting from the timing of payments for accounts payable and accrued expenses and (3) a decrease of \$5.3 million resulting from the timing of collections of accounts receivable.

Cash paid for interest increased by \$2.4 million during the year ended December 31, 2007 compared to the same period in 2006. The increase was due to an increase in cash payments of interest on our and Mission's bank debt. Cash payments of interest on our and Mission's senior credit facilities were \$26.6 million for the year

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ended December 31, 2007, compared to \$24.2 million for the year ended December 31, 2006, an increase of \$2.4 million. The increase was due to higher average interest rates incurred during the year ended December 31, 2007 compared to the same period in 2006 and a greater amount of average debt outstanding in 2007 on the respective credit facilities.

Nexstar and its subsidiaries file a consolidated federal income tax return. Mission files its own separate federal income tax return. Additionally, Nexstar and Mission file their own state and local tax returns as are required. Due to our and Mission's recent history of net operating losses, we and Mission currently do not pay any federal income taxes. These net operating losses may be carried forward, subject to expiration and certain limitations, and used to reduce taxable earnings in future years. Through the use of available loss carryforwards, it is possible that we and Mission may not pay significant amounts of federal income taxes in the foreseeable future.

Cash Flows Investing Activities

The comparative net cash used for investing activities increased by \$19.5 million during the year ended December 31, 2008 compared to the same period in 2007. The increase was primarily due to increases in purchases of property and equipment and in acquisition-related payments.

The comparative net cash used for investing activities decreased by \$60.7 million during the year ended December 31, 2007 compared to the same period in 2006. The decrease was primarily due to decreases in purchases of property and equipment and in acquisition-related payments.

Capital expenditures were \$30.8 million for the year ended December 31, 2008, compared to \$18.5 million for the year ended December 31, 2007. The increase was primarily attributable to digital conversion expenditures, which was \$23.3 million for the year ended December 31, 2008 compared to \$8.6 million for the same period in 2007. We expect to conclude our digital conversion expenditures in early 2009 for a total estimated cost of \$5.4 million.

Capital expenditures were \$18.5 million for the year ended December 31, 2007, compared to \$24.4 million for the year ended December 31, 2006. The decrease was primarily attributable to digital conversion expenditures, which was \$8.6 million for the year ended December 31, 2007 compared to \$14.3 million for the same period in 2006.

Cash used for station acquisitions was \$8.3 million for the year ended December 31, 2008, \$0.4 million for the year ended December 31, 2007 and \$55.5 million for the year ended December 31, 2006.

Acquisition-related payments for the year ended December 31, 2008 included \$7.9 million related to Mission's acquisition of KTVE and \$0.4 million for the down-payment on KARZ. The \$0.4 million of acquisition-related payments in 2007 were for the down payment on the KTVE acquisition.

Acquisition-related payments for the year ended December 31, 2006 consisted of \$55.1 million total consideration, exclusive of transaction costs, for our acquisition of WTAJ and WLYH.

Cash Flows Financing Activities

The comparative net cash used for financing activities increased by \$9.2 million during the year ended December 31, 2008 compared to the same period in 2007, primarily due to the repayment of \$56.8 million of senior subordinated debt, partially offset by proceeds from the June 27, 2008 issuance of senior subordinated payment in kind (PIK) notes of \$35 million and also \$13.0 million less in net payments on the revolving credit facility.

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The comparative net cash from financing activities decreased by \$35.8 million during the year ended December 31, 2007 compared to the same period in 2006, due to the decrease in the proceeds during 2007 from revolving loan borrowings under our and Mission's senior secured credit facilities and the increase in repayments during 2007 under our and Mission's senior secured credit facilities.

On April 1, 2008, Nexstar redeemed \$46.9 million of its outstanding 11.375% senior discount notes to ensure they are not Applicable High Yield Discount Obligations within the meaning of Section 163(i)(1) of the Internal Revenue Code of 1986. In September 2008, the Company repurchased \$5.3 million of the 11.375% notes at par as required by the terms of the senior subordinated PIK notes purchase agreement. In October 2008, Nexstar voluntarily repurchased \$7.5 million of the outstanding 7% senior subordinated notes for approximately \$4.6 million.

During the year ended December 31, 2008, there were \$3.5 million of scheduled term loan maturities, \$50.0 million of revolving loan repayments and \$53.0 million of revolving loan borrowings under our and Mission's senior secured credit facilities.

During the year ended December 31, 2007, there were \$3.5 million of scheduled term loan maturities, \$18.0 million of revolving loan repayments and \$8.0 million of revolving loan borrowings under our and Mission's senior secured credit facilities.

During the year ended December 31, 2006, there were \$15.5 million of repayments under our and Mission's senior secured credit facilities, consisting of scheduled term loan maturities of \$3.5 million and voluntary repayments of \$12.0 million of term loans.

Although the Nexstar and Mission senior credit facilities now allow for the payment of cash dividends to common stockholders, we and Mission do not currently intend to declare or pay a cash dividend.

Future Sources of Financing and Debt Service Requirements

As of December 31, 2008, Nexstar and Mission had total combined debt of \$662.1 million, which represented 133.2% of Nexstar and Mission's combined capitalization. Our and Mission's high level of debt requires that a substantial portion of cash flow be dedicated to pay principal and interest on debt which will reduce the funds available for working capital, capital expenditures, acquisitions and other general corporate purposes.

The following table summarizes the approximate aggregate amount of principal indebtedness (undiscounted) scheduled to mature for the periods referenced as of December 31, 2008:

| | Total | 2009 | 2010-2011 | 2012-2013 | Thereafter |
|--|----------------|----------|-----------|------------|------------|
| | (in thousands) | | | | |
| Nexstar senior credit facility | \$ 182,087 | \$ 1,758 | \$ 3,516 | \$ 176,813 | \$ |
| Mission senior credit facility | 174,087 | 1,727 | 3,454 | 168,906 | |
| Senior subordinated PIK notes due 2014 | 42,628 | | | | 42,628 |
| 7% senior subordinated notes due 2014 | 192,486 | | | | 192,486 |
| 11.375% senior discount notes due 2013 | 77,820 | | | 77,820 | |
| | \$ 669,108 | \$ 3,485 | \$ 6,970 | \$ 423,539 | \$ 235,114 |

We make semiannual interest payments on our 7% Notes of \$7.0 million on January 15th and July 15th of each year. Commencing October 1, 2008 we began making semiannual interest payments of \$4.4 million on our 11.375% Notes, which will be made on April 1st and October 1st of each year. Interest payments on our and Mission's senior credit facilities are generally paid every one to three months and are payable based on the type of interest rate selected.

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The terms of the Nexstar and Mission senior credit facilities, as well as of the indentures governing our publicly-held notes, limit, but do not prohibit us or Mission from incurring substantial amounts of additional debt in the future.

We do not have any rating downgrade triggers that would accelerate the maturity dates of our debt. However, a downgrade in our credit rating could adversely affect our ability to renew existing, or obtain access to new, credit facilities or otherwise issue debt in the future and could increase the cost of such facilities.

Debt Covenants

Our senior secured credit facility agreement contains covenants which require us to comply with certain financial ratios, including: (a) maximum total and senior leverage ratios, (b) a minimum interest coverage ratio, and (c) a minimum fixed charge coverage ratio. The covenants, which are calculated on a quarterly basis, include the combined results of Nexstar Broadcasting and Mission. Mission's senior secured credit facility agreement does not contain financial covenant ratio requirements; however it does include an event of default if Nexstar does not comply with all covenants contained in its credit agreement. The senior subordinated notes and senior discount notes contain restrictive covenants customary for borrowing arrangements of this type.

As of December 31, 2008 and at each respective quarterly reporting period during 2008, we were in compliance with all covenants contained in the credit agreements governing our senior secured credit facility and the indentures governing the publicly-held notes. For a discussion of the financial ratio requirements of these covenants, we refer you to Note 10 of our consolidated financial statements in Part IV, Item 15(a) of this Annual Report on Form 10-K.

On March 30, 2009, we closed an offer to exchange \$143,600,000 of the 7% senior subordinated notes due 2014 in exchange for \$143,600,000 7% senior subordinated PIK Notes due 2014 (the PIK Notes). Based on the financial covenants in the senior secured credit facility, the PIK Notes are not included in the debt amount used to calculate the total leverage ratio until January 2011. In addition to the debt exchange, we have undertaken certain actions as part of our efforts to ensure we do not exceed the maximum total leverage and senior leverage ratios including 1) the elimination of corporate bonuses for 2008 and 2009, 2) the consolidation of various back office processes in certain markets, 3) the execution of a management services agreement whereby Nexstar operates four stations in exchange for a service fee, and 4) the consummation of a purchase agreement on March 11, 2009 to acquire all the assets of KARZ.

In addition to the above items, our plans for 2009 include certain other cost containment measures, including one week Company furloughs for all employees, if necessary. We believe the consummation of the exchange offer combined with the actions described above, will allow us to maintain compliance with all covenants contained in the credit agreements governing our senior secured facility and the indentures governing our publicly held notes for a period of at least the next twelve months from December 31, 2008. However, no assurance can be provided that our actions will be successful or that such actions will allow us to maintain compliance with these covenants.

Cash Requirements for Digital Television (DTV) Conversion

Television broadcasting in the United States has been moving from an analog transmission system to a digital transmission system. The conversion from broadcasting in the analog format to the digital format is expensive. The Company's conversion to a low-power DTV signal required an average initial capital expenditure of approximately \$0.2 million per station. All of the television stations that we and Mission own and operate are broadcasting at least a low-power digital television signal.

Except for stations that have requested waiver of the construction deadline, broadcast television stations are required to have completed construction of their final DTV stations and be broadcasting a full-power DTV

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signal. As of December 31, 2008, Mission's stations WFXP, WUTR, WTVO, WYOU, KCIT, KTVE, KAMC and KRBC and Nexstar's stations WBRE, WROC, KARK, KNWA, KFTA, WMBD, WTAJ, WLYH, KSFX, WQRF, KTAL, WCIA, WTVW, KARD, KAMR, KLBK and KTAB are broadcasting with full-power DTV signals. As of February 17, 2009, Mission's stations WYOU, KJTL, KSAN, KAMC and WTVO and Nexstar's stations KARK, KFDX, KFTA, KLBK, KLST, WBRE, WLYH, WMBD and WQRF have terminated analog operations and are broadcasting exclusively in DTV. On March 17, 2009, Nexstar informed the FCC that KTAB would be terminating analog operations and broadcasting exclusively in DTV as of May 12, 2009, that station WJET would be terminating analog operations and broadcasting exclusively in DTV as of April 17, 2009, that stations KSVI, WDHN, KNWA, KSNF, KARD, KTAL and KSFX would be terminating analog operations and broadcasting exclusively in DTV as of April 16, 2009 and that stations KAMR, KBTW, WCIA, WCFN, WTVW, WFFT, WTAJ, KMID, WROC, KQTV, WTWO, WFXV and WHAG would be terminating analog operations and broadcasting exclusively in DTV as of the final DTV transition date of June 12, 2009. On March 17, 2009, Mission informed the FCC that station KRBC would be terminating analog operations and broadcasting exclusively in DTV as of May 12, 2009, that station WFXP would be terminating analog operations and broadcasting exclusively in DTV as of April 17, 2009, that stations KHMT, KTVE and KOLR would be terminating analog operations and broadcasting exclusively in DTV as of April 16, 2009, and that stations KCIT, KODE, WFXW and WUTR would be terminating analog operations and broadcasting exclusively in DTV as of the final DTV conversion date of June 12, 2009.

In addition, Nexstar stations KBTW, KMID, KSNF, KLST and KQTV, and Mission station WFXW hold construction permits issued by the FCC to build higher-power DTV facilities by August 18, 2009. All of the Nexstar and Mission stations holding such construction permits are expected to complete construction on or before that deadline.

DTV conversion expenditures were \$23.3 million, \$8.6 million and \$14.3 million, respectively, for the years ended December 31, 2008, 2007 and 2006. We estimate that it will require an average capital expenditure of approximately \$1.5 million per station (for 20 stations as of December 31, 2008) to modify our and Mission's remaining stations' DTV transmitting equipment for full-power DTV operations, including costs for the transmitter, transmission line, antenna and installation, and estimated costs for tower upgrades and/or modifications. We anticipate these expenditures will be funded through available cash on hand and cash generated from operations as incurred between now and the final deadline.

No Off-Balance Sheet Arrangements

At December 31, 2008, 2007 and 2006, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. All of our arrangements with Mission 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.

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The following summarizes Nexstar's and Mission's contractual obligations at December 31, 2008, and the effect such obligations are expected to have on the Company's liquidity and cash flow in future periods:

| | Total | 2009 | 2010-2011 | 2012-2013 | Thereafter |
|--|------------------------|-----------|------------|------------|------------|
| | (dollars in thousands) | | | | |
| Nexstar senior credit facility | \$ 182,087 | \$ 1,758 | \$ 3,516 | \$ 176,813 | \$ |
| Mission senior credit facility | 174,087 | 1,727 | 3,454 | 168,906 | |
| Senior subordinated PIK notes due 2014 | 42,628 | | | | 42,628 |
| 7% senior subordinated notes due 2014 ⁽³⁾ | 192,486 | | | | 192,486 |
| 11.375% senior discount notes due 2013 | 77,820 | | | 77,820 | |
| Cash interest on debt | 188,810 | 34,237 | 81,864 | 62,775 | 9,934 |
| Broadcast rights current cash commitments ⁽¹⁾ | 11,941 | 6,366 | 4,425 | 1,150 | |
| Broadcast rights future cash commitments | 13,390 | 1,979 | 8,789 | 2,524 | 98 |
| Executive employee contracts ⁽²⁾ | 27,372 | 7,142 | 13,968 | 6,262 | |
| Operating lease obligations | 63,036 | 4,236 | 8,132 | 8,738 | 41,930 |
| KWBF purchase price obligation | 3,600 | 3,600 | | | |
| Total contractual cash obligations | \$ 977,257 | \$ 61,045 | \$ 124,148 | \$ 505,194 | \$ 286,870 |

(1) Excludes broadcast rights barter payable commitments recorded on the financial statements at December 31, 2008 in the amount of \$13.8 million.

(2) Includes the employment contracts for all corporate executive employees and general managers of our stations.

(3) See Note 24 in Notes to Consolidated Financial Statements in Item 8 of this document for discussion of debt exchange involving the 7% senior subordinated notes.

As discussed in Note 15, "Income Taxes" of the Notes to the Consolidated Financial Statements, we adopted Financial Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," an interpretation of FASB Statement No. 109 (FIN No. 48) as of January 1, 2008. At December 31, 2008, we had \$3.7 million of unrecognized tax benefits. This liability represents an estimate of tax positions that the corporation has taken in its tax returns which may ultimately not be sustained upon examination by the tax authorities. The resolution of these tax positions may not require cash settlement due to the existence of net operating loss carryforwards.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. On an ongoing basis, we evaluate our estimates, including those related to goodwill and intangible assets, bad debts, broadcast rights, trade and barter, income taxes, commitments and contingencies. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

For an overview of our significant accounting policies, we refer you to Note 2 of our consolidated financial statements in Part IV, Item 15(a) of this Annual Report on Form 10-K. We believe the following critical accounting policies are those that are the most important to the presentation of our consolidated financial statements, affect our more significant estimates and assumptions, and require the most subjective or complex judgments by management.

Consolidation of Mission and Variable Interest Entities

Our consolidated financial statements include the accounts of independently-owned Mission and certain other entities when it has been determined that the Company is the primary beneficiary of a variable interest

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entity (VIE) in accordance with FIN No. 46. Under U.S. GAAP, a company must consolidate an entity when it has a controlling financial interest resulting from ownership of a majority of the entity's voting rights. FIN No. 46R expands the definition of controlling financial interest to include factors other than equity ownership and voting rights.

In applying FIN No. 46R, we must base our decision to consolidate an entity on quantitative and qualitative factors that indicate whether or not we are absorbing a majority of the entity's economic risks or receiving a majority of the entity's economic rewards. Our evaluation of the risks and rewards model must be an ongoing process and may alter as facts and circumstances change.

Mission is included in our consolidated financial statements because we believe we have a controlling financial interest in Mission as a result of local service agreements we have with each of Mission's stations, our guarantee of the obligations incurred under Mission's senior credit facility and purchase options (which expire on various dates between 2011 and 2018) granted by Mission's sole shareholder which will permit us to acquire the assets and assume the liabilities of each Mission station, subject to FCC consent. We expect these option agreements to be renewed upon expiration.

In addition, generally in connection with acquisitions, the Company enters into time brokerage agreements (TBA) and begins programming and selling advertising for a station before receiving FCC consent to the transfer of the station's ownership and broadcast license. We include a station programmed under a TBA in our consolidated financial statements because we believe that we have a controlling financial interest in the station as a result of the Company assuming the credit risk of advertising revenue it sells on the station, its obligation to pay for substantially all the station's reasonable operating expenses, as required under the TBA agreement, and in connection with our entry into a purchase agreement, that the sale of the station and transfer of the station's broadcast license will occur within a reasonable period of time.

Valuation of Goodwill and Intangible Assets

Approximately \$390.5 million, or 62.3%, of our total assets as of December 31, 2008 consisted of unamortized intangible assets. Intangible assets principally include FCC licenses, goodwill and network affiliation agreements. If the fair value of these assets is less than the carrying value, we may be required to record an impairment charge.

As required by SFAS 142, we test the impairment of our FCC licenses annually or whenever events or changes in circumstances indicate that such assets might be impaired. The impairment test consists of a comparison of the fair value of FCC licenses with their carrying amount on a station-by-station basis using a discounted cash flow valuation method, assuming a hypothetical startup scenario.

Also as required by SFAS 142, we test the impairment of our goodwill annually or whenever events or changes in circumstances indicate that goodwill might be impaired. The first step of the goodwill impairment test compares the fair value of the market (reporting unit) to its carrying amount, including goodwill. The fair value of a reporting unit is determined through the use of a discounted cash flow analysis. The valuation assumptions used in the discounted cash flow model reflect historical performance of the reporting unit and the prevailing values in the markets for broadcasting properties. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not considered impaired. If the carrying amount of the reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined by performing an assumed purchase price allocation, using the reporting unit's fair value (as determined in the first step described above) as the purchase price. If the carrying amount of goodwill exceeds the implied fair value, an impairment loss is recognized in an amount equal to that excess but not more than the carrying value of goodwill.

In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the Company tests network affiliation agreements whenever events or circumstances indicate that their carrying amount may not be recoverable, relying on a number of factors including operating results, business plans,

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economic projections and anticipated future cash flows. An impairment in the carrying amount of a network affiliation agreement is recognized when the expected future operating cash flow derived from the operations to which the asset relates is less than its carrying value.

We tested our network affiliation, FCC licenses and goodwill for impairment as of September 30, 2008, between the required annual tests, because we believed events had occurred and circumstances changed that would more likely than not reduce the fair value of our reporting units below their carrying amounts and that our FCC licenses and network affiliation agreements might be impaired. These events included the decline in overall economic conditions and the resulting decline in advertising revenues at some of our television stations. We recorded an impairment charge of \$48.5 million as a result of that test which included an impairment to the carrying values of FCC licenses of \$19.7 million, related to 12 of our television stations; an impairment to the carrying value of network affiliation agreements of \$1.0 million, related to 3 of our television stations; and an impairment to the carrying values of goodwill of \$27.8 million, related to 5 reporting units consisting of 6 of our television stations.

We performed our annual test for impairment at December 31, 2008 and due to the continued decline in overall economic conditions during the fourth quarter of 2008 and the further decline in our forecasts for advertising revenues at some stations, the Company recorded an additional \$33.9 million in impairment charges, for an annual total of \$82.4 million. Of the additional \$33.9 million impairment charges, \$21.7 million was for FCC licenses, related to 21 of our television stations, \$1.1 million was for network affiliation agreements related to 2 television stations, and \$11.1 million was for goodwill, related to 8 reporting units consisting of 10 of our television stations.

Further deterioration in the advertising marketplaces in which Nexstar and Mission operate could lead to further impairment and reduction of the carrying value of the Company's goodwill and intangible assets, including FCC licenses and network affiliation agreements. If such a condition were to occur, the resulting non-cash charge could have a material adverse effect on Nexstar and Mission's financial position and results of operations.

The tables below illustrate how assumptions used in the fair value calculations varied from third quarter to fourth quarter 2008. The increase in the discount rate reflects the current volatility of stock prices of public companies within the media sector along with the increase in the corporate borrowing rate. The changes in the market growth rates and operating profit margins reflect the current general economic pressures now impacting both the national and a number of local economies, and specifically, national and local advertising expenditures in the markets where our stations operate.

The assumptions used in the valuation testing have certain subjective components including anticipated future operating results and cash flows based on our own internal business plans as well as future expectations about general economic and local market conditions.

We based the valuation of FCC licenses at December 31, 2008 and September 30, 2008 on the following basic assumptions:

| | December 31, 2008 | September 30, 2008 |
|--------------------------|--------------------------|---------------------------|
| Market growth rates | 2.0% to 2.8% | 2.0% to 2.8% |
| Operating profit margins | 11.9% to 33.7% | 12.1% to 34.1% |
| Discount rate | 10.8% | 9.5% |
| Tax rate | 34.0% to 40.6% | 34.0% to 40.6% |
| Capitalization rate | 8.0% to 8.8% | 6.8% to 7.5% |

We based the valuation of network affiliation agreements at December 31, 2008 and September 30, 2008 on the following basic assumptions:

| | December 31, 2008 | September 30, 2008 |
|--------------------------|--------------------------|---------------------------|
| Market growth rates | 2.0% to 2.8% | 2.0% to 2.8% |
| Operating profit margins | 20.0% to 42.1% | 14.3% to 42.6% |
| Discount rate | 10.8% | 9.5% |
| Tax rate | 34.0% to 40.6% | 34.0% to 40.6% |
| Capitalization rate | 8.0% to 8.8% | 6.8% to 7.5% |

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We based the valuation of goodwill at December 31, 2008 and September 30, 2008 on the following basic assumptions:

| | December 31, 2008 | September 30, 2008 |
|--------------------------|--------------------------|---------------------------|
| Market revenue growth | 2.0% to 2.8% | 2.0% to 2.8% |
| Operating profit margins | 20.0% to 42.1% | 20.0% to 42.6% |
| Discount rate | 10.8% | 9.5% |
| Tax rate | 34.0% to 40.6% | 34.0% to 40.6% |
| Capitalization rate | 8.0% to 8.8% | 6.8% to 7.5% |

As noted above, we are required under SFAS 142 to test our indefinite-lived intangible assets on an annual basis or whenever events or changes in circumstances indicate that these assets might be impaired.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We evaluate the collectability of our accounts receivable based on a combination of factors. In circumstances where we are aware of a specific customer's inability to meet its financial obligations, we record a specific reserve to reduce the amounts recorded to what we believe will be collected. If the financial condition of our customers were to deteriorate, resulting in their inability to make payments, additional allowances may be required. Allowance for doubtful accounts were \$0.8 million and \$1.2 million at December 31, 2008 and 2007, respectively.

Broadcast Rights Carrying Amount

Broadcast rights are stated at the lower of unamortized cost or net realizable value. Cash broadcast rights are initially recorded at the amount paid or payable to program distributors for the limited right to broadcast the distributors' programming. Barter broadcast rights are recorded at our estimate of the value of the advertising time exchanged, which approximates the fair value of the programming received. The value of the advertising time exchanged is estimated by applying average historical rates for specific time periods. Amortization of broadcast rights is computed using the straight-line method based on the license period or programming usage, whichever period yields the shorter life. The current portion of broadcast rights represents those rights available for broadcast which will be amortized in the succeeding year. When projected future net revenue associated with a program is less than the current carrying amount of the program broadcast rights, for example, due to poor ratings, we write-down the unamortized cost of the broadcast rights to equal the amount of projected future net revenue. If the expected broadcast period was shortened or cancelled we would be required to write-off the remaining value of the related broadcast rights to operations on an accelerated basis or possibly immediately. As of December 31, 2008, the amounts of current broadcast rights and non-current broadcast rights were \$14.3 million and \$9.3 million, respectively.

Trade and Barter Transactions

We trade certain advertising time for various goods and services. These transactions are recorded at the estimated fair value of the goods or services received. We barter advertising time for certain program material. These transactions, except those involving exchange of advertising time for network programming, are recorded at management's estimate of the value of the advertising time exchanged, which approximates the fair value of the program material received. The value of advertising time exchanged is estimated by applying average historical advertising rates for specific time periods. We recorded barter revenue of \$11.7 million, \$12.4 million and \$11.6 million for the years ended December 31, 2008, 2007 and 2006, respectively. Trade revenue of \$6.6 million, \$7.0 million and \$7.4 million was recorded for the years ended December 31, 2008, 2007 and 2006, respectively. We incurred trade and barter expense of \$17.9 million, \$18.4 million and \$18.7 million for the years ended December 31, 2008, 2007 and 2006, respectively.

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Income Taxes

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. Under this method, we account for income taxes under the asset and liability method which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. A valuation allowance is applied against net deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. While we have considered future taxable income and feasible tax planning strategies in assessing the need for a valuation allowance, in the event that we were to determine that we would not be able to realize all or part of our deferred tax assets in the future, an adjustment to the valuation allowance would be charged to income in the period such a determination was made.

On January 1, 2007, we adopted FIN No. 48, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN No. 48, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. The determination is based on the technical merits of the position and presumes that each uncertain tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information. For interest and penalties relating to income taxes we recognize these items as components of income tax expense.

Stock Option Expense Recognition

Effective January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123(R), Share-Based Payment, which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair value. We recognize the expense related to our stock options over the period that the employee is required to provide services, and only to the extent the awards vest. Therefore, we apply an estimated forfeiture rate assumption to adjust compensation cost for the effect of those employees that are not expected to complete the requisite service period and will forfeit nonvested options. We base the forfeiture rate assumption on Nexstar's historical experience of award forfeitures, and as necessary, adjusted for certain events that are not expected to recur during the expected term of the option.

We determine the fair value of employee stock options at the date of grant using the Black-Scholes option pricing model. Our valuation of employee stock options relies on assumptions of factors we are required to input into the Black-Scholes model. These assumptions are highly subjective and involve an estimate of future uncertain events. The option pricing model requires us to input factors for expected stock price volatility and the expected term until exercise of the option award. Due to our limited history of publicly traded shares, we combine our historical stock price data and volatilities of peer companies in the television broadcasting industry when determining expected volatility. Based on a lack of historical option exercise experience, we use the weighted-average of the holding periods for all options granted to determine the expected term assumption. Utilizing historical exercise and post-vesting cancellation experience of Nexstar's stock option awards, the expected term is the average interval between the grant and exercise or post-vesting cancellation dates.

Claims and Loss Contingencies

In the normal course of business, we are party to various claims and legal proceedings. We record a liability for these matters when an adverse outcome is probable and the amount of loss is reasonably estimated. We consider a combination of factors when estimating probable losses, including judgments about potential actions by counterparties.

Nonmonetary Asset Exchanges

In connection with a spectrum allocation exchange ordered by the FCC within the 1.9 GHz band, Sprint Nextel Corporation (Nextel) is required to replace certain existing analog equipment with comparable digital

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equipment. The Company has agreed to accept the substitute equipment that Nextel will provide and in turn must relinquish its existing equipment to Nextel. Neither party will have any continuing involvement in the equipment transferred following the exchange. We account for this arrangement as an exchange of assets in accordance with Accounting Principles Board No. 29, Accounting for Nonmonetary Transactions, as amended by SFAS No. 153, Exchanges of Nonmonetary Assets.

These transactions are recorded at the estimated fair market value of the equipment received. We derive our estimate of fair market value from the most recent prices paid to manufacturers and vendors for the specific equipment we acquire. As equipment is exchanged, the Company records a gain to the extent that the fair market value of the equipment received exceeds the carrying amount of the equipment relinquished.

Recent Accounting Pronouncements

The Company adopted SFAS No. 157 effective January 1, 2008 for financial assets and financial liabilities measured on a recurring basis. SFAS No. 157 applies to all financial assets and financial liabilities that are being measured and reported on a fair value basis. There was no impact for adoption of SFAS No. 157 to the Consolidated Financial Statements as it relates to financial assets and financial liabilities. SFAS No. 157 requires disclosure that establishes a framework for measuring fair value and expands disclosure about fair value measurements. The statement requires fair value measurement be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or 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 (i.e., supported by little or no market activity).

In February 2008, the FASB issued FSP No. FAS 157-2, Effective Date of FASB Statement No. 157, which defers the effective date for us to January 1, 2009 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value on a recurring basis (that is, at least annually). Management is currently evaluating the impact the adoption of this FSP will have on the Company's consolidated financial statements, but does not presently anticipate it will have a material effect on its consolidated financial position or results of operations.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB No. 115 (SFAS No. 159), which provides a fair value measurement option for eligible financial assets and liabilities. Under SFAS No. 159, an entity is permitted to elect to apply fair value accounting to a single eligible item, subject to certain exceptions, without electing it for other identical items and include unrealized gains and losses in earnings. The fair value option established by this Statement is irrevocable, unless a new election date occurs. This standard reduces the complexity in accounting for financial instruments and mitigates volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007 which for the Company was January 1, 2008. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of Statement 157. The Company adopted the provisions of this Statement beginning in fiscal 2008. Management determined that the adoption of SFAS No. 159 had no effect on its consolidated financial position or results of operations.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141R, Business Combinations (SFAS No. 141R), which establishes principles and requirements for how the acquirer of a

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business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. SFAS 141R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141R is effective for fiscal years beginning after December 15, 2008. Early adoption is not permitted. Management is currently evaluating the impact the adoption of SFAS No. 141R will have on the Company's consolidated financial statements, but does not presently anticipate it will have a material impact on its consolidated financial position or results of operations.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51 (SFAS No. 160), which establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. Management is currently evaluating the impact the adoption of SFAS No. 160 will have on the Company's consolidated financial statements, but does not presently anticipate it will have a material effect on its consolidated financial position or results of operations.

In April 2008, the FASB issued FASB Staff Position (FSP) No. FAS 142-3 Determination of the Useful Life of Intangible Assets, which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, Goodwill and Other Intangible Assets. This Position is effective for fiscal years beginning after December 15, 2008 and only applies prospectively to intangible assets acquired after the effective date. Early adoption is not permitted. Management is currently evaluating the impact that this statement will have on our consolidated financial position or results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk***Interest Rate Risk***

Our exposure to market risk for changes in interest rates relates primarily to our long-term debt obligations.

All term loan borrowings at December 31, 2008 under the senior credit facilities bear interest at 3.21%, which represented the base rate, or LIBOR, plus the applicable margin, as defined. Revolving loan borrowings at December 31, 2008 under Nexstar's senior credit facility bear interest at 4.67% and 2.71%, which represented the base rate, or LIBOR, plus the applicable margin, as defined. All revolving loan borrowings at December 31, 2008 under Mission's senior credit facility bear interest at 2.71%, which represented the base rate, or LIBOR, plus the applicable margin, as defined. Interest is payable in accordance with the credit agreements.

The following table estimates the changes to cash flow from operations as of December 31, 2008 if interest rates were to fluctuate by 100 or 50 basis points, or BPS (where 100 basis points represents one percentage point), for a twelve-month period:

| | Interest rate decrease | | Interest rate increase | |
|--------------------------|------------------------|----------|------------------------|------------|
| | 100 BPS | 50 BPS | 50 BPS | 100 BPS |
| | (in thousands) | | (in thousands) | |
| Senior credit facilities | \$ 3,562 | \$ 1,781 | \$ (1,781) | \$ (3,562) |

Our 7% Notes and 11.375% Notes are fixed rate debt obligations and therefore do not result in a change in our cash flow from operations. As of December 31, 2008, we have no financial instruments in place to hedge against changes in the benchmark interest rates on this fixed rate debt.

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The fair value of long-term fixed interest rate debt is also subject to interest rate risk. Generally, the fair value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The estimated fair value of the Company's total long-term debt at December 31, 2008 was approximately \$442.5 million, which was approximately \$219.6 million less than its carrying value. Fair values are determined from quoted market prices where available or based on estimates made by investment banking firms.

Given the interest rates that were in effect at December 31, 2007, as of that date, we estimated that our cash flows from operations would have increased by approximately \$3.6 million and \$1.8 million, respectively, for a 100 BPS and 50 BPS interest rate decrease, and decreased by approximately \$1.8 million and \$3.6 million, respectively, for a 50 BPS and 100 BPS interest rate increase. The estimated fair value of the Company's total long-term debt at December 31, 2007 was approximately \$671.4 million, which was approximately \$9.8 million less than its carrying value.

Impact of Inflation

We believe that our results of operations are not affected by moderate changes in the inflation rate.

Item 8. Consolidated Financial Statements and Supplementary Data

Our Financial Statements are filed with this report. The Financial Statements and Supplementary Data are included in Part IV, Item 15(a) of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Nexstar's management, with the participation of its President and Chief Executive Officer along with its Chief Financial Officer, conducted an evaluation as of the end of the period covered by this report of the effectiveness of the design and operation of Nexstar's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934.

Based upon that evaluation, Nexstar's President and Chief Executive Officer and its Chief Financial Officer concluded that as of the end of the period covered by this report, Nexstar's disclosure controls and procedures were effective in ensuring that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to Nexstar's management, including its President and Chief Executive Officer and its Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the quarterly period as of the end of the period covered by this report, there have been no changes in Nexstar's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Nexstar's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Nexstar's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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Management assessed the effectiveness of Nexstar's internal control over financial reporting as of December 31, 2008 based upon the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework*. Based on management's assessment, we have concluded that, as of December 31, 2008, Nexstar's internal control over financial reporting was effective based on those criteria.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information concerning directors that is required by this Item 10 will be set forth in the Proxy Statement to be provided to stockholders in connection with our 2009 Annual Meeting of Stockholders (the Proxy Statement) under the headings Directors and Nominees for Directors and Section 16(a) Beneficial Ownership Reporting Compliance, which information is incorporated herein by reference.

Item 11. Executive Compensation

Information required by this Item 11 will be set forth in the Proxy Statement under the headings Compensation of Executive Officers and Director Compensation, which information is incorporated herein by reference. Information specified in Items 402(k) and 402(l) of Regulation S-K and set forth in the Proxy Statement is incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management, and Related Stockholder Matters

Information required by this Item 12 will be set forth in the Proxy Statement under the headings Security Ownership of Certain Beneficial Owners and Management, and Compensation of Executive Officers, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this Item 13 will be set forth in the Proxy Statement under the heading Certain Relationships and Related Transactions, which information is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information required by this Item 14 will be set forth in the Proxy Statement under the heading Ratification of the Selection of Independent Registered Public Accounting Firm, which information is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report:

(1) *Financial Statements.* The following financial statements of Nexstar Broadcasting Group, Inc. have been included on pages F-1 through F-61 of this Annual Report on Form 10-K:

See the Index to Consolidated Financial Statements on page F-1 for a list of financial statements filed with this report. The audited financial statements of Mission Broadcasting, Inc. as of December 31, 2008 and 2007 and for each of the three years in the period ended December 31, 2008 as filed in Mission Broadcasting, Inc.'s Annual Report on Form 10-K are incorporated by reference in this report.

(2) *Financial Statement Schedules.* The schedule of Valuation and Qualifying Accounts appears in Note 22 to the financial statements filed as part of this report.

(3) *Exhibits.* The exhibits filed in response to Item 601 of Regulation S-K are listed in the Exhibit Index beginning on page E-1 of this Annual Report on Form 10-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NEXSTAR BROADCASTING GROUP, INC.

By: /s/ PERRY A. SOOK
Perry A. Sook
 Its: **President and Chief Executive Officer**

By: /s/ MATTHEW E. DEVINE
Matthew E. Devine
 Its: **Chief Financial Officer**

Dated: March 30, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on March , 2009.

| Name | Title |
|---|---|
| /s/ PERRY A. SOOK Perry A. Sook | President, Chief Executive Officer and Director (Principal Executive Officer) |
| /s/ MATTHEW E. DEVINE Matthew E. Devine | Chief Financial Officer (Principal Financial and Accounting Officer) |
| /s/ JAY M. GROSSMAN Jay M. Grossman | Director |
| /s/ ROYCE YUDKOFF Royce Yudkoff | Director |
| /s/ BLAKE R. BATTAGLIA Blake R. Battaglia | Director |
| /s/ ERIK BROOKS Erik Brooks | Director |
| /s/ BRENT STONE Brent Stone | Director |

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/s/ GEOFF ARMSTRONG Director

Geoff Armstrong

/s/ I. MARTIN POMPADUR Director

I. Martin Pompadur

/s/ MICHAEL DONOVAN Director

Michael Donovan

/s/ LISBETH MCNABB Director

Lisbeth McNabb

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NEXSTAR BROADCASTING GROUP, INC.

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| <u>Consolidated Balance Sheets at December 31, 2008 and 2007</u> | F-3 |
| <u>Consolidated Statements of Operations for the years ended December 31, 2008, 2007 and 2006</u> | F-4 |
| <u>Consolidated Statements of Changes in Stockholders' Equity (Deficit) for the years ended December 31, 2008, 2007 and 2006</u> | F-5 |
| <u>Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2007 and 2006</u> | F-6 |
| <u>Notes to Consolidated Financial Statements</u> | F-7 |

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Nexstar Broadcasting Group, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Nexstar Broadcasting Group, Inc. and its subsidiaries at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the financial statements, the Company changed the manner in which it accounts for uncertain tax positions in 2007.

/s/ PricewaterhouseCoopers LLP

Dallas, Texas

March 30, 2009

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Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****CONSOLIDATED BALANCE SHEETS****December 31, 2008 and 2007****(in thousands, except share information)**

| | 2008 | 2007 |
|---|-------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 15,834 | \$ 16,226 |
| Accounts receivable, net of allowance for doubtful accounts of \$832 and \$1,208, respectively. | 53,190 | 55,346 |
| Current portion of broadcast rights | 14,273 | 13,885 |
| Taxes receivable | | 351 |
| Prepaid expenses and other current assets | 1,562 | 2,482 |
| Deferred tax asset | 15 | 15 |
| Total current assets | 84,874 | 88,305 |
| Property and equipment, net | 135,878 | 111,612 |
| Broadcast rights | 9,289 | 7,674 |
| Goodwill | 115,632 | 151,686 |
| FCC licenses | 125,057 | 163,795 |
| Other intangible assets, net | 149,851 | 178,611 |
| Other noncurrent assets | 5,400 | 6,399 |
| Deferred tax asset | 606 | 620 |
| Total assets | \$ 626,587 | \$ 708,702 |
| LIABILITIES AND STOCKHOLDERS DEFICIT | | |
| Current liabilities: | | |
| Current portion of debt | \$ 3,485 | \$ 50,391 |
| Current portion of broadcast rights payable | 14,745 | 13,943 |
| Accounts payable | 9,433 | 8,334 |
| Accrued expenses | 12,484 | 13,563 |
| Taxes payable | 512 | 478 |
| Interest payable | 8,591 | 6,499 |
| Deferred revenue | 7,167 | 6,569 |
| Other liabilities | 1,066 | |
| Total current liabilities | 57,483 | 99,777 |
| Debt | 658,632 | 630,785 |
| Broadcast rights payable | 10,953 | 9,569 |
| Deferred tax liabilities | 38,664 | 44,555 |
| Deferred revenue | 1,802 | 2,096 |
| Deferred gain on sale of assets | 4,931 | 5,368 |
| Deferred representation fee incentive | 6,003 | |
| Other liabilities | 13,275 | 5,942 |
| Total liabilities | 791,743 | 798,092 |
| Commitments and contingencies | | |
| Stockholders' deficit: | | |

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| | | |
|--|------------|------------|
| Preferred stock \$0.01 par value, authorized 200,000 shares; no shares issued and outstanding at December 31, 2008 and 2007, respectively | | |
| Common stock: | | |
| Class A Common \$0.01 par value, authorized 100,000,000 shares; issued and outstanding 15,013,839 and 15,005,839 at December 31, 2008 and 2007, respectively | 150 | 150 |
| Class B Common \$0.01 par value, authorized 20,000,000 shares; issued and outstanding 13,411,588 at both December 31, 2008 and 2007, respectively | 134 | 134 |
| Class C Common \$0.01 par value, authorized 5,000,000 shares; none issued and outstanding at December 31, 2008 and 2007, respectively | | |
| Additional paid-in capital | 398,586 | 396,293 |
| Accumulated deficit | (564,026) | (485,967) |
| | | |
| Total stockholders' deficit | (165,156) | (89,390) |
| | | |
| Total liabilities and stockholders' deficit | \$ 626,587 | \$ 708,702 |

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****For the Years Ended December 31, 2008, 2007 and 2006****(in thousands, except per share amounts)**

| | 2008 | 2007 | 2006 |
|---|-------------|-------------|-------------|
| Net revenue | \$ 284,919 | \$ 266,801 | \$ 265,169 |
| Operating expenses (income): | | | |
| Direct operating expenses (exclusive of depreciation and amortization shown separately below) | 78,287 | 74,128 | 71,465 |
| Selling, general, and administrative expenses (exclusive of depreciation and amortization shown separately below) | 90,468 | 86,773 | 85,293 |
| Non-cash contract termination fees | 7,167 | | |
| Impairment of goodwill | 38,856 | | |
| Impairment of other intangible assets | 43,539 | | |
| Amortization of broadcast rights | 20,423 | 21,457 | 19,701 |
| Amortization of intangible assets | 28,129 | 25,671 | 24,135 |
| Depreciation | 21,024 | 20,209 | 18,086 |
| Gain on asset exchange | (4,776) | (1,962) | |
| Loss (gain) on asset disposal, net | (43) | (17) | 639 |
| Total operating expenses | 323,074 | 226,259 | 219,319 |
| Income (loss) from operations | (38,155) | 40,542 | 45,850 |
| Interest expense, including amortization of debt financing costs and debt discounts | (48,832) | (55,040) | (51,783) |
| Gain on extinguishment of debt | 2,897 | | |
| Interest and other income | 715 | 532 | 760 |
| Loss before income taxes | (83,375) | (13,966) | (5,173) |
| Income tax (expense) benefit | 5,316 | (5,807) | (3,819) |
| Net loss | \$ (78,059) | \$ (19,773) | \$ (8,992) |
| Net loss per common share: | | | |
| Basic and diluted | \$ (2.75) | \$ (0.70) | \$ (0.32) |
| Weighted average number of common shares outstanding: | | | |
| Basic and diluted | 28,423 | 28,401 | 28,376 |

The accompanying notes are an integral part of these consolidated financial statements.

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NEXSTAR BROADCASTING GROUP, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

For the Years Ended December 31, 2008, 2007 and 2006

(in thousands, except share information)

| | Class A | | Common Stock Class B | | Class C | | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders Equity (Deficit) |
|--|------------|--------|-------------------------|--------|------------|--------|----------------------------------|------------------------|--|
| | Shares | Amount | Shares | Amount | Shares | Amount | | | |
| Balance at January 1, 2006 | 14,289,310 | \$ 143 | \$ 13,411,588 | \$ 134 | \$ 662,529 | \$ 7 | \$ 392,393 | \$ (458,702) | \$ (66,025) |
| Stock-based compensation expense | | | | | | | 1,598 | | 1,598 |
| Issuance of common shares related to restricted stock award | 27,500 | | | | | | 129 | | 129 |
| Net loss | | | | | | | | (8,992) | (8,992) |
| Balance at December 31, 2006 | 14,316,810 | 143 | 13,411,588 | 134 | 662,529 | 7 | 394,120 | (467,694) | (73,290) |
| Adjustment for the cumulative effect of adopting FIN No. 48 | | | | | | | | 1,500 | 1,500 |
| Stock based compensation expense | | | | | | | 2,009 | | 2,009 |
| Issuance of common shares related to exercise of stock options | 24,000 | | | | | | 153 | | 153 |
| Issuance of common shares related to restricted stock award | 2,500 | | | | | | 11 | | 11 |
| Exchange of Class C common shares for Class A common shares | 662,529 | 7 | | | (662,529) | (7) | | | |
| Net loss | | | | | | | | (19,773) | (19,773) |
| Balance at December 31, 2007 | 15,005,839 | 150 | 13,411,588 | 134 | | | 396,293 | (485,967) | (89,390) |
| Stock based compensation expense | | | | | | | 2,255 | | 2,255 |
| Issuance of common shares related to exercise of stock options | 8,000 | | | | | | 38 | | 38 |
| Net loss | | | | | | | | (78,059) | (78,059) |
| Balance at December 31, 2008 | 15,013,839 | \$ 150 | \$ 13,411,588 | \$ 134 | | \$ | \$ 398,586 | \$ (564,026) | \$ (165,156) |

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS****For the Years Ended December 31, 2008, 2007 and 2006****(in thousands)**

| | 2008 | 2007 | 2006 |
|---|-------------|-------------|-------------|
| Cash flows from operating activities: | | | |
| Net loss | \$ (78,059) | \$ (19,773) | \$ (8,992) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Deferred income taxes | (5,877) | 5,380 | 4,284 |
| Provision for bad debts | 959 | 1,112 | 963 |
| Depreciation of property and equipment | 21,024 | 20,209 | 18,086 |
| Amortization of intangible assets | 28,129 | 25,671 | 24,135 |
| Amortization of debt financing costs | 1,099 | 1,067 | 1,414 |
| Amortization of broadcast rights, excluding barter | 8,718 | 9,050 | 8,091 |
| Impairment of goodwill and intangible assets | 82,395 | | |
| Amortization of deferred representation fee incentive | (442) | | |
| Payments for broadcast rights | (8,239) | (8,376) | (8,284) |
| Loss (gain) on asset disposal, net | (43) | (17) | 639 |
| Payment-in-kind interest on debt | 2,137 | | |
| Gain on asset exchange | (4,776) | (1,962) | |
| Gain on extinguishment of debt | (2,897) | | |
| Deferred gain recognition | (437) | (436) | (436) |
| Amortization of debt discount | 3,983 | 13,526 | 12,115 |
| Stock-based compensation expense including restricted stock award | 2,255 | 2,020 | 1,727 |
| Non-cash contract termination | 7,167 | | |
| Changes in operating assets and liabilities, net of acquisitions: | | | |
| Accounts receivable | 2,278 | (7,947) | (2,681) |
| Prepaid expenses and other current assets | 1,236 | (167) | (251) |
| Taxes receivable | 351 | (104) | (247) |
| Other noncurrent assets | (489) | (546) | (463) |
| Accounts payable and accrued expenses | (2,739) | (2,618) | 2,665 |
| Taxes payable | 34 | 478 | (249) |
| Interest payable | 2,092 | (158) | 101 |
| Deferred revenue | 304 | 114 | 975 |
| Other noncurrent liabilities | 485 | 464 | 870 |
| Net cash provided by operating activities | 60,648 | 36,987 | 54,462 |
| Cash flows from investing activities: | | | |
| Additions to property and equipment | (30,793) | (18,541) | (24,354) |
| Proceeds from sale of assets | 106 | 320 | 603 |
| Acquisition of broadcast properties and related transaction costs | (7,923) | | (55,521) |
| Down payment on acquisition of station | (400) | (387) | |
| Proceeds from insurance on casualty loss | 518 | | |
| Net cash used for investing activities | (38,492) | (18,608) | (79,272) |
| Cash flows from financing activities: | | | |
| Repayment of long-term debt | (110,282) | (21,485) | (15,485) |
| Proceeds from long-term debt | 53,000 | 8,000 | 38,000 |
| Proceeds from issuance of common shares related to exercise of stock options | 38 | 153 | |
| Payments for debt financing costs | (304) | | (13) |
| Proceeds from senior subordinated PIK notes | 35,000 | | |

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| | | | |
|--|-----------|-----------|-----------|
| Net cash provided by (used for) financing activities | (22,548) | (13,332) | 22,502 |
| Net increase (decrease) in cash and cash equivalents | (392) | 5,047 | (2,308) |
| Cash and cash equivalents at beginning of year | 16,226 | 11,179 | 13,487 |
| Cash and cash equivalents at end of year | \$ 15,834 | \$ 16,226 | \$ 11,179 |
| Supplemental schedule of cash flow information: | | | |
| Cash paid during the period for: | | | |
| Interest | \$ 39,036 | \$ 40,575 | \$ 38,182 |
| Income taxes, net | \$ 178 | \$ 51 | \$ 36 |
| Non-cash investing activities: | | | |
| Capitalization of software | \$ 4,976 | | |
| Acquisition of equipment | \$ 1,792 | \$ | \$ |

The accompanying notes are an integral part of these consolidated financial statements.

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business Operations

As of December 31, 2008, Nexstar Broadcasting Group, Inc. (Nexstar) owned, operated, programmed or provided sales and other services to 50 television stations, all of which were affiliated with the NBC, ABC, CBS, Fox, MyNetworkTV or The CW television networks, in markets located in New York, Pennsylvania, Illinois, Indiana, Missouri, Texas, Louisiana, Arkansas, Alabama, Montana and Maryland. Through various local service agreements, Nexstar provided sales, programming and other services to stations owned and/or operated by independent third parties. Nexstar operates in one reportable television broadcasting segment. The economic characteristics, services, production process, customer type and distribution methods for Nexstar s operations are substantially similar and are therefore aggregated as a single reportable segment.

Nexstar is highly leveraged, which makes it vulnerable to changes in general economic conditions. Nexstar s ability to repay or refinance its debt will depend on, among other things, financial, business, market, competitive and other conditions, many of which are beyond Nexstar s control.

Disruptions in the capital and credit markets, as have been experienced during 2008, could adversely affect our ability to draw on our bank revolving credit facilities. Our access to funds under the revolving credit facilities is dependent on the ability of the banks that are parties to the facilities to meet their funding commitments. Those banks may not be able to meet their funding commitments to us if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from us and other borrowers within a short period of time.

Liquidity and Management Plans

Our senior secured credit facility agreement contains covenants which require us to comply with certain financial ratios, including: (a) maximum total and senior leverage ratios, (b) a minimum interest coverage ratio, and (c) a minimum fixed charge coverage ratio. The covenants, which are calculated on a quarterly basis, include the combined results of Nexstar Broadcasting and Mission. Mission s senior secured credit facility agreement does not contain financial covenant ratio requirements; however it does include an event of default if Nexstar does not comply with all covenants contained in its credit agreement. The senior subordinated notes and senior discount notes contain restrictive covenants customary for borrowing arrangements of this type. As of December 31, 2008 and at each respective quarterly reporting period during 2008, we were in compliance with all covenants contained in the credit agreements governing our senior secured credit facility and the indentures governing the publicly-held notes.

On March 30, 2009, we closed an offer to exchange \$143,600,000 of the 7% senior subordinated notes due 2014 in exchange for \$143,600,000 7% senior subordinated PIK Notes due 2014 (the PIK Notes). Based on the financial covenants in the senior secured credit facility, the PIK Notes are not included in the debt amount used to calculate the total leverage ratio until January 2011. In addition to the debt exchange, we have undertaken certain actions as part of our efforts to ensure we do not exceed the maximum total leverage and senior leverage ratios including 1) the elimination of corporate bonuses for 2008 and 2009, 2) the consolidation of various back office processes in certain markets , 3) the execution of a management services agreement whereby Nexstar operates four stations in exchange for a service fee , and 4) the consummation of a purchase agreement on March 11, 2009 to acquire all the assets of KARZ.

In addition to the above items, our plans for 2009 include certain other cost containment measures, including one week Company furloughs for all employees, if necessary. No assurance can be provided that our actions will be successful or that such actions will allow us to maintain compliance with these covenants.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. Summary of Significant Accounting Policies*****Principles of Consolidation***

The consolidated financial statements include the accounts of Nexstar and its subsidiaries. Also included in the financial statements are the accounts of independently-owned Mission Broadcasting, Inc. (Mission) (Nexstar and Mission are collectively referred to as the Company) and may include certain other entities when it is determined that the Company is the primary beneficiary of a variable interest entity (VIE) in accordance with Financial Accounting Standards Board (FASB) Interpretation No. 46 (revised 2003), Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin No. 51 (FIN No. 46R).

All intercompany account balances and transactions have been eliminated in consolidation.

Mission

Mission is included in these consolidated financial statements because Nexstar is deemed to have a controlling financial interest in Mission for financial reporting purposes in accordance with FIN No. 46R as a result of (a) local service agreements Nexstar has with the Mission stations, (b) Nexstar's guarantee of the obligations incurred under Mission's senior credit facility and (c) purchase options (which expire on various dates between 2011 and 2018) granted by Mission's sole shareholder which will permit Nexstar to acquire the assets and assume the liabilities of each Mission station, subject to Federal Communications Commission (FCC) consent. The Company expects these option agreements to be renewed upon expiration. As of December 31, 2008, the assets of Mission consisted of current assets of \$2.7 million (excluding broadcast rights), broadcast rights of \$5.6 million, FCC licenses of \$22.7 million, goodwill of \$18.6 million, other intangible assets of \$30.7 million, property and equipment of \$29.3 million and other noncurrent assets of \$0.5 million. Substantially all of Mission's assets, except for its FCC licenses, collateralize its secured debt obligation. See Note 18 for presentation of condensed consolidating financial information of the Company, which includes the accounts of Mission.

Nexstar has entered into local service agreements with Mission to provide sales and/or operating services to the Mission stations. The following table summarizes the various local service agreements Nexstar had in effect with Mission as of December 31, 2008:

| Service Agreements | Mission Stations |
|---------------------------|---|
| TBA Only ⁽¹⁾ | WFXP and KHMT |
| SSA & JSA ⁽²⁾ | KJTL, KJBO-LP, KOLR, KCIT, KCPN-LP, KAMC, KRBC, KSAN, WUTR, WFXW, WYOU, KODE, WTVO and KTVE |

- (1) Nexstar has a time brokerage agreement (TBA) with each of these stations which allows Nexstar to program most of each station's broadcast time, sell each station's advertising time and retain the advertising revenue generated in exchange for monthly payments to Mission.
- (2) Nexstar has both a shared services agreement (SSA) and a joint sales agreement (JSA) with each of these stations. The SSA allows the Nexstar station in the market to provide services including news production, technical maintenance and security, in exchange for Nexstar's right to receive certain payments from Mission as described in the SSAs. The JSA permits Nexstar to sell and retain a percentage of the net revenue from the station's advertising time in return for monthly payments to Mission of the remaining percentage of net revenue, as described in the JSAs.

Nexstar's ability to receive cash from Mission is governed by these agreements. The arrangements under the SSAs and JSAs have had the effect of Nexstar receiving substantially all of the available cash, after debt service costs, generated by the stations listed above. The arrangements under the TBAs have also had the effect of Nexstar receiving substantially all of the available cash generated by the TBA stations listed above. Nexstar anticipates that, through these local service agreements, it will continue to receive substantially all of the available cash, after payments for debt service costs, generated by the stations listed above.

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

Nexstar also guarantees the obligations incurred under Mission's senior secured credit facility (see Note 10). Mission is a guarantor of Nexstar's senior secured credit facility and the senior subordinated notes issued by Nexstar (see Note 10). In consideration of Nexstar's guarantee of Mission's senior credit facility, the sole shareholder of Mission has granted Nexstar a purchase option to acquire the assets and assume the liabilities of each Mission station, subject to FCC consent, for consideration equal to the greater of (1) seven times the station's cash flow, as defined in the option agreement, less the amount of its indebtedness as defined in the option agreement, or (2) the amount of its indebtedness. These option agreements (which expire on various dates between 2011 and 2018) are freely exercisable or assignable by Nexstar without consent or approval by the sole shareholder of Mission. The Company expects these option agreements to be renewed upon expiration.

Nexstar does not own Mission or Mission's television stations; however, Nexstar is deemed to have a controlling financial interest in them under accounting principles generally accepted in the United States of America (U.S. GAAP) while complying with the FCC's rules regarding ownership limits in television markets. In order for both Nexstar and Mission to comply with FCC regulations, Mission maintains complete responsibility for and control over programming, finances, personnel and operations of its stations.

Variable Interest Entities

The Company may determine that a station is a VIE as a result of local service agreements entered into with the owner-operator of stations in markets in which the Company owns and operates a station. Local service agreement is a general term used to refer to a contract between two separately owned television stations serving the same market, whereby the owner-operator of one station contracts with the owner-operator of the other station to provide it with administrative, sales and other services required for the operation of its station. Nevertheless, the owner-operator of each station retains control and responsibility for the operation of its station, including ultimate responsibility over all programming broadcast on its station.

VIEs in connection with local service agreements entered into with stations in markets in which the Company owns and operates a station are discussed below.

Nexstar has determined that it has variable interests in WYZZ, the Fox affiliate in Peoria, Illinois and WUHF, the Fox affiliate in Rochester, New York, each owned by a subsidiary of Sinclair Broadcast Group, Inc. (Sinclair), as a result of outsourcing agreements it has entered into with Sinclair. Nexstar has evaluated its arrangements with Sinclair and has determined that it is not the primary beneficiary of the variable interests, and therefore, has not consolidated these stations under FIN No. 46R. Under the outsourcing agreements with Sinclair, Nexstar pays for certain operating expenses of WYZZ and WUHF, and therefore may have unlimited exposure to any potential operating losses. Nexstar's management believes that Nexstar's minimum exposure to loss under the Sinclair outsourcing agreements consist of the fees paid to Sinclair. Additionally, Nexstar indemnifies the owners of WHP, WYZZ and WUHF from and against all liability and claims arising out of or resulting from its activities, acts or omissions in connection with the agreements. The maximum potential amount of future payments Nexstar could be required to make for such indemnification is undeterminable at this time.

Nexstar also has determined that it had a variable interest in KTVE, the NBC affiliate in El Dorado, Arkansas, during the time it was owned by Piedmont Television of Monroe/El Dorado, LLC (Piedmont), as a result of a JSA and SSA entered into with Piedmont. Nexstar's JSA and SSA with Piedmont terminated upon Mission's acquisition of KTVE on January 16, 2008. Prior to the acquisition date Nexstar did not consolidate KTVE under FIN No. 46R as we determined that we were not the primary beneficiary prior to that date.

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

Nexstar also has determined that it has a variable interest in WHP, the CBS affiliate in Harrisburg, Pennsylvania, which is owned by Newport Television License, LLC (Newport Television), as a result of Nexstar becoming successor-in-interest to a TBA entered into by a former owner of WLYH. Nexstar has evaluated its arrangements with Newport Television and has determined that it is not the primary beneficiary of the variable interests, and therefore, has not consolidated these stations under FIN No. 46R.

Basis of Presentation

Certain prior year financial statement amounts have been reclassified to conform to the current year presentation.

Local Service Agreements

The Company enters into local service agreements with stations generally in connection with pending acquisitions subject to FCC approval or in markets in which the Company owns and operates a station. Local service agreement is a general term used to refer to a contract between two separately-owned television stations serving the same market, whereby the owner-operator of one station contracts with the owner-operator of the other station to provide it with administrative, sales and other services required for the operation of its station. Nevertheless, the owner-operator of each station retains control and responsibility for the operation of its station, including ultimate responsibility over all programming broadcast on the station. Local service agreements include time brokerage agreements (TBA), shared service agreements (SSA), joint sales agreements (JSA) and outsourcing agreements.

Under the terms of a TBA, the Company makes specific periodic payments to the other station's owner-operator in exchange for the right to provide programming and sell advertising on a portion of the other station's broadcast time. Under the terms of an SSA, the Company's station in the market bears the costs of certain services and procurements performed on behalf of another station, in exchange for the Company's right to receive specific periodic payments. Under the terms of a JSA, the Company makes specific periodic payments to the station's owner-operator in exchange for the right to sell advertising during a portion of the station's broadcast time. Under TBAs, the Company retains all of the advertising revenue it generates, and under JSAs it retains a percentage of the advertising revenue it generates. Under an outsourcing agreement, the Company's station provides or is provided various non-programming related services to or by another station.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and the disclosure for contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The more significant estimates made by management include those relating to the allowance for doubtful accounts, trade and barter transactions, income taxes, the recoverability of broadcast rights and the carrying amounts, recoverability and useful lives of intangible assets. Actual results may vary from estimates used.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of ninety days or less to be cash equivalents.

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Allowance for Doubtful Accounts

The Company's accounts receivable consist primarily of billings to its customers for advertising spots aired and also includes amounts billed for production and other similar activities. Trade receivables normally have terms of 30 days and the Company has no interest provision for customer accounts that are past due. The Company maintains an allowance for estimated losses resulting from the inability of customers to make required payments. Management evaluates the collectability of accounts receivable based on a combination of factors. In circumstances where management is aware of a specific customer's inability to meet its financial obligations, an allowance is recorded to reduce their receivable amount to an amount estimated to be collected.

Concentration of Credit Risk

Financial instruments which potentially expose the Company to a concentration of credit risk consist principally of cash and cash equivalents and accounts receivable. Cash deposits are maintained with several financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits; however, the Company believes these deposits are maintained with financial institutions of reputable credit and are not subject to any unusual credit risk. A significant portion of the Company's accounts receivable are due from local and national advertising agencies. The Company does not require collateral from its customers, but maintains reserves for potential credit losses. Management believes that the allowance for doubtful accounts is adequate, but if the financial condition of the Company's customers were to deteriorate, additional allowances may be required. The Company has not experienced significant losses related to receivables from individual customers or by geographical area.

Revenue Recognition

The Company's revenue is primarily derived from the sale of television advertising. Total revenue includes cash and barter advertising revenue, net of agency commissions, retransmission compensation, network compensation and other broadcast related revenues.

Advertising revenue is recognized, net of agency commissions, in the period during which the commercial is aired.

Retransmission compensation is recognized based on the number of subscribers over the contract period.

Other revenues, which include web-based revenue, revenue from the production of client advertising spots and other similar activities from time to time, are recognized in the period during which the services are provided.

Network compensation is either recognized when the Company's station broadcasts specific network programming based upon a negotiated hourly-rate, or on a straight-line basis based upon the total negotiated compensation to be received by the Company over the term of the agreement.

The Company barter advertising time for certain program material. These transactions, except those involving exchange of advertising time for network programming, are recorded at management's estimate of the value of the advertising time exchanged, which approximates the fair value of the program material received. The value of advertising time exchanged is estimated by applying average historical advertising rates for specific time periods. Revenue from barter transactions is recognized as the related advertisement spots are broadcast. The Company recorded

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\$11.7 million, \$ 12.4 million and \$11.6 million of barter revenue for the years ended December 31, 2008, 2007 and 2006 respectively.

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

Barter expense is recognized at the time program broadcast rights assets are used. The Company recorded \$11.7 million, \$12.4 million and \$11.6 million of barter expense for the years ended December 31, 2008, 2007 and 2006, respectively, which was included in amortization of broadcast rights in the Company's consolidated statement of operations.

The Company trades certain advertising time for various goods and services. These transactions are recorded at the estimated fair value of the goods or services received. Revenue from trade transactions is recognized when the related advertisement spots are broadcast. The Company recorded \$6.6 million, \$7.0 million and \$7.4 million of trade revenue for the years ended December 31, 2008, 2007 and 2006, respectively.

Trade expense is recognized when services or merchandise received are used. The Company recorded \$6.2 million, \$6.0 million and \$7.1 million of trade expense for the years ended December 31, 2008, 2007 and 2006, respectively, which was included in direct operating expenses in the Company's consolidated statement of operations.

Broadcast Rights and Broadcast Rights Payable

The Company records rights to programs, primarily in the form of syndicated programs and feature movie packages obtained under license agreements for the limited right to broadcast the suppliers' programming when the following criteria are met: 1) the cost of each program is known or reasonably determinable, 2) the license period has begun, 3) the program material has been accepted in accordance with the license agreement, and 4) the programming is available for use. Broadcast rights are initially recorded at the amount paid or payable to program suppliers; or, in the case of barter transactions, at management's estimate of the value of the advertising time exchanged using historical advertising rates, which approximates the fair value of the program material received. Broadcast rights are stated at the lower of unamortized cost or net realizable value. The current portion of broadcast rights represents those rights available for broadcast which will be amortized in the succeeding year. Amortization of broadcast rights is computed using the straight-line method based on the license period or programming usage, whichever period yields the shorter life. Broadcast rights liabilities are reduced by monthly payments to program suppliers; or, in the case of barter transactions, are amortized over the life of the associated programming license contract as a component of trade and barter revenue. When projected future net revenue associated with a program is less than the current carrying amount of the program broadcast rights, for example, due to poor ratings, the Company write-downs the unamortized cost of the broadcast rights to equal the amount of projected future net revenue. If the expected broadcast period was shortened or cancelled, the Company would be required to write-off the remaining value of the related broadcast rights on an accelerated basis or possibly immediately. Such reductions in unamortized costs is included in amortization of broadcast rights in the consolidated statement of operations.

Property and Equipment

Property and equipment is stated at cost or estimated fair value at the date of acquisition for trade transactions. The cost and related accumulated depreciation applicable to assets sold or retired are removed from the accounts and the gain or loss on disposition is recognized. Major renewals and betterments are capitalized and ordinary repairs and maintenance are charged to expense in the period incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 39 years (see Note 7).

Network Affiliation Agreements

Network affiliation agreements are stated at estimated fair value at the date of acquisition using a discounted cash flow method. Amortization is computed on a straight-line basis over the estimated useful life of 15 years.

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

Each of the Company's stations has a network affiliation agreement pursuant to which the broadcasting network provides programming to the station during specified time periods, including prime time. Under the affiliation agreements with NBC, CBS and ABC, some of the Company's stations receive compensation for distributing the network's programming over the air and for allowing the network to keep a portion of advertising inventory during those time periods. The affiliation agreements with Fox, MyNetworkTV and The CW do not provide for compensation.

Intangible Assets

Intangible assets consist primarily of goodwill, broadcast licenses (FCC licenses) and network affiliation agreements that are stated at estimated fair value at the date of acquisition using a discounted cash flow method. The Company's goodwill and FCC licenses are considered to be indefinite-lived intangible assets and are not amortized but instead are tested for impairment annually or whenever events or changes in circumstances indicate that such assets might be impaired. Network affiliation agreements are subject to amortization computed on a straight-line basis over the estimated useful life of 15 years.

As required by SFAS 142, Goodwill and Other Intangible Assets (SFAS 142), we test our FCC licenses and goodwill for impairment annually or whenever we believe events have occurred and circumstances changed that would more likely than not reduce the fair value of our reporting units below their carrying amounts. The impairment test for FCC licenses consists of a station-by-station comparison of the carrying amount of FCC licenses with their fair value, using a discounted cash flow analysis. The impairment test for goodwill utilizes a two-step fair value approach. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of the station (reporting unit) to its carrying amount. The fair value of a reporting unit is determined using a discounted cash flows analysis. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not considered impaired. If the carrying amount of the reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined by performing an assumed purchase price allocation, using the reporting unit fair value (as determined in Step 1) as the purchase price. If the carrying amount of goodwill exceeds the implied fair value, an impairment loss is recognized in an amount equal to that excess.

In accordance with SFAS 144 Accounting for the Impairment or Disposal of Long-Lived Assets, the Company tests network affiliation agreements whenever events or changes in circumstances indicate that their carrying amount may not be recoverable, relying on a number of factors including operating results, business plans, economic projections and anticipated future cash flows. An impairment in the carrying amount of a network affiliation agreement is recognized when the expected future operating cash flow derived from the operation to which the asset relates is less than its carrying value. The impairment test for network affiliation agreements consists of a station-by-station comparison of the carrying amount of network affiliation agreements with their fair value, using a discounted cash flow analysis. See Note 8 for additional information.

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

Debt Financing Costs

Debt financing costs represent direct costs incurred to obtain long-term financing and are amortized to interest expense over the term of the related debt. Previously capitalized debt financing costs are expensed and included in loss on extinguishment of debt if the Company determines that there has been a substantial modification of the related debt. As of December 31, 2008 and 2007, debt financing costs of \$4.8 million and \$5.7 million, respectively, were included in other noncurrent assets.

Comprehensive Income (Loss)

The Company reports comprehensive income or loss and its components in accordance with FASB Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income, (SFAS No. 130). Comprehensive loss includes, in addition to net loss, items of other comprehensive income (loss) representing certain changes in equity that are excluded from net loss and instead are recorded as a separate component of stockholders' equity (deficit). During the years ended December 31, 2008, 2007 and 2006, the Company had no items of other comprehensive income (loss) and, therefore, comprehensive income (loss) does not differ from reported net loss.

Advertising Expense

The cost of advertising is expensed as incurred. The Company incurred advertising costs in the amount of \$2.0 million, \$1.9 million and \$2.5 million for the years ended December 31, 2008, 2007 and 2006, respectively, which were included in selling, general and administrative expenses in the Company's consolidated statement of operations.

Financial Instruments

The carrying amount of cash and cash equivalents, accounts receivable, broadcast rights payable, accounts payable and accrued expenses approximates fair value due to their short-term nature. The interest rates on the Company's term loan and revolving credit facilities are adjusted regularly to reflect current market rates. See Note 10 for the fair value of the Company's debt.

Stock-Based Compensation

Nexstar maintains stock-based employee compensation plans which are described more fully in Note 14. On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (SFAS No. 123(R)), which requires companies to expense the fair value of employee stock options and other forms of stock-based employee compensation in the financial statements. This expense is recognized in selling, general and administrative expense in the Company's consolidated statement of operations.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. Summary of Significant Accounting Policies (Continued)*****Income Taxes***

The Company accounts for income taxes under the asset and liability method which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. A valuation allowance is applied against net deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Nexstar and its subsidiaries file a consolidated federal income tax return. Mission files its own separate federal income tax return.

On January 1, 2007, the Company adopted Financial Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109 (FIN No. 48). FIN No. 48 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN No. 48, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. The determination is based on the technical merits of the position and presumes that each uncertain tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information. For interest and penalties relating to income taxes the Company recognizes these items as components of income tax expense.

Loss Per Share

Basic loss per share is computed by dividing the net loss by the weighted-average number of common shares outstanding during the period. Diluted loss per share is computed using the weighted-average number of common shares and dilutive potential common shares outstanding during the period using the treasury stock method. Potential common shares consist of stock options and the unvested portion of restricted stock granted to employees. For the years ended December 31, 2008, 2007 and 2006 there was no difference between basic and diluted net loss per share since the effect of potential common shares were anti-dilutive due to the net losses, and therefore excluded from the computation of diluted net loss per share.

The following table summarizes information about anti-dilutive potential common shares (not presented in thousands):

| | Years Ended December 31, | | |
|---|---------------------------------------|-----------|-----------|
| | 2008 | 2007 | 2006 |
| | (weighted-average shares outstanding) | | |
| Stock options excluded as the exercise price of the options was greater than the average market price of the common stock | 3,646,712 | 1,075,247 | 2,159,767 |
| In-the-money stock options excluded as the Company had a net loss during the period | 8,435 | 2,532,904 | 772,726 |
| Unvested restricted stock | | 151 | 17,106 |

Nonmonetary Asset Exchanges

In 2004, the FCC approved a spectrum allocation exchange between Spring Nextel Corporation (Nextel) and public safety entities to eliminate interference being caused to public safety radio licensees by Nextel's operations. As part of this spectrum exchange, the FCC granted Nextel the right to certain spectrum within the

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

1.9 GHz band that is currently used by television broadcasters. In order to utilize this spectrum, Nextel is required to relocate the broadcasters to new spectrum by replacing all analog equipment currently used by broadcasters with comparable digital equipment. The Company has agreed to accept the substitute equipment that Nextel will provide and in turn must relinquish its existing equipment back to Nextel. This transition began on a market by market basis beginning in the second quarter of 2007. We account for this arrangement as an exchange of assets in accordance with Accounting Principles Board No. 29, Accounting for Nonmonetary Transactions, as amended by SFAS No. 153, Exchanges of Nonmonetary Assets. The equipment the Company receives under this arrangement is recorded at their estimated fair market value and depreciated over estimated useful lives ranging from 5 to 15 years. Management's determination of the fair market value is derived from the most recent prices paid to manufacturers and vendors for the specific equipment acquired. As equipment is exchanged, the Company records a gain to the extent that the fair market value of the equipment received exceeds the carrying amount of the equipment relinquished.

Recent Accounting Pronouncements

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB No. 115 (SFAS No. 159), which provides a fair value measurement option for eligible financial assets and liabilities. Under SFAS No. 159, an entity is permitted to elect to apply fair value accounting to a single eligible item, subject to certain exceptions, without electing it for other identical items. Subsequent unrealized gains and losses on items for which the fair value option has been elected will be included in earnings. The fair value option established by this Statement is irrevocable, unless a new election date occurs. This standard reduces the complexity in accounting for financial instruments and mitigates volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007 which for the Company was January 1, 2008. The Company adopted the provisions of this Statement in the first quarter of 2008. Management determined that the adoption of SFAS No. 159 had no effect on its consolidated financial position or results of operations.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141R, Business Combinations (SFAS No. 141R), which establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. SFAS 141R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141R is effective for fiscal years beginning after December 15, 2008. Early adoption is not permitted. Management is currently evaluating the impact the adoption of SFAS No. 141R will have on the Company's consolidated financial statements, which will be contingent upon the individual characteristics of the Company's future acquisition activity.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (SFAS No. 160), which establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. Management is currently evaluating the impact the adoption of SFAS No. 160 will have on the Company's consolidated financial statements, but does not presently anticipate it will have a material effect on its consolidated financial position or results of operations.

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

In April 2008, the FASB issued FASB Staff Position (FSP) No. FAS 142-3, Determination of the Useful Life of Intangible Assets, which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, Goodwill and Other Intangible Assets. This Position is effective for fiscal years beginning after December 15, 2008 and only applies prospectively to intangible assets acquired after the effective date. Early adoption is not permitted. Management is currently evaluating the impact that this statement will have on our consolidated financial position or results of operations.

3. Fair Value Measurements

The Company adopted SFAS No. 157 effective January 1, 2008 for financial assets and financial liabilities measured on a recurring basis. SFAS No. 157 applies to all financial assets and financial liabilities that are being measured and reported on a fair value basis. There was no impact for adoption of SFAS No. 157 to the Consolidated Financial Statements as it relates to financial assets and financial liabilities. SFAS No. 157 requires disclosure that establishes a framework for measuring fair value and expands disclosure about fair value measurements. The statement requires fair value measurement be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or 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 (i.e., supported by little or no market activity).

The Company invests in short-term interest bearing obligations with original maturities less than 90 days, primarily money market funds. We do not enter into investments for trading or speculative purposes. As of December 31, 2008, there were no investments in marketable securities.

As of December 31, 2008, the Company had \$12.0 million invested in a money market investment. These investments are required to be measured at fair value on a recurring basis. The Company has determined that the money market investment is defined as Level 1 in the fair value hierarchy. As of December 31, 2008, the fair value of the money market investment approximates its carrying value.

In February 2008, the FASB issued FSP No. FAS 157-2, Effective Date of FASB Statement No. 157, which defers the effective date for us to January 1, 2009 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value on a recurring basis (that is, at least annually). Management is currently evaluating the impact the adoption of this FSP will have on the Company's consolidated financial statements, but does not presently anticipate it will have a material effect on its consolidated financial position or results of operations.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****4. Acquisitions*****Purchase Acquisitions***

During 2008 and 2006, the Company consummated the acquisitions listed below. These acquisitions have been accounted for using the purchase method of accounting and, accordingly, the purchase price was allocated to assets acquired and liabilities assumed based on their estimated fair value on the acquisition date. The excess of the purchase price over the fair values assigned to the net assets acquired was recorded as goodwill. The consolidated financial statements include the operating results of each business from the date of acquisition.

| Station | Network Affiliation | Market | Date Acquired | Acquired By |
|----------------|--------------------------------|---|----------------------|--------------------|
| KTVE | NBC | Monroe, Louisiana, El Dorado, Arkansas | January 16, 2008 | Mission |
| WTAJ | CBS | Johnstown-Altoona, Pennsylvania | December 29, 2006 | Nexstar |
| WLYH | The CW | Harrisburg-Lancaster-Lebanon-York, Pennsylvania | December 29, 2006 | Nexstar |
| KTVE | | | | |

On June 27, 2007, Mission entered into a purchase agreement with Piedmont Television Holdings LLC to acquire substantially all the assets of KTVE, the NBC affiliate serving the Monroe, Louisiana/El Dorado, Arkansas market. On January 16, 2008, Mission completed the acquisition of KTVE for total additional consideration of \$8.3 million, inclusive of transaction costs of \$0.5 million which is included in goodwill. Pursuant to the terms of the agreement, Mission made a down payment of \$0.4 million against the purchase price in June 2007 and paid the remaining \$7.4 million, exclusive of transaction costs, on January 16, 2008 from available cash on hand. Upon closing the purchase of KTVE, Mission entered into a JSA and SSA with Nexstar-owned KARD, the Fox affiliate in the market, whereby KARD provides local news, sales and other non-programming services to KTVE.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

| | |
|---|-----------------|
| Accounts receivable | \$ 1,081 |
| Current portion of broadcast rights | 408 |
| Prepaid expenses and other current assets | 12 |
| Property and equipment | 3,534 |
| Intangible assets | 3,808 |
| Goodwill | 2,802 |
| Total assets acquired | 11,645 |
| Less: current portion of broadcast rights payable | 152 |
| Less: accounts payable | 113 |
| Less: deferred gain on lease | 2,216 |
| Less: accrued expenses and other liabilities | 854 |
| Net assets acquired | \$ 8,310 |

Of the \$3.8 million of acquired intangible assets, \$2.7 million was assigned to FCC licenses that are not subject to amortization and \$1.1 million was assigned to network affiliation agreements (estimated useful life of 15 years). subsequent to the acquisition, the Company obtained

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additional information related to a lease assumed in the acquisition which resulted in recording an increase to goodwill and deferred liabilities of \$2.2 million. Goodwill of \$2.8 million is expected to be deductible for tax purposes.

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Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****4. Acquisitions (Continued)*****Unaudited Pro Forma Information***

The following unaudited pro forma information has been presented as if the acquisition of KTVE had occurred on January 1, 2007 and 2008:

| | Year Ended December 31, 2008 | Year Ended December 31, 2007 |
|--------------------------------------|--|---------------------------------|
| | (in thousands, except per share amounts) | |
| Net revenue | \$ 285,169 | \$ 273,312 |
| Income (loss) from operations | (38,149) | 41,033 |
| Loss before income taxes | (83,388) | (13,931) |
| Net loss | (78,077) | (19,850) |
| Basic and diluted net loss per share | (2.75) | (0.70) |

The above selected unaudited pro forma information is presented for illustrative purposes only and is not necessarily indicative of results of operations in future periods or results that would have been achieved had the Company owned the acquired station during the specified period.

WTAJ and WLYH

On July 26, 2006, Nexstar entered into a purchase agreement with TSGH, which owned WTAJ, the CBS affiliate in Johnstown-Altoona, Pennsylvania, and WLYH, The CW affiliate in Harrisburg-Lancaster-Lebanon-York, Pennsylvania. WLYH is programmed by a third party under a TBA that extends until 2015. See Note 6 for a more complete discussion of WLYH's TBA. On December 29, 2006, Nexstar completed the acquisition of WTAJ and WLYH for total consideration of \$55.1 million, exclusive of transaction costs. Pursuant to the terms and conditions of the purchase agreement, \$5.0 million of the total consideration was placed in a third party escrow account in accordance with the terms of an indemnification escrow agreement.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition. Nexstar estimated these fair values, including certain acquired intangible assets.

| | |
|---|--------|
| Accounts receivable | \$ 87 |
| Current portion of broadcast rights | 407 |
| Prepaid expenses and other current assets | 84 |
| Property and equipment | 6,907 |
| Broadcast rights | 166 |
| Intangible assets | 46,116 |
| Goodwill | 3,356 |
| | |
| Total assets acquired | 57,123 |
| Less: current portion of broadcast rights payable | 394 |
| Less: accounts payable | 124 |
| Less: accrued expenses | 175 |
| Less: broadcast rights payable | 166 |

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| | |
|-------------------------|-----------|
| Less: other liabilities | 483 |
| Net assets acquired | \$ 55,781 |

Of the \$46.1 million of acquired intangible assets, \$25.4 million was assigned to FCC licenses that are not subject to amortization and \$20.3 million was assigned to network affiliation agreements (estimated useful life of 15 years). The remaining \$0.4 million of acquired intangible assets have an estimated useful life of approximately 1 year. Goodwill of \$3.4 million is expected to be deductible for tax purposes.

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The following unaudited pro forma information has been presented as if the acquisition of WTAJ and WLYH had occurred on January 1, 2006:

| | Year Ended December 31, 2006 (in thousands, except per share amounts) |
|--------------------------------------|--|
| Net revenue | \$ 278,272 |
| Income from operations | 49,271 |
| Loss before income taxes | (4,359) |
| Net loss | (8,927) |
| Basic and diluted net loss per share | \$ (0.31) |

The above selected unaudited pro forma information is presented for illustrative purposes only and is not necessarily indicative of results of operations in future periods or results that would have been achieved had the Company owned the acquired stations during the specified periods.

5. Pending Transactions

On April 11, 2006, Nexstar and Mission filed an application with the FCC for consent to assignment of the license of KFTA Channel 24 (Ft. Smith, Arkansas) from Nexstar to Mission. Consideration for this transaction was set at \$5.6 million. On August 28, 2006, Nexstar and Mission entered into a local service agreement whereby (a) Mission pays Nexstar \$5 thousand per month for the right to broadcast Fox programming on KFTA during the Fox network programming time periods and (b) Nexstar pays Mission \$20 thousand per month for the right to sell all advertising time on KFTA within the Fox network programming time periods. Also in 2006, Mission entered into an affiliation agreement with the Fox network which provides Fox programming to KFTA. The local service agreement between Nexstar and Mission will terminate upon assignment of KFTA's FCC license from Nexstar to Mission. Upon completing the assignment of KFTA's license, Mission plans to enter into a JSA and SSA with Nexstar-owned KNWA in Fort Smith-Fayetteville-Springdale-Rogers, Arkansas, whereby KNWA will provide local news, sales and other non-programming services to KFTA. On March 11, 2008, the FCC granted the application to assign the license for KFTA from Nexstar to Mission. The grant contained conditions which Nexstar is currently appealing. Nexstar's KNWA Channel 51, licensed to Rogers, Arkansas, has renewed its affiliation agreement for KNWA to continue as the NBC affiliate in Ft. Smith-Fayetteville-Springdale-Rogers, Arkansas through 2014.

On October 7, 2008, Nexstar entered into a purchase agreement to acquire the assets of KARZ-TV (formerly KWBF-TV), the MyNetworkTV affiliate serving the Little Rock, Arkansas market from Equity Broadcasting Corporation for \$4.0 million, subject to working capital adjustments. Closing of the transaction was subject to FCC approval, as well as approval from the court presiding over Equity Broadcasting's bankruptcy proceedings. Both approvals have been granted and the transaction closed on March 12, 2009. In accordance with the terms of the agreement, Nexstar deposited \$0.4 million into an escrow account which is included in other current assets. Due to the recent closing of this transaction, management has not had adequate time to determine the purchase price allocation and therefore is unable to disclose the value of the assets, liabilities and any goodwill acquired in the transaction.

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Local Service Agreements

The Company enters into local service agreements with stations generally in connection with pending acquisitions subject to FCC approval or in markets in which the Company owns and operates a station. Local service agreement is a general term used to refer to a contract between two separately owned television stations serving the same market, whereby the owner-operator of one station contracts with the owner-operator of the other station to provide it with administrative, sales and other services required for the operation of its station. Nevertheless, the owner-operator of each station retains control and responsibility for the operation of its station, including ultimate responsibility over all programming broadcast on its station.

The various local service agreements entered into by the Company are discussed below.

Local Service Agreements with Mission

Nexstar has entered into various local service agreements with each of Mission's stations.

Nexstar has TBAs with two Mission stations. Under these agreements, Nexstar programs most of each station's broadcast time, sells each station's advertising time and retains the advertising revenue it generates in exchange for monthly payments, as defined in the agreement, to Mission. The arrangements under the TBAs have had the effect of Nexstar receiving substantially all of the available cash generated by the Mission stations.

Nexstar has SSAs and JSAs with the remaining Mission stations. Under the SSAs, the Nexstar station in the market bears the costs of certain services and procurements, in exchange for monthly payments from Mission, as defined in the agreement. Under the JSAs, Nexstar sells each Mission station's advertising time and retains a percentage of the net revenue from the station's advertising in exchange for monthly payments to Mission of the remaining percentage of net revenue, as defined in the agreement. The arrangements under these agreements have had the effect of Nexstar receiving substantially all of the available cash, after payment of debt service costs, generated by the Mission stations.

On August 28, 2006, Nexstar and Mission entered into a TBA whereby (a) Mission pays Nexstar \$5 thousand per month for the right to broadcast Fox programming on KFTA during the Fox network programming time periods and (b) Nexstar pays Mission \$20 thousand per month for the right to sell all advertising time on KFTA within the Fox network programming time periods. The TBA arrangement between Nexstar and Mission will terminate upon Mission's assignment of KFTA's FCC license from Nexstar. Upon completion of the assignment of KFTA's license, Mission plans to enter into JSA and SSA agreements with Nexstar-owned KNWA whereby KNWA will provide local news, sales and other non-programming services to KFTA.

The impact of all the local service agreements between Nexstar and Mission is eliminated in consolidation.

Other Local Service Agreements

Local service agreements entered into with other independent third parties which impact the Company's 2006, 2007 and 2008 consolidated financial statements are discussed below.

As successor to an agreement entered into by TSGH, former owner of WLYH, The CW affiliate in Harrisburg-Lancaster-Lebanon-York, Pennsylvania, Nexstar has a TBA with Newport Television. Under the TBA, Nexstar allows Newport Television to program most of WLYH's broadcast time, sell its advertising time and retain the advertising revenue generated in exchange for monthly payments to Nexstar. The TBA expires in 2015. Since this agreement became effective for Nexstar on December 29, 2006 in conjunction with its acquisition of WTAJ and WLYH from TSGH, no fees were paid to Nexstar under the TBA for the year ended

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Local Service Agreements (Continued)

December 31, 2006. Nexstar received payments from the owners of WLYH (Clear Channel TV Inc. in 2007 and Newport Television in 2008) under the TBA of \$50 thousand for the years ended December 31, 2008 and 2007.

As successor to agreements entered into effective March 21, 2001 by Quorum Broadcast Holdings, LLC, Nexstar had a JSA and SSA with Piedmont Television of Monroe/El Dorado LLC (Piedmont), the licensee of KTVE, the NBC affiliate television station in El Dorado, Arkansas. Under the JSA, Nexstar permitted Piedmont to sell to advertisers all of the time available for commercial advertisements on KARD, the Nexstar television station in the market. The JSA also entitled Piedmont to all revenue attributable to commercial advertisements it sells on KARD. During the term of the JSA, Piedmont is obligated to pay Nexstar a monthly fee based on the combined operating cash flow of KTVE and KARD, as defined in the agreement. Under the SSA, Nexstar and Piedmont shared the costs of certain services and procurements, which they individually required in connection with the ownership and operation of their respective station. Nexstar received payments from Piedmont under the JSA agreement of \$1.3 million and \$1.1 million for the years ended December 31, 2007 and 2006 respectively. The agreement between Piedmont and Nexstar terminated on January 16, 2008.

In conjunction with Mission's acquisition of KTVE, the NBC affiliate in the Monroe, Louisiana El Dorado, Arkansas market, effective January 16, 2008, it entered into a SSA and JSA with Nexstar. The terms of the SSA and JSA are comparable to the terms of the SSAs and JSAs between Nexstar and Mission as discussed in Note 2 Mission.

Effective December 1, 2001, Nexstar entered into an outsourcing agreement with a subsidiary of Sinclair Broadcast Group, Inc. (Sinclair), the licensee of WYZZ, the Fox affiliate in Peoria, Illinois. Under the outsourcing agreement, Nexstar provides certain non-programming related engineering, production, sales and administrative services for WYZZ through WMBD, the Nexstar television station in the market. During the term of the outsourcing agreement, Nexstar is obligated to pay Sinclair a monthly fee based on the combined operating cash flow of WMBD and WYZZ, as defined in the agreement. The outsourcing agreement expired in December 2008 and a renewal is currently being negotiated. Fees under the outsourcing agreement paid to Sinclair in the amount of \$0.9 million, \$0.9 million and \$1.4 million were included in the consolidated statement of operations for the years ended December 31, 2008, 2007 and 2006, respectively.

Effective September 1, 2005, Nexstar entered into an outsourcing agreement with a subsidiary of Sinclair, the licensee of WUHF, the Fox affiliate in Rochester, New York. Under the outsourcing agreement, Nexstar provides certain non-programming related engineering, production, sales and administrative services for WUHF through WROC, the Nexstar television station in the market. During the term of the outsourcing agreement, Nexstar is obligated to pay Sinclair a monthly fee based on the combined operating cash flow of WROC and WUHF, as defined in the agreement. The outsourcing agreement expires in September 2012, but at any time it may be cancelled by either party upon 180 days written notice. Fees under the outsourcing agreement paid to Sinclair in the amount of \$3.1 million, \$2.4 million and \$3.8 million were included in the consolidated statement of operations for the years ended December 31, 2008, 2007 and 2006, respectively.

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Property and Equipment

Property and equipment consisted of the following:

| | Estimated useful life (years) | December 31, | |
|---|-------------------------------------|--------------|------------|
| | | 2008 | 2007 |
| (in thousands) | | | |
| Buildings and building improvements | 39 | \$ 34,401 | \$ 34,226 |
| Land and land improvements | N/A-39 | 5,938 | 5,974 |
| Leasehold improvements | term of lease | 2,751 | 2,187 |
| Studio and transmission equipment | 5-15 | 175,923 | 160,210 |
| Office equipment and furniture | 3-7 | 24,079 | 17,638 |
| Vehicles | 5 | 10,200 | 10,064 |
| Construction in progress | N/A | 28,291 | 13,110 |
| | | 281,583 | 243,409 |
| Less: accumulated depreciation | | (145,705) | (131,797) |
| Property and equipment, net of accumulated depreciation | | \$ 135,878 | \$ 111,612 |

The Company recorded depreciation expense in the amounts of \$21.0 million, \$20.2 million and \$18.1 million for the years ended December 31, 2008, 2007 and 2006, respectively.

In February 2006, President Bush signed into law legislation that established February 17, 2009 as the deadline for television broadcasters to complete their transition to digital transmission and return their analog spectrum to the FCC. In February 2009, President Obama extended this deadline to June 12, 2009. As a result, the Company reassessed the estimated useful lives of its analog transmission equipment and has accelerated the depreciation of certain equipment affected by the digital conversion. Equipment having a net book value of approximately \$9.8 million as of February 1, 2006, which was previously being depreciated over various remaining useful lives which extended from 2010 to 2020, was fully depreciated as of February 17, 2009. During the years ended December 31, 2008, 2007 and 2006 the accelerated depreciation of analog transmission equipment increased depreciation expense and net loss by approximately \$2.3 million (\$0.08 per basic and diluted share), \$2.3 million (\$0.08 per basic and diluted share) and \$2.1 million (\$0.07 per basic and diluted share), respectively.

On May 11, 2001, an entity acquired by Nexstar sold certain of its telecommunications tower facilities for cash and then entered into noncancelable operating leases with the buyer for tower space. In 2001, in connection with this transaction a \$9.1 million gain on the sale was deferred and is being recognized over the lease term which expires in May 2021. The deferred gain at December 31, 2008 and 2007 was approximately \$5.4 million and \$5.8 million, respectively (\$0.4 million was included in current liabilities at December 31, 2008 and 2007).

As of December 31, 2008, included in net property and equipment is approximately \$4.6 million of costs related to the purchase of software. The asset is being amortized over 10 years, based on the life of the contract. As of December 31, 2008, \$0.3 million representing the current portion of the remaining liability associated with this contract is included in other current liabilities and \$4.3 million representing the long-term portion of the remaining liability associated with this contract is included in other non-current liabilities in the accompanying consolidated balance sheet

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****8. Intangible Assets and Goodwill**

Intangible assets subject to amortization consisted of the following:

| | Estimated useful life (years) | December 31, 2008 | | | December 31, 2007 | | |
|--|-------------------------------------|-------------------|---|-------------------|-------------------|---|-------------------|
| | | Gross | Accumulated Amortization (in thousands) | Net | Gross | Accumulated Amortization (in thousands) | Net |
| Network affiliation agreements | 15 | \$ 344,662 | \$ (199,159) | \$ 145,503 | \$ 355,878 | \$ (182,848) | \$ 173,030 |
| Other definite-lived intangible assets | 1-15 | 13,385 | (9,037) | 4,348 | 15,775 | (10,194) | 5,581 |
| Total intangible assets subject to amortization | | \$ 358,047 | \$ (208,196) | \$ 149,851 | \$ 371,653 | \$ (193,042) | \$ 178,611 |

As required by SFAS 142, Goodwill and Other Intangible Assets (SFAS 142), and SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets , we tested our network affiliation agreements, FCC licenses and goodwill for impairment at September 30, 2008, because we believed events had occurred and circumstances changed that would more likely than not reduce the fair value of our reporting units below their carrying amounts and that our FCC licenses and network affiliation agreements might be impaired. These events included the decline in overall economic conditions and the resulting decline in advertising revenues at some of our television stations. We recorded an impairment charge of \$48.5 million that included an impairment to the carrying values of FCC licenses of \$19.7 million, related to 12 of our television stations; an impairment to the carrying value of network affiliation agreements of \$1.0 million, related to 3 of our television stations; and an impairment to the carrying values of goodwill of \$27.8 million, related to 5 reporting units consisting of 6 of our television stations.

We performed our annual test for impairment at December 31, 2008 and due to the continued decline in overall economic conditions during the fourth quarter of 2008 and the further decline in our forecasts for advertising revenues at some stations, the Company recorded an additional \$33.9 million in impairment charges in the fourth quarter 2008, for an annual total of \$82.4 million. Of the additional \$33.9 million impairment charges, \$21.7 million was for FCC licenses, related to 21 of our television stations, \$1.1 million was for network affiliation agreements related to 2 television stations, and \$11.1 million was for goodwill, related to 8 reporting units consisting of 10 of our television stations.

The tables below illustrate how assumptions used in the fair value calculations varied from third quarter to fourth quarter 2008. The increase in the discount rate reflects the current volatility of stock prices of public companies within the media sector along with the increase in the corporate borrowing rate. The changes in the market growth rates and operating profit margins reflect the current general economic pressures now impacting both the national and a number of local economies, and specifically, national and local advertising expenditures in the markets where our stations operate.

An impairment in the carrying amount of a network affiliation agreement is recognized when the expected future operating cash flow derived from the operation to which the asset relates to is less than its carrying value. The impairment charge for network affiliation agreements represents a station-by-station comparison of the carrying amount of network affiliation agreements with their fair value, using a discounted cash flow analysis.

The impairment test for FCC licenses consists of a station-by-station comparison of the carrying amount of FCC licenses with their fair value, using a discounted cash flows analysis.

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The impairment test for goodwill utilizes a two-step fair value approach. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of the market (reporting unit) to its carrying amount. The fair value of a reporting unit is determined using a discounted cash flows analysis. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not considered impaired. If the carrying amount of the reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined by performing an assumed purchase price allocation, using the reporting unit's fair value (as determined in Step 1) as the purchase price. If the carrying amount of goodwill exceeds the implied fair value, an impairment loss is recognized in an amount equal to that excess.

Determining the fair value of reporting units requires our management to make a number of judgments about assumptions and estimates that are highly subjective and that are based on unobservable inputs. The actual results may differ from these assumptions and estimates; and it is possible that such differences could have a material impact on our financial statements. In addition to the various inputs (i.e. market growth, operating profit margins, discount rates) that we use to calculate the fair value of our FCC licenses and reporting units, we evaluate the reasonableness of our assumptions by comparing the total fair value of all our reporting units to our total market capitalization; and by comparing the fair value of our reporting units or television stations, and FCC licenses to recent television station sale transactions.

We based the valuation of FCC licenses at December 31, 2008 and September 30, 2008 on the following basic assumptions:

| | December 31, 2008 | September 30, 2008 |
|--------------------------|--------------------------|---------------------------|
| Market growth rates | 2.0% to 2.8% | 2.0% to 2.8% |
| Operating profit margins | 11.9% to 33.7% | 12.1% to 34.1% |
| Discount rate | 10.8% | 9.5% |
| Tax rate | 34.0% to 40.6% | 34.0% to 40.6% |
| Capitalization rate | 8.0% to 8.8% | 6.8% to 7.5% |

We based the valuation of network affiliation agreements at December 31, 2008 and September 30, 2008 on the following basic assumptions:

| | December 31, 2008 | September 30, 2008 |
|--------------------------|--------------------------|---------------------------|
| Market growth rates | 2.0% to 2.8% | 2.0% to 2.8% |
| Operating profit margins | 20.0% to 42.1% | 14.3% to 42.6% |
| Discount rate | 10.8% | 9.5% |
| Tax rate | 34.0% to 40.6% | 34.0% to 40.6% |
| Capitalization rate | 8.0% to 8.8% | 6.8% to 7.5% |

We based the valuation of goodwill at December 31, 2008 and September 30, 2008 on the following basic assumptions:

| | December 31, 2008 | September 30, 2008 |
|--------------------------|--------------------------|---------------------------|
| Market revenue growth | 2.0% to 2.8% | 2.0% to 2.8% |
| Operating profit margins | 20.0% to 42.1% | 20.0% to 42.6% |
| Discount rate | 10.8% | 9.5% |
| Tax rate | 34.0% to 40.6% | 34.0% to 40.6% |

| | | |
|---------------------|--------------|--------------|
| Capitalization rate | 8.0% to 8.8% | 6.8% to 7.5% |
|---------------------|--------------|--------------|

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Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****8. Intangible Assets and Goodwill (Continued)**

As noted above, we are required under SFAS 142 to test our indefinite-lived intangible assets on an annual basis or whenever events or changes in circumstances indicate that these assets might be impaired. As a result, if the current economic trends continue and the credit and capital markets continue to be disrupted, it is possible that we may record further impairments in the future.

The estimated useful life of network affiliation agreements contemplates renewals of the underlying agreements based on Nexstar's and Mission's historical ability to renew such agreements without significant cost or modifications to the conditions from which the value of the affiliation was derived. These renewals can result in estimated useful lives of individual affiliations ranging from 12 to 20 years. Management has determined that 15 years is a reasonable estimate within the range of such estimated useful lives.

Total amortization expense from definite-lived intangibles for the years ended December 31, 2008, 2007 and 2006 was \$28.1 million, \$25.7 million and \$24.1 million, respectively.

The following table presents the Company's estimate of amortization expense for each of the five succeeding fiscal years and thereafter for definite-lived intangibles assets as of December 31, 2008 (in thousands):

| Year ending December 31, | |
|---------------------------------|-----------|
| 2009 | \$ 23,573 |
| 2010 | \$ 23,570 |
| 2011 | \$ 23,497 |
| 2012 | \$ 23,046 |
| 2013 | \$ 17,433 |
| Thereafter | \$ 38,732 |

The aggregate carrying value of indefinite-lived intangible assets, consisting of FCC licenses and goodwill, at December 31, 2008 and 2007 was \$240.7 million and \$315.5 million, respectively. Indefinite-lived intangible assets are not subject to amortization, but are tested for impairment annually or whenever events or changes in circumstances indicate that such assets might be impaired. The use of an indefinite life for FCC licenses contemplates the Company's historical ability to renew their licenses, that such renewals generally may be obtained indefinitely and at little cost, and that the technology used in broadcasting is not expected to be replaced in the foreseeable future. Therefore, cash flows derived from the FCC licenses are expected to continue indefinitely.

The changes in the carrying amount of goodwill for the years ended December 31, 2008 and 2007 was as follows:

| | December 31, | |
|---------------------------|-----------------------|-------------|
| | 2008 | 2007 |
| | (in thousands) | |
| Beginning balance | \$ 151,686 | \$ 149,396 |
| Acquisition | 2,802 | |
| Impairment | (38,856) | |
| Reclassification of asset | | 2,072 |
| Adjustments | | 218 |
| Ending balance | \$ 115,632 | \$ 151,686 |

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****8. Intangible Assets and Goodwill (Continued)**

During 2007, the Company reclassified certain amounts representing goodwill that were improperly classified as other intangible assets.

The changes in the carrying amount of FCC licenses for the years ended December 31, 2008 and 2007 are as follows:

| | December 31, | |
|-------------------|----------------|------------|
| | 2008 | 2007 |
| | (in thousands) | |
| Beginning balance | \$ 163,795 | \$ 163,795 |
| Acquisition | 2,660 | |
| Impairment | (41,398) | |
| Ending balance | \$ 125,057 | \$ 163,795 |

9. Accrued Expenses

Accrued expenses consisted of the following:

| | December 31, | |
|--|----------------|-----------|
| | 2008 | 2007 |
| | (in thousands) | |
| Compensation and related taxes | \$ 3,102 | \$ 4,082 |
| Sales commissions | 1,550 | 1,514 |
| Employee benefits | 947 | 1,361 |
| Property taxes | 444 | 620 |
| Other accruals related to operating expenses | 6,441 | 5,986 |
| | \$ 12,484 | \$ 13,563 |

10. Debt

Long-term debt consisted of the following:

| | December 31, | |
|---|----------------|------------|
| | 2008 | 2007 |
| | (in thousands) | |
| Term loans | \$ 325,174 | \$ 328,659 |
| Revolving credit facilities | 31,000 | 28,000 |
| 7% senior subordinated notes due 2014, net of discount of \$1,708 and \$1,978 | 190,778 | 198,022 |
| 11.375% senior discount notes due 2013, net of discount of \$0 and \$3,505 | 77,820 | 126,495 |

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| | | |
|--|------------|------------|
| Senior subordinated PIK notes due 2014, net of discount of \$416 | 37,345 | |
| | 662,117 | 681,176 |
| Less: current portion | (3,485) | (50,391) |
| | \$ 658,632 | \$ 630,785 |

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Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****10. Debt (Continued)*****The Nexstar Senior Secured Credit Facility***

The Nexstar senior secured credit facility (the *Nexstar Facility*) consists of a Term Loan B and a \$82.5 million revolving loan. As of December 31, 2008 and 2007, Nexstar had \$158.1 million and \$159.8 million, respectively, outstanding under its Term Loan B and \$24.0 million and \$21.0 million, respectively outstanding under its revolving loan at each of these dates.

The Term Loan B matures in October 2012 and is payable in consecutive quarterly installments amortized at 0.25% quarterly, with the remaining 93.25% due at maturity. During the years ended December 31, 2008 and 2007, repayments of Nexstar's Term Loan B totaled \$1.8 million and \$1.8 million, all of which were scheduled maturities. The revolving loan is not subject to incremental reduction and matures in April 2012. During the year ended December 31, 2008, repayments of Nexstar's revolving loan totaled \$50.0 million and borrowings under Nexstar's revolving loan totaled \$53.0 million. Nexstar Broadcasting is required to prepay borrowings outstanding under the Nexstar Facility with certain net proceeds, recoveries and excess cash flows as defined in the credit facility agreement.

The Term Loan B bears interest at either the higher of the prevailing prime rate or the Federal Funds Rate plus 0.50% (the *Base Rate*), plus an applicable margin of 0.50%; or LIBOR plus 1.75%. The revolving loan bears interest at either the Base Rate plus an applicable margin ranging between 0.00% and 0.75%; or LIBOR plus an applicable margin ranging between 0.75% and 2.00%. Interest rates are selected at Nexstar Broadcasting's option and the applicable margin is adjusted quarterly as defined in the credit facility agreement. The total weighted average interest rate of the Nexstar Facility was 3.35% and 6.52% at December 31, 2008 and 2007, respectively. Interest is payable periodically based on the type of interest rate selected. Additionally, Nexstar Broadcasting is required to pay quarterly commitment fees on the unused portion of its revolving loan commitment ranging from 0.375% to 0.50% per annum, based on the consolidated senior leverage ratio of Nexstar Broadcasting and Mission for that particular quarter.

The Mission Senior Secured Credit Facility

The Mission senior secured credit facility (the *Mission Facility*) consists of a Term Loan B and a \$15.0 million revolving loan. As of December 31, 2008 and 2007, Mission had \$167.1 million and \$168.8 million, respectively, outstanding under its Term Loan B and \$7.0 million outstanding under its revolving loan at both dates.

Terms of the Mission Facility, including repayment, maturity and interest rates, are the same as the terms of the Nexstar Facility described above. During the years ended December 31, 2008 and 2007, repayments of Mission's Term Loan B totaled \$1.7 million for each year. Interest rates are selected at Mission's option and the applicable margin is adjusted quarterly as defined in the credit facility agreement. The total weighted average interest rate of the Mission Facility was 3.19% and 6.61% at December 31, 2008 and 2007, respectively.

Unused Commitments and Borrowing Availability

Based on covenant calculations, as of December 31, 2008, the company had \$66.5 million of total unused revolving loan commitments under the Nexstar and Mission credit facilities, of which \$28.4 million was available for borrowing.

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Debt (Continued)

Senior Subordinated Notes

On December 30, 2003, Nexstar Broadcasting issued \$125.0 million of 7% senior subordinated notes (the 7% Notes) at par. The 7% Notes mature on January 15, 2014. Interest is payable every six months in arrears on January 15 and July 15. The 7% Notes are guaranteed by all of the domestic existing and future restricted subsidiaries of Nexstar Broadcasting and by Mission. The 7% Notes are general unsecured senior subordinated obligations subordinated to all of the Company's senior secured credit facilities. The 7% Notes are redeemable on or after January 15, 2009, at declining premiums. The proceeds of the offering were used to finance the Quorum acquisition.

The 7% Notes discussed above have been registered under the Securities Act of 1933 in accordance with the terms of a registration rights agreement.

On April 1, 2005, Nexstar Broadcasting issued \$75.0 million at a price of 98.01%. Proceeds obtained under the offering were net of a \$1.1 million payment provided to investors purchasing the notes which was included as a component of the discount.

On October 16, 2008, Nexstar purchased \$5 million (face value) of the Company's outstanding 7% Notes. The cash paid was approximately \$3.1 million which included approximately \$0.1 million of accrued interest. On October 28, 2008, Nexstar purchased \$2.5 million (face value) of the 7% Notes for approximately \$1.5 million, which included approximately \$0.1 million of accrued interest. As a result of these two transactions, Nexstar recognized a combined gain of \$2.9 million. This amount is net of a \$0.1 million pro-rata write-off of debt financing costs associated with the 7% Notes.

See Note 24 Subsequent Events for a discussion of the 7% Notes exchange offer that occurred in March 2009.

Senior Subordinated PIK Notes

On June 27, 2008, Nexstar Broadcasting, Inc. issued senior subordinated payment-in-kind notes due 2014 (the PIK Notes) in aggregate principal amount of \$35.6 million at a purchase price equal to 98.25% or \$35.0 million. The transaction closed on June 30, 2008.

The PIK Notes bear interest at the rate of: (a) 12% per annum from June 30, 2008 to January 15, 2010, payable entirely during such period by increasing the principal amount of the Notes by an amount equal to the amount of interest then due (Payment-in-Kind Interest); (b) 13% per annum, payable entirely in cash, from January 16, 2010 to July 15, 2010; (c) 13.5% per annum, payable entirely in cash, from July 16, 2010 to January 15, 2011; (d) 14.0% per annum, payable entirely in cash, from January 16, 2011 to July 15, 2011; (e) 14.5% per annum, payable entirely in cash, from July 16, 2011 to January 15, 2012; and (f) 15% per annum, payable entirely in cash, thereafter. The Notes shall bear interest on the increased principal amount thereof from and after the applicable interest payment date on which a payment of Payment-in-Kind Interest is made. The Company shall pay interest on overdue principal and premium, if any, from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect, and shall pay interest on overdue installments of interest and liquidated damages from time to time on demand at the same rate to the extent lawful. Upon the occurrence and continuance of a default or event of default, the applicable rate of interest payable on the Notes shall be increased by 1% (which shall be payable in cash) until such time as such default or event of default has been cured or waived. The Notes mature on January 15, 2014, unless earlier redeemed or repurchased. The PIK Notes are general unsecured senior subordinated obligations subordinated to all of the Company's senior secured credit facilities.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****10. Debt (Continued)**

The Company, at its option, may redeem the Notes in whole or in part, upon not less than 30 nor more than 60 days' notice, from October 1, 2008 at various redemption prices plus accrued and unpaid interest and liquidated damages thereon to the applicable redemption date. Notwithstanding the foregoing, at any time from January 1, 2010 to June 30, 2010 the Company may redeem Notes at a redemption price equal to 102.50% of the aggregate principal amount thereof plus accrued and unpaid interest and liquidated damages, if any; provided, that on or prior to December 31, 2009 the Company or any of its affiliates enters into a binding and irrevocable agreement to sell, convey or otherwise dispose of all of the Company's equity interests (by way of merger, consolidation or otherwise) or all of the Company's assets subject, in each case, to no conditions other than obtaining the approval of the Federal Communications Commission (the "FCC") for an FCC license transfer in connection with such sale, conveyance or disposition.

Senior Discount Notes

On March 27, 2003, Nexstar Finance Holdings, Inc. ("Nexstar Finance Holdings"), a wholly-owned subsidiary of Nexstar, issued \$130.0 million principal amount at maturity of 11.375% senior discount notes (the "11.375% Notes") at a price of 57.442%. The 11.375% Notes mature on April 1, 2013. Each 11.375% Note will have an accreted value at maturity of \$1,000. The 11.375% Notes began accruing cash interest on April 1, 2008 with payments due every six months in arrears on April 1 and October 1. On April 1, 2008, Nexstar redeemed a principal amount of notes outstanding of \$46.9 million sufficient to ensure that the 11.375% Notes will not be "Applicable High Yield Discount Obligations" within the meaning of Section 163(i)(1) of the Internal Revenue Code of 1986. In September 2008, Nexstar repurchased \$5.3 million of these notes at par, pursuant to the purchase agreement pertaining to the senior subordinated PIK Notes discussed below. Debt financing costs of \$0.1 million were expensed in conjunction with the repurchase. The 11.375% Notes are general unsecured senior obligations effectively subordinated to the Nexstar Facility and are structurally subordinated to the 7% Notes and senior subordinated PIK Notes.

The 11.375% Notes discussed above have been registered under the Securities Act of 1933 in accordance with the terms of a registration rights agreement.

Guarantee of Subordinated and Discount Notes

On September 29, 2004, Nexstar executed full and unconditional guarantees with respect to the 7% Notes, each issued by Nexstar Broadcasting, an indirect subsidiary of Nexstar, and the 11.375% Notes issued by Nexstar Finance Holdings, a wholly-owned subsidiary of Nexstar. Mission is a guarantor of the senior subordinated notes issued by Nexstar Broadcasting.

Collateralization and Guarantees of Debt

The bank credit facilities described above are collateralized by a security interest in substantially all the combined assets, excluding FCC licenses, of Nexstar and Mission. Nexstar and its subsidiaries guarantee full payment of all obligations incurred under the Mission Facility in the event of Mission's default. Similarly, Mission is a guarantor of the Nexstar Facility and the senior subordinated notes issued by Nexstar Broadcasting.

In consideration of Nexstar's guarantee of Mission's senior credit facility, the sole shareholder of Mission has granted Nexstar a purchase option to acquire the assets and assume the liabilities of each Mission station, subject to FCC consent. These option agreements (which expire on various dates between 2011 and 2018) are freely exercisable or assignable by Nexstar without consent or approval by the sole shareholder of Mission. The Company expects these option agreements to be renewed upon expiration.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****10. Debt (Continued)**

The 11.375% Notes are general unsecured senior obligations effectively subordinated to the Nexstar facility and are structurally subordinated to the 7% Notes and senior subordinated PIK Notes discussed below.

Debt Covenants

The Nexstar Facility contains covenants which require the Company to comply with certain financial covenant ratios, including (1) a maximum total combined leverage ratio of Nexstar Broadcasting and Mission of 6.50 times the last twelve months operating cash flow (as defined in the credit agreement) for the period of December 31, 2008 through and including June 30, 2010 and (2) a maximum combined senior leverage ratio of Nexstar Broadcasting and Mission of 4.50 times the last twelve months operating cash flow for the period of December 31, 2008 through and including December 30, 2009. The maximum combined senior leverage ratio becomes 4.25 on December 31, 2009. Covenants also include a minimum combined interest coverage ratio of 1.50 to 1.00 for the period of December 31, 2008 through and including June 30, 2010 and a fixed charge coverage ratio of 1.15 to 1.00. Although the Nexstar and Mission senior credit facilities allow for payment of cash dividends to common stockholders, Nexstar and Mission do not currently intend to declare or pay a cash dividend. The covenants, which are formally calculated on a quarterly basis, are based on the combined results of Nexstar Broadcasting and Mission. Mission's bank credit facility agreement does not contain financial covenant ratio requirements, but does provide for default in the event Nexstar does not comply with all covenants contained in its credit agreement. As of December 31, 2008, we are in compliance with all of our covenants.

In order to make further borrowings under the Nexstar Facility, Nexstar Broadcasting is required to be in compliance with these and other covenants including the requirement that there shall not have occurred any material adverse effect on the operational business assets, properties, condition (financial or otherwise) or prospects of the Company.

Fair Value of Debt

The aggregate carrying amounts and estimated fair value of Nexstar's and Mission's debt were as follows:

| | December 31, 2008 | | December 31, 2007 | |
|--|-------------------|------------|-------------------|------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | (in thousands) | | | |
| Term loans ⁽¹⁾ | \$ 325,174 | \$ 293,388 | \$ 328,659 | \$ 328,659 |
| Revolving credit facilities ⁽¹⁾ | \$ 31,000 | \$ 27,829 | \$ 28,000 | \$ 28,000 |
| Senior subordinated notes ⁽²⁾ | \$ 190,778 | \$ 78,219 | \$ 198,022 | \$ 186,000 |
| Senior subordinated PIK notes | \$ 37,345 | \$ 16,805 | \$ | \$ |
| Senior discount notes ⁽²⁾ | \$ 77,820 | \$ 26,264 | \$ 126,495 | \$ 128,700 |

(1) The fair value of bank credit facilities is computed based on borrowing rates currently available to Nexstar and Mission for bank loans with similar terms and average maturities.

(2) The fair value of Nexstar's fixed rate debt is estimated based on bid prices obtained from an investment banking firm that regularly makes a market for these financial instruments.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****10. Debt (Continued)*****Debt Maturities***

At December 31, 2008, scheduled maturities of Nexstar's and Mission's debt (undiscounted) are summarized as follows (in thousands):

| Year ended December 31, | |
|--------------------------------|-------------------|
| 2009 | \$ 3,485 |
| 2010 | 3,485 |
| 2011 | 3,485 |
| 2012 | 345,719 |
| 2013 | 77,820 |
| Thereafter | 235,114 |
| | \$ 669,108 |

11. Contract Termination

On March 31, 2008, Nexstar signed a new ten year agreement for national sales representation with two units of Katz Television Group, a subsidiary of Katz Media Group (Katz), transferring 24 stations in 14 of its markets from Petry Television Inc. (Petry) and Blair Television Inc. (Blair). Nexstar, Blair, Petry and Katz entered into a termination and mutual release agreement under which Blair agreed to release Nexstar from its future contractual obligations in exchange for payments totaling \$8.0 million. The payments will be paid by Katz on behalf of Nexstar as an inducement for Nexstar to enter into the new long-term contract with Katz. Nexstar recognized a \$7.2 million charge associated with terminating the contracts, which is reflected as a non-cash contract termination fees in the accompanying consolidated statement of operations. The \$7.2 million charge was calculated as the present value of the future payments to be made by Katz. The liability established as a result of the termination represents an incentive received from Katz that will be accounted for as a termination obligation, and will be recognized on a straight-line basis as a non-cash reduction to operating expenses over the term of the agreement with Katz. As of December 31, 2008, the current portion of this deferred amount of approximately \$0.7 million was included in other current liabilities and the long-term portion in the amount of approximately \$6.0 million is recorded as deferred representation fee incentive in the accompanying condensed balance sheet.

12. Other Noncurrent Liabilities

Other noncurrent liabilities consist of the following:

| | December 31, 2008 | December 31, 2007 |
|-------------------------------|--------------------------|--------------------------|
| Deferred rent | \$ 7,222 | \$ 5,397 |
| Software agreement obligation | 4,281 | |
| Other | 1,772 | 545 |
| | \$ 13,275 | \$ 5,942 |

13. Common Stock

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In May 2007, Banc of America Capital Investors L.P. converted 662,529 non-voting shares of Nexstar Class C common stock into an equivalent number of voting shares of Nexstar Class A common stock.

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Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****13. Common Stock (Continued)**

The holders of Class A common stock are entitled to one vote per share and the holders of Class B common stock are entitled to 10 votes per share. Holders of Class A common stock and Class B common stock generally vote together as a single class on all matters submitted to a vote of the stockholders. Holders of Class C common stock have no voting rights.

The shares of Class B common stock and Class C common stock are convertible as follows: (i) holders of shares of Class B common stock or Class C common stock may elect at any time to convert their shares into an equal number of shares of Class A common stock; or (ii) the Class B common stock will automatically convert into Class A common stock on a one-for-one basis if the holder transfers to anyone other than a certain group of shareholders; or (iii) if Class B common stock represents less than 10.0% of the total common stock outstanding, all of the Class B common stock will automatically convert into Class A common stock on a one-for-one basis.

The Common stockholders are entitled to receive cash dividends, subject to the rights of holders of any series of Preferred Stock, on an equal per share basis.

14. Stock-Based Compensation Plans***Stock-Based Compensation***

The Company measures compensation cost related to stock options based on the grant-date fair value of the award using the Black-Scholes option-pricing model and recognizes it ratably, less estimated forfeitures, over the vesting term of the award. At January 1, 2006, the aggregate value of the unvested portion of previously issued stock options was approximately \$6.1 million. Compensation cost related to these stock options is being recognized as expense ratably over the remaining vesting period of the awards which become fully-vested in 2010.

The weighted-average assumptions used in the Black-Scholes calculation for option grants during the years ended December 31, 2008, 2007 and 2006 were as follows:

| | 2008 | 2007 | 2006 |
|---|------------|-----------|------------|
| Expected volatility | 54.25% | 48.06% | 45.10% |
| Risk-free interest rates | 3.07% | 3.63% | 4.51% |
| Expected term | 5.34 years | 6.0 years | 6.15 years |
| Dividend yields | 0% | 0% | 0% |
| Fair value per share of options granted | \$ 2.35 | \$ 4.55 | \$ 2.43 |

The expected volatility assumption used for stock option grants in 2008, 2007 and 2006 is based on a combination of the historical market prices of Nexstar's common stock and volatilities of peer companies in the television broadcasting industry over the expected term of the granted option. The Company utilized peer company data due to Nexstar's limited history of publicly traded shares. During the years ended December 31, 2008, 2007 and 2006, the expected term assumption represents the weighted-average period of time that options granted are expected to be outstanding, giving consideration to vesting periods and historical exercise and post-vesting cancellation experience. Prior to adopting SFAS No. 123(R), expected volatility was based solely on the historical market prices of Nexstar's common stock and expected term equaled the vesting period of the stock option. The risk-free interest rates used are based on the daily U.S. Treasury yield curve rate in effect at the time of the grant having a period commensurate with the expected term assumption.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****14. Stock-Based Compensation Plans (Continued)**

The Company does not currently recognize a tax benefit resulting from compensation costs expensed in the financial statements because the Company provides a valuation allowance against the deferred tax asset resulting from this type of temporary difference since it expects that it will not have sufficient future taxable income to realize such benefit.

Description and Activity of Stock-Based Compensation Plans

Nexstar has two stock-based employee compensation plans: the 2006 Long-Term Equity Incentive Plan (the 2006 Plan) and the 2003 Long-Term Equity Incentive Plan (the 2003 Plan) (collectively, the Equity Plans), which provide for the granting of stock options, stock appreciation rights, restricted stock and performance awards to directors, employees of Nexstar or consultants. Approved by Nexstar's shareholders on May 30, 2006, a maximum of 1,500,000 shares of Nexstar's Class A common stock can be issued under the 2006 Plan. Under the 2003 Plan, a maximum of 3,000,000 shares of Nexstar's Class A common stock can be issued. As of December 31, 2008, a total of 270,000 shares and 453,000 shares were available for future grant under the 2006 Plan and 2003 Plan, respectively.

As of December 31, 2008, options to purchase 3,715,000 shares of Nexstar's Class A common stock were outstanding under the Equity Plans. Options are granted with an exercise price at least equal to the fair market value of the underlying shares of common stock on the date of the grant, vest over five years and expire ten years from the date of grant. Except as otherwise determined by the compensation committee or with respect to the termination of a participant's services in certain circumstances, including a change of control, no grant may be exercised within six months of the date of the grant. Upon the employee's termination, all nonvested options are forfeited immediately and any unexercised vested options are canceled from 30 to 180 days following the termination date. Nexstar intends to issue new shares of its Class A common stock when options are exercised.

During 2006, Nexstar granted 30,000 shares of restricted stock under the 2003 Plan. This award vested monthly in increments of 2,500 shares and became fully vested as of January 23, 2007. The fair value of the award totaled \$140 thousand, which was based on the market price of Nexstar's common stock on the date of grant, and was recognized as an expense ratably over the vesting period. Nexstar recorded \$11 thousand and \$129 thousand of compensation expense for the years ended December 31, 2007 and 2006, respectively, related to the restricted stock, which was included in selling, general and administrative expenses in the Company's consolidated statement of operations.

The following table summarizes stock award activity and related information for all of Nexstar's Equity Plans for the year ended December 31, 2008 (not presented in thousands):

| | Shares Available for Grant | Shares | Outstanding Options | | Aggregate Intrinsic Value ⁽²⁾ |
|----------------------------------|----------------------------|-----------|---------------------------------|---|--|
| | | | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (Years) | |
| Balance at January 1, 2008 | 153,000 | 4,293,000 | \$ 8.29 | | |
| Options granted | (105,000) | 105,000 | \$ 4.63 | | |
| Options exercised | | (8,000) | \$ 4.82 | | |
| Options forfeited/cancelled | 675,000 | (675,000) | \$ 8.62 | | |
| Balance at December 31, 2008 | 723,000 | 3,715,000 | \$ 8.13 | 6.98 | \$ |
| Exercisable at December 31, 2008 | | 2,130,990 | \$ 9.31 | 6.24 | \$ |

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| | | | | | |
|--|-----------|----|------|------|----|
| Fully vested and expected to vest at December 31, 2008 | 3,655,718 | \$ | 8.15 | 6.95 | \$ |
|--|-----------|----|------|------|----|

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Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****14. Stock-Based Compensation Plans (Continued)**

- (1) All options granted during the year ended December 31, 2008 had an exercise price equal to the grant-date market price.
- (2) Aggregate intrinsic value includes effects of estimated forfeitures and represents the difference between the closing market price of Nexstar's common stock on the last day of the fiscal period, which was \$0.51 on December 31, 2008, and the exercise price multiplied by the number of options outstanding. At December 31, 2008, there was approximately \$4.6 million of total unrecognized compensation cost, net of estimated forfeitures, related to stock options that is expected to be recognized over a weighted-average period of 3.2 years.

The following table summarizes information about options outstanding as of December 31, 2008 (not presented in thousands):

| Range of Exercise Prices | Options Outstanding | | Options Exercisable | | |
|--------------------------|--------------------------------|---|---------------------------------|--------------------------------|---------------------------------|
| | Number Outstanding at 12/31/08 | Weighted-Average Remaining Contractual Life (Years) | Weighted-Average Exercise Price | Number Exercisable at 12/31/08 | Weighted-Average Exercise Price |
| \$2.58 - \$4.99 | 1,600,000 | 7.48 | \$ 4.61 | 738,000 | \$ 4.61 |
| \$5.00 - \$6.99 | 55,000 | 8.71 | \$ 5.38 | 7,000 | \$ 5.39 |
| \$7.00 - \$8.99 | 530,000 | 5.95 | \$ 8.62 | 424,000 | \$ 8.62 |
| \$9.00 - \$13.99 | 715,000 | 8.82 | \$ 9.15 | 161,000 | \$ 9.48 |
| \$14.00 - \$14.49 | 815,000 | 4.96 | \$ 14.01 | 800,990 | \$ 14.01 |
| | 3,715,000 | | | 2,130,990 | |

15. Gain on Asset Exchange

In 2004, the FCC approved a spectrum allocation exchange between Sprint Nextel Corporation (Nextel) and public safety entities to eliminate interference being caused to public safety radio licensees by Nextel's operations. As part of this spectrum exchange, the FCC granted Nextel the right to certain spectrum within the 1.9 GHz band that is currently used by television broadcasters. In order to utilize this spectrum, Nextel is required to relocate the broadcasters to new spectrum by replacing all analog equipment currently used by broadcasters with comparable digital equipment. The Company has agreed to accept the substitute equipment that Nextel will provide and in turn must relinquish its existing equipment back to Nextel. This transition began on a market by market basis beginning in the second quarter of 2007. The equipment the Company receives under this arrangement is recorded at their estimated fair market value and depreciated over estimated useful lives ranging from 5 to 15 years. Management's determination of the fair market value is derived from the most recent prices paid to manufacturers and vendors for the specific equipment acquired. As equipment is exchanged, the Company records a gain to the extent that the fair market value of the equipment received exceeds the carrying amount of the equipment relinquished. For the years ended December 31, 2008 and 2007, the Company recognized gains of \$4.8 million and \$2.0 million, respectively from the exchange of this equipment.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****16. Income Taxes**

The provision (benefit) for income taxes consisted of the following components:

| | Years Ended December 31, | | |
|---------------------------------|--------------------------|----------|----------|
| | 2008 | 2007 | 2006 |
| | (in thousands) | | |
| Current tax expense (benefit): | | | |
| Federal | \$ | \$ (100) | \$ (500) |
| State | 560 | 528 | 35 |
| | 560 | 428 | (465) |
| Deferred tax expense (benefit): | | | |
| Federal | (5,327) | 5,308 | 3,883 |
| State | (549) | 71 | 401 |
| | (5,876) | 5,379 | 4,284 |
| Income tax expense (benefit) | \$ (5,316) | \$ 5,807 | \$ 3,819 |

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate of 35% to loss from operations before income taxes. The sources and tax effects of the differences were as follows:

| | Years Ended December 31, | | |
|---|--------------------------|------------|------------|
| | 2008 | 2007 | 2006 |
| | (in thousands) | | |
| Tax benefit at 35% statutory federal rate | \$ (29,181) | \$ (4,888) | \$ (1,811) |
| Change in valuation allowance | 13,915 | 10,684 | 4,384 |
| State and local taxes, net of federal benefit | (1,051) | (86) | 1,532 |
| Adjustment to tax reserve liability | | (100) | (500) |
| Nondeductible goodwill impairment | 10,794 | | |
| Other permanent differences | 207 | 197 | 214 |
| Income tax expense (benefit) | \$ (5,316) | \$ 5,807 | \$ 3,819 |

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Income Taxes (Continued)

The components of the net deferred tax liability were as follows:

| | December 31, 2008 | 2007 |
|---------------------------------------|----------------------|--------------------|
| | (in thousands) | |
| Deferred tax assets: | | |
| Net operating loss carryforwards | \$ 150,188 | \$ 146,510 |
| Other intangible assets | 8,575 | 1,321 |
| Deferred revenue | 3,482 | 3,347 |
| Deferred gain on sale of assets | 2,077 | 2,242 |
| Other | 10,205 | 5,510 |
| Total deferred tax assets | 174,527 | 158,930 |
| Valuation allowance | (166,783) | (152,148) |
| Net deferred tax assets | 7,744 | 6,782 |
| Deferred tax liabilities: | | |
| Property and equipment | (7,124) | (6,147) |
| Goodwill | (12,088) | (11,949) |
| FCC licenses | (26,576) | (32,606) |
| Total deferred tax liabilities | (45,788) | (50,702) |
| Net deferred tax liability | \$ (38,044) | \$ (43,920) |

The Company's benefit from income taxes is primarily the result of the impairment charge which reduced the carrying value of goodwill and other indefinite-lived assets for financial reporting purposes and decreased the deferred tax liability position. The benefit is offset, in part, by a provision for income tax that is primarily comprised of deferred income taxes created by an increase in the deferred tax liabilities position during the year resulting from the amortization of goodwill and other indefinite-lived intangible assets for income tax purposes which are not amortized for financial reporting purposes. These deferred tax liabilities do not reverse on a scheduled basis and are not used to support the realization of deferred tax assets. The Company's deferred tax assets primarily result from federal and state net operating loss carryforwards (NOLs). The Company's NOLs are available to reduce future taxable income if utilized before their expiration. The Company has provided a valuation allowance for certain deferred tax assets as it believes they may not be realized through future taxable earnings.

On May 18, 2006, the State of Texas enacted legislation to change its existing franchise tax from a tax based on taxable capital or earned surplus to a tax based on modified gross revenue (Margin Tax). The former Texas franchise tax structure remained in existence until the end of 2006. Beginning in 2007, the Margin Tax imposes a 1% tax on revenues, less certain costs, as specified in the legislation, generated from Texas activities. Additionally, the legislation provides a temporary credit for Texas business loss carryovers existing through 2006 to be utilized as an offset to the Margin Tax. On June 15, 2007, the Texas Governor signed legislation that provided various technical corrections to the Texas Margin Tax. Based on the changes provided in this newly enacted tax law, the Company adjusted its temporary credit for Texas business loss carryovers to be utilized as an offset to the Margin Tax and a related deferred tax asset during the second quarter of 2007. The effect of the revision made to the temporary credit increased the Company's deferred tax assets position resulting in approximately a \$0.5 million reduction in the deferred state income tax provision for the year ended December 31, 2007.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****16. Income Taxes (Continued)**

As discussed in Note 2, the Company adopted FIN No. 48 on January 1, 2007. A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows (in thousands):

| | |
|---|-----------------|
| Gross unrecognized tax benefits at January 1, 2007 | \$ 4,223 |
| Increases in tax positions from prior years | |
| Decreases in tax positions from prior years | (446) |
| Increases in tax positions for current year | |
| Settlements | |
| Lapse in statute of limitations | (100) |
| Gross unrecognized tax benefits at December 31, 2007 | \$ 3,677 |
| Increases in tax positions from prior years | |
| Decreases in tax positions from prior years | |
| Increases in tax positions for current year | |
| Settlements | |
| Lapse in statute of limitations | |
| Gross unrecognized tax benefits at December 31, 2008 | \$ 3,677 |

Interest expense and penalties related to the Company's uncertain tax positions would be reflected as a component of income tax expense in the Company's Consolidated Statements of Operations. As of December 31, 2007 and 2008, the Company did not accrue interest on the unrecognized tax benefits as an unfavorable outcome upon examination would not result in a cash outlay but would reduce NOLs subject to a valuation allowance.

As of December 31, 2008, the total gross unrecognized tax benefits were approximately \$3.7 million. If recognized, this amount would result in a favorable effect on the Company's effective tax rate excluding impact on the Company's valuation allowance position. The Company does not expect the amount of unrecognized tax benefits to significantly change in the next twelve months.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is subject to U.S. federal tax examinations for years after 2004. Additionally, any NOLs that were generated in prior years and will be utilized in the future may also be subject to examination by the Internal Revenue Service. State jurisdictions that remain subject to examination are not considered significant.

The valuation allowance increased for the year ended December 31, 2008 by \$14.6 million primarily related to the generation of current year net operating losses, the benefit of which may not be realized. The valuation allowance decreased for the year ended December 31, 2007 by \$2.4 million related to certain adjustments to the deferred tax assets offset by the generation of net operating losses and other deferred tax assets, the benefit of which may not be realized.

At December 31, 2008, the Company has NOLs available of approximately \$420.3 million which are available to reduce future taxable income if utilized before their expiration. The federal NOLs begin to expire in 2008 through 2027 if not utilized. Utilization of NOLs in the future may be limited if changes in the Company's ownership occurs.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****17. FCC Regulatory Matters**

Television broadcasting is subject to the jurisdiction of the FCC under the Communications Act of 1934, as amended (the Communications Act). The Communications Act prohibits the operation of television broadcasting stations except under a license issued by the FCC, and empowers the FCC, among other things, to issue, revoke, and modify broadcasting licenses, determine the location of television stations, regulate the equipment used by television stations, adopt regulations to carry out the provisions of the Communications Act and impose penalties for the violation of such regulations. The FCC's ongoing rule making proceedings could have a significant future impact on the television industry and on the operation of the Company's stations and the stations it provides services to. In addition, the U.S. Congress may act to amend the Communications Act in a manner that could impact the Company's stations, the stations it provides services to and the television broadcast industry in general.

Some of the more significant FCC regulatory matters impacting the Company's operations are discussed below.

Digital Television (DTV) Conversion

In February 2009, President Obama signed into law legislation that established June 12, 2009 as the deadline for television broadcasters to complete their transition to DTV-only operations and return their analog spectrum to the FCC. The DTV transmission system delivers video and audio signals of higher quality (including high definition television) than the existing analog transmission system. DTV also has substantial capabilities for multiplexing (the broadcast of several channels of programs concurrently) and data transmission. The introduction of digital television requires consumers to purchase new television sets that are capable of receiving and displaying the DTV signals, or adapters to receive DTV signals and convert them to analog signals for display on their existing receivers.

For the transition period, the FCC allotted each licensed television station a second channel for broadcast of a DTV signal. Stations may broadcast with both analog and DTV signals until June 12, 2009; however all stations must be broadcasting in at least low power digital. Stations are required to simulcast 100% of their analog programming on their DTV channel during the transition period.

As of December 31, 2008, Mission's stations WFXP, WUTR, WTVO, WYOU, KCIT, KTVE, KAMC and KRBC and Nexstar's stations WBRE, WROC, KARK, KNWA, KFTA, WMBD, WTAJ, WLYH, KSFX, WQRF, KTAL, WCIA, WTVW, KARD, KAMR, KLBK and KTAB were broadcasting with full-power DTV signals. As of February 17, 2009, Mission's stations WYOU, KJTL, KSAN, KAMC and WTVO and Nexstar's stations KARK, KFDX, KFTA, KLBK, KLST, WBRE, WLYH, WMBD and WQRF have terminated analog operations and are broadcasting exclusively in DTV. On March 17, 2009, Nexstar informed the FCC that KTAB would be terminating analog operations and broadcasting exclusively in DTV as of May 12, 2009, that station WJET would be terminating analog operations and broadcasting exclusively in DTV as of April 17, 2009, that stations KSVI, WDHN, KNWA, KSNF, KARD, KTAL and KSFX would be terminating analog operations and broadcasting exclusively in DTV as of April 16, 2009 and that stations KAMR, KBTW, WCIA, WCFN, WTVW, WFFT, WTAJ, KMID, WROC, KQTV, WTWO, WFXV and WHAG would be terminating analog operations and broadcasting exclusively in DTV as of the final DTV transition date of June 12, 2009. On March 17, 2009, Mission informed the FCC that station KRBC would be terminating analog operations and broadcasting exclusively in DTV as of May 12, 2009, that station WFXP would be terminating analog operations and broadcasting exclusively in DTV as of April 17, 2009, that stations KHMT, KTVE and KOLR would be terminating analog operations and broadcasting exclusively in DTV as of April 16, 2009, and that stations KCIT, KODE, WFXW and WUTR would be terminating analog operations and broadcasting exclusively in DTV as of the final DTV conversion date of June 12, 2009.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****17. FCC Regulatory Matters (Continued)**

In addition, Nexstar stations KBTV, KMID, KSNF, KLST and KQTV and Mission station WFXW hold construction permits issued by the FCC to build higher-power DTV facilities by August 18, 2009. All of the Nexstar and Mission stations holding such construction permits are expected to complete construction on or before that deadline.

DTV conversion expenditures were \$23.3 million, \$8.6 million and \$14.3 million, respectively, for the years ended December 31, 2008, 2007 and 2006. The Company will incur various capital expenditures to modify the remaining Nexstar and Mission stations' DTV transmitting equipment for full-power DTV operations, including costs for the transmitter, transmission line, antenna and installation, and estimated costs for tower upgrades, replacements and/or modifications. The Company anticipates these expenditures will be funded through available cash on hand and cash generated from operations as incurred in future years.

Media Ownership

In 2006, the FCC initiated a rulemaking proceeding which provides for a comprehensive review of all of its media ownership rules, as required by the Communications Act. The Commission is considering rules relating to ownership of two or more TV stations in a market, ownership of local TV and radio stations by daily newspapers in the same market, cross-ownership of local TV and radio stations, and changes to how the national TV ownership limits are calculated. The proceeding, has included several public hearings that were held throughout the country in 2008. At this time, it is not possible to predict the outcome of any changes, if any, to the FCC's media ownership rules.

18. Commitments and Contingencies***Broadcast Rights Commitments***

Broadcast rights acquired for cash under license agreements are recorded as an asset and a corresponding liability at the inception of the license period. Future minimum payments arising from unavailable future broadcast license commitments outstanding are as follows at December 31, 2008 (in thousands):

| | |
|--|------------------|
| Year ended December 31, | |
| 2009 | \$ 1,979 |
| 2010 | 5,040 |
| 2011 | 3,749 |
| 2012 | 2,129 |
| 2013 | 396 |
| Thereafter | 98 |
| Future minimum payments for unavailable cash broadcast rights | \$ 13,391 |

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****18. Commitments and Contingencies (Continued)**

Unavailable broadcast rights commitments represent obligations to acquire cash program rights for which the license period has not commenced and, accordingly, for which no asset or liability has been recorded.

Operating Leases

The Company leases office space, vehicles, towers, antennae sites, studio and other operating equipment under noncancelable operating lease arrangements expiring through May 2027. Charges to operations for such leases aggregated approximately \$6.1 million, \$5.4 million and \$5.2 million for the years ended December 31, 2008, 2007 and 2006, respectively. Future minimum lease payments under these operating leases are as follows at December 31, 2008 (in thousands):

| | |
|--------------------------------|------------------|
| Year ended December 31, | |
| 2009 | \$ 4,236 |
| 2010 | 4,028 |
| 2011 | 4,104 |
| 2012 | 4,206 |
| 2013 | 4,532 |
| Thereafter | 41,930 |
| | \$ 63,036 |

Guarantee of Mission Debt

Nexstar and its subsidiaries guarantee full payment of all obligations incurred under Mission's senior credit facility agreement. In the event that Mission is unable to repay amounts due under its credit facility, Nexstar will be obligated to repay such amounts. The maximum potential amount of future payments that Nexstar would be required to make under this guarantee would be generally limited to the amount of borrowings outstanding under the Mission credit facility. At December 31, 2008, Mission had \$174.1 million outstanding under its senior credit facility.

Indemnification Obligations

In connection with certain agreements that the Company enters into in the normal course of its business, including local service agreements, business acquisitions and borrowing arrangements, the Company enters into contractual arrangements under which the Company agrees to indemnify the third party to such arrangement from losses, claims and damages incurred by the indemnified party for certain events as defined within the particular contract. Such indemnification obligations may not be subject to maximum loss clauses and the maximum potential amount of future payments the Company could be required to make under these indemnification arrangements may be unlimited. Historically, payments made related to these indemnifications have been immaterial and the Company has not incurred significant costs to defend lawsuits or settle claims related to these indemnification agreements.

Collective Bargaining Agreements

As of December 31, 2008, certain technical, production and news employees at six of the Company's stations are covered by collective bargaining agreements. The Company believes that employee relations are satisfactory and has not experienced any work stoppages at any of its stations. However, there can be no

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Commitments and Contingencies (Continued)

assurance that the collective bargaining agreements will be renewed in the future or that the Company will not experience a prolonged labor dispute, which could have a material adverse effect on its business, financial condition, or results of operations.

Litigation

From time to time, the Company is involved with claims that arise out of the normal course of its business. In the opinion of management, any resulting liability with respect to these claims would not have a material adverse effect on the Company's financial position or results of operations.

19. Condensed Consolidating Financial Information

Senior Discount Notes

On March 27, 2003, Nexstar Finance Holdings, Inc. (Nexstar Finance Holdings), a 100% owned subsidiary of Nexstar, issued 11.375% senior discount notes (11.375% Notes) due in 2013. The 11.375% Notes are fully and unconditionally guaranteed by Nexstar.

The following condensed consolidating financial information presents the financial position, results of operations and cash flows of the Company and its 100%, directly or indirectly, owned subsidiaries. This information is presented in lieu of separate financial statements and other related disclosures of Nexstar Finance Holdings pursuant to Regulation S-X Rule 3-10 of the Securities Exchange Act of 1934, as amended, Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or being Registered .

The Nexstar column presents the parent company's financial information. Nexstar is also the guarantor. The Nexstar Finance Holdings column presents the issuer's financial information. The Non-Guarantor Subsidiary column presents the financial information of Nexstar Broadcasting, a 100% owned subsidiary of Nexstar Finance Holdings. Nexstar Broadcasting's financial information includes the accounts of Mission Broadcasting, Inc., an entity which Nexstar Broadcasting is required to consolidate as a VIE under FIN No. 46R (see Note 2).

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****19. Condensed Consolidating Financial Information (Continued)****BALANCE SHEET****December 31, 2008****(in thousands)**

| | Nexstar | Nexstar Finance Holdings | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|----------------|---------------------------------|---------------------------------|---------------------|-----------------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ 15,834 | \$ | \$ 15,834 |
| Other current assets | | 6 | 69,034 | | 69,040 |
| Total current assets | | 6 | 84,868 | | 84,874 |
| Investments in subsidiaries eliminated upon consolidation | (65,164) | 15,528 | | 49,636 | |
| Amounts due from parents eliminated upon consolidation | | | (58) | 58 | |
| Property and equipment, net | | | 135,878 | | 135,878 |
| Goodwill | | | 115,632 | | 115,632 |
| FCC licenses | | | 125,057 | | 125,057 |
| Other intangible assets, net | | | 149,851 | | 149,851 |
| Other noncurrent assets | 1 | 1,310 | 13,984 | | 15,295 |
| Total assets | \$ (65,163) | \$ 16,844 | \$ 625,212 | \$ 49,694 | \$ 626,587 |
| LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT) | | | | | |
| Current liabilities: | | | | | |
| Current portion of debt | \$ | \$ | \$ 3,485 | \$ | \$ 3,485 |
| Other current liabilities | | 2,212 | 51,658 | 128 | 53,998 |
| Total current liabilities | | 2,212 | 55,143 | 128 | 57,483 |
| Debt | | 77,820 | 580,812 | | 658,632 |
| Amounts due to subsidiary eliminated upon consolidation | (2,006) | 1,973 | | 33 | |
| Other noncurrent liabilities | (3) | 3 | 75,756 | (128) | 75,628 |
| Total liabilities | (2,009) | 82,008 | 711,711 | 33 | 791,743 |
| Stockholders' equity (deficit): | | | | | |
| Common stock | 284 | | | | 284 |
| Other stockholders' equity (deficit) | (63,438) | (65,164) | (86,499) | 49,661 | (165,440) |
| Total stockholders' equity (deficit) | (63,154) | (65,164) | (86,499) | 49,661 | (165,156) |

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| | | | | | |
|---|-------------|-----------|------------|-----------|------------|
| Total liabilities and stockholders equity (deficit) | \$ (65,163) | \$ 16,844 | \$ 625,212 | \$ 49,694 | \$ 626,587 |
|---|-------------|-----------|------------|-----------|------------|

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Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****19. Condensed Consolidating Financial Information (Continued)****BALANCE SHEET****December 31, 2007****(in thousands)**

| | Nexstar | Nexstar Finance Holdings | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|----------------|---------------------------------|---------------------------------|---------------------|-----------------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ 16,226 | \$ | \$ 16,226 |
| Other current assets | 145 | 6 | 72,073 | (145) | 72,079 |
| Total current assets | 145 | 6 | 88,299 | (145) | 88,305 |
| Investments in subsidiaries eliminated upon consolidation | 5,361 | 132,130 | | (137,491) | |
| Amounts due from parents eliminated upon consolidation | | | 2,377 | (2,377) | |
| Property and equipment, net | | | 111,612 | | 111,612 |
| Goodwill | | | 151,686 | | 151,686 |
| FCC licenses | | | 163,795 | | 163,795 |
| Other intangible assets, net | | | 178,611 | | 178,611 |
| Other noncurrent assets | 1 | 1,694 | 13,008 | (10) | 14,693 |
| Total assets | \$ 5,507 | \$ 133,830 | \$ 709,388 | \$ (140,023) | \$ 708,702 |
| LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT) | | | | | |
| Current liabilities: | | | | | |
| Current portion of debt | \$ | \$ 46,906 | \$ 3,485 | \$ | \$ 50,391 |
| Other current liabilities | | | 49,530 | (144) | 49,386 |
| Total current liabilities | | 46,906 | 53,015 | (144) | 99,777 |
| Debt | | 79,589 | 551,196 | | 630,785 |
| Amounts due to subsidiary eliminated upon consolidation | 404 | 1,973 | | (2,377) | |
| Other noncurrent liabilities | | | 67,541 | (11) | 67,530 |
| Total liabilities | 404 | 128,468 | 671,752 | (2,532) | 798,092 |
| Stockholders' equity (deficit): | | | | | |
| Common stock | 284 | | | | 284 |
| Other stockholders' equity (deficit) | 4,819 | 5,362 | 37,636 | (137,491) | (89,674) |

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| | | | | | |
|--|----------|------------|------------|--------------|------------|
| Total stockholders' equity (deficit) | 5,103 | 5,362 | 37,636 | (137,491) | (89,390) |
| Total liabilities and stockholders' equity (deficit) | \$ 5,507 | \$ 133,830 | \$ 709,388 | \$ (140,023) | \$ 708,702 |

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Condensed Consolidating Financial Information (Continued)

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2008

(in thousands)

| | Nexstar | Nexstar Finance Holdings | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|-------------|-----------------------------|-----------------------------|--------------|-------------------------|
| Net revenue | \$ | \$ | \$ 284,919 | \$ | \$ 284,919 |
| Operating expenses: | | | | | |
| Direct operating expenses (exclusive of depreciation and amortization shown separately below) | | | 78,287 | | 78,287 |
| Selling, general, and administrative expenses (exclusive of depreciation and amortization shown separately below) | 1 | | 90,467 | | 90,468 |
| Non-cash contract termination fee | | | 7,167 | | 7,167 |
| Impairment of goodwill and intangible assets | | | 82,395 | | 82,395 |
| Amortization of broadcast rights | | | 20,423 | | 20,423 |
| Amortization of intangible assets | | | 28,129 | | 28,129 |
| Depreciation | | | 21,024 | | 21,024 |
| (Gain) loss on property and asset disposal, net | | 56 | (99) | | (43) |
| (Gain) loss on asset exchange | | | (4,776) | | (4,776) |
| Total operating expenses | 1 | 56 | 323,017 | | 323,074 |
| Income (loss) from operations | (1) | (56) | (38,098) | | (38,155) |
| Interest expense, including amortization of debt financing costs | | (10,719) | (38,113) | | (48,832) |
| Gain on extinguishment of debt | | | 2,897 | | 2,897 |
| Equity in loss of subsidiaries | (70,518) | (59,743) | | 130,261 | |
| Other income, net | | | 715 | | 715 |
| Loss before income taxes | (70,519) | (70,518) | (72,599) | 130,261 | (83,375) |
| Income tax (expense) benefit | | | 5,316 | | 5,316 |
| Net loss | \$ (70,519) | \$ (70,518) | \$ (67,283) | \$ 130,261 | \$ (78,059) |

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Condensed Consolidating Financial Information (Continued)

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2007

(in thousands)

| | Nexstar | Nexstar Finance Holdings | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|-------------|-----------------------------|-----------------------------|--------------|-------------------------|
| Net revenue | \$ | \$ | \$ 266,801 | \$ | \$ 266,801 |
| Operating expenses (income): | | | | | |
| Direct operating expenses (exclusive of depreciation and amortization shown separately below) | | | 74,128 | | 74,128 |
| Selling, general, and administrative expenses (exclusive of depreciation and amortization shown separately below) | (105) | | 86,878 | | 86,773 |
| Amortization of broadcast rights | | | 21,457 | | 21,457 |
| Amortization of intangible assets | | | 25,671 | | 25,671 |
| Depreciation | | | 20,209 | | 20,209 |
| Gain on asset exchange | | | (1,962) | | (1,962) |
| Gain on asset disposal, net | | | (17) | | (17) |
| Total operating expenses (income) | (105) | | 226,364 | | 226,259 |
| Income from operations | 105 | | 40,437 | | 40,542 |
| Interest expense, including amortization of debt financing costs | | (13,597) | (41,443) | | (55,040) |
| Equity in loss of subsidiaries | (15,853) | (2,256) | | 18,109 | |
| Other income, net | | | 532 | | 532 |
| Loss before income taxes | (15,748) | (15,853) | (474) | 18,109 | (13,966) |
| Income tax expense | | | (5,807) | | (5,807) |
| Net loss | \$ (15,748) | \$ (15,853) | \$ (6,281) | \$ 18,109 | \$ (19,773) |

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Condensed Consolidating Financial Information (Continued)

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2006

(in thousands)

| | Nexstar | Nexstar Finance Holdings | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|------------|--------------------------|--------------------------|--------------|----------------------|
| Net revenue | \$ | \$ | \$ 265,169 | \$ | \$ 265,169 |
| Operating expenses: | | | | | |
| Direct operating expenses (exclusive of depreciation and amortization shown separately below) | | | 71,465 | | 71,465 |
| Selling, general, and administrative expenses (exclusive of depreciation and amortization shown separately below) | 101 | | 85,192 | | 85,293 |
| Amortization of broadcast rights | | | 19,701 | | 19,701 |
| Amortization of intangible assets | | | 24,135 | | 24,135 |
| Depreciation | | | 18,086 | | 18,086 |
| Loss on asset disposal, net | | | 639 | | 639 |
| Total operating expenses | 101 | | 219,218 | | 219,319 |
| Income (loss) from operations | (101) | | 45,951 | | 45,850 |
| Interest expense, including amortization of debt financing costs | | (12,203) | (39,580) | | (51,783) |
| Equity in earnings (loss) of subsidiaries | (5,970) | 6,233 | | (263) | |
| Other income, net | | | 760 | | 760 |
| Income (loss) before income taxes | (6,071) | (5,970) | 7,131 | (263) | (5,173) |
| Income tax expense | | | (3,819) | | (3,819) |
| Net income (loss) | \$ (6,071) | \$ (5,970) | \$ 3,312 | \$ (263) | \$ (8,992) |

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Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****19. Condensed Consolidating Financial Information (Continued)****STATEMENT OF CASH FLOWS****For the Year Ended December 31, 2008****(in thousands)**

| | Nexstar | Nexstar Finance Holdings | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|----------------|-------------------------------------|-------------------------------------|---------------------|---------------------------------|
| Cash flows provided by operating activities | \$ | \$ 52,180 | \$ 65,332 | \$ (56,864) | \$ 60,648 |
| Cash flows from investing activities: | | | | | |
| Additions to property and equipment, net | | | (30,793) | | (30,793) |
| Acquisition of broadcast properties and related transaction costs | | | (7,923) | | (7,923) |
| Down payment on acquisition of stations | | | (400) | | (400) |
| Other investing activities | | | 624 | | 624 |
| Net cash used for investing activities | | | (38,492) | | (38,492) |
| Cash flows from financing activities: | | | | | |
| Proceeds from debt issuance | | | 35,000 | | 35,000 |
| Repayment of long-term debt | | (52,180) | (58,102) | | (110,282) |
| Proceeds from revolver draws | | | 53,000 | | 53,000 |
| Payments for debt financing costs | | | (304) | | (304) |
| Inter-company dividends paid | | | (56,864) | 56,864 | |
| Other financing activities | | | 38 | | 38 |
| Net cash provided by (used in) financing activities | | (52,180) | (27,232) | 56,864 | (22,548) |
| Net decrease in cash and cash equivalents | | | (392) | | (392) |
| Cash and cash equivalents at beginning of year | | | 16,226 | | 16,226 |
| Cash and cash equivalents at end of year | \$ | \$ | \$ 15,834 | \$ | \$ 15,834 |

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Condensed Consolidating Financial Information (Continued)

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2007

(in thousands)

| | Nexstar | Nexstar Finance Holdings | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|----------|-----------------------------|-----------------------------|--------------|-------------------------|
| Cash flows provided by (used for) operating activities | \$ (153) | \$ | \$ 37,140 | \$ | \$ 36,987 |
| Cash flows from investing activities: | | | | | |
| Additions to property and equipment, net | | | (18,541) | | (18,541) |
| Down payment on acquisition of stations | | | (387) | | (387) |
| Other investing activities | | | 320 | | 320 |
| Net cash used for investing activities | | | (18,608) | | (18,608) |
| Cash flows from financing activities: | | | | | |
| Repayment of long-term debt | | | (21,485) | | (21,485) |
| Proceeds from revolver draws | | | 8,000 | | 8,000 |
| Other financing activities | 153 | | | | 153 |
| Net cash provided by (used for) financing activities | 153 | | (13,485) | | (13,332) |
| Net increase in cash and cash equivalents | | | 5,047 | | 5,047 |
| Cash and cash equivalents at beginning of period | | | 11,179 | | 11,179 |
| Cash and cash equivalents at end of period | \$ | \$ | \$ 16,226 | \$ | \$ 16,226 |

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Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****19. Condensed Consolidating Financial Information (Continued)****STATEMENT OF CASH FLOWS****For the Year Ended December 31, 2006****(in thousands)**

| | Nexstar | Nexstar Finance Holdings | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|---------|-----------------------------|-----------------------------|--------------|-------------------------|
| Cash flows provided by operating activities | \$ | \$ | \$ 54,462 | \$ | \$ 54,462 |
| Cash flows from investing activities: | | | | | |
| Additions to property and equipment | | | (24,354) | | (24,354) |
| Acquisition of broadcast properties and related transaction costs | | | (55,521) | | (55,521) |
| Other investing activities | | | 603 | | 603 |
| Net cash used for investing activities | | | (79,272) | | (79,272) |
| Cash flows from financing activities: | | | | | |
| Repayment of long-term debt | | | (15,485) | | (15,485) |
| Proceeds from revolver draws | | | 38,000 | | 38,000 |
| Other financing activities | | | (13) | | (13) |
| Net cash provided by financing activities | | | 22,502 | | 22,502 |
| Net decrease in cash and cash equivalents | | | (2,308) | | (2,308) |
| Cash and cash equivalents at beginning of year | | | 13,487 | | 13,487 |
| Cash and cash equivalents at end of year | \$ | \$ | \$ 11,179 | \$ | \$ 11,179 |

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Condensed Consolidating Financial Information (Continued)

Senior Subordinated Notes

On December 30, 2003 and April 1, 2005, Nexstar Broadcasting, a 100% owned subsidiary of Nexstar Finance Holdings, issued 7% senior subordinated notes (7% Notes) due in January 2014. The 7% Notes are fully and unconditionally guaranteed by Nexstar.

The following condensed consolidating financial information presents the financial position, results of operations and cash flows of Nexstar and its 100%, directly or indirectly, owned subsidiaries and independently-owned Mission Broadcasting, Inc. This information is presented in lieu of separate financial statements and other related disclosures of Nexstar Broadcasting pursuant to Regulation S-X Rule 3-10 of the Securities Exchange Act of 1934, as amended, Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or being Registered .

The Nexstar column presents the parent company s financial information. Nexstar is also a guarantor. The Nexstar Broadcasting column presents the issuer s financial information. The Mission column presents the financial information of Mission Broadcasting, Inc., an entity in which Nexstar Broadcasting is required to consolidate as a VIE under FIN No. 46R (see Note 2). Mission is also a guarantor of the senior subordinated notes issued by Nexstar Broadcasting. The Non-Guarantor Subsidiary column presents the financial information of Nexstar Finance Holdings, the parent of Nexstar Broadcasting.

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****19. Condensed Consolidating Financial Information (Continued)****BALANCE SHEET****December 31, 2008****(in thousands)**

| | Nexstar | Nexstar Broadcasting | Mission | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|----------------|---------------------------------|----------------|-------------------------------------|---------------------|---------------------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ | \$ 14,408 | \$ 1,426 | \$ | \$ | \$ 15,834 |
| Due from Mission | | 15,468 | | | (15,468) | |
| Other current assets | | 64,369 | 4,665 | 6 | | 69,040 |
| Total current assets | | 94,245 | 6,091 | 6 | (15,468) | 84,874 |
| Investments in subsidiaries eliminated upon consolidation | (65,164) | | | 15,528 | 49,636 | |
| Amounts due from parents eliminated upon consolidation | | (58) | | | 58 | |
| Property and equipment, net | | 106,609 | 29,269 | | | 135,878 |
| Goodwill | | 96,997 | 18,635 | | | 115,632 |
| FCC licenses | | 102,362 | 22,695 | | | 125,057 |
| Other intangible assets, net | | 119,186 | 30,665 | | | 149,851 |
| Other noncurrent assets | 1 | 11,261 | 2,723 | 1,310 | | 15,295 |
| Total assets | \$ (65,163) | \$ 530,602 | \$ 110,078 | \$ 16,844 | \$ 34,226 | \$ 626,587 |
| LIABILITIES AND | | | | | | |
| STOCKHOLDERS EQUITY (DEFICIT) | | | | | | |
| Current liabilities: | | | | | | |
| Current portion of debt | \$ | \$ 1,758 | \$ 1,727 | \$ | \$ | \$ 3,485 |
| Due to Nexstar Broadcasting | | | 15,468 | | (15,468) | |
| Other current liabilities | | 44,621 | 7,037 | 2,212 | 128 | 53,998 |
| Total current liabilities | | 46,379 | 24,232 | 2,212 | (15,340) | 57,483 |
| Debt | | 408,452 | 172,360 | 77,820 | | 658,632 |
| Amounts due to subsidiary eliminated upon consolidation | (2,006) | | | 1,973 | 33 | |
| Other noncurrent liabilities | (3) | 60,243 | 15,513 | 3 | (128) | 75,628 |
| Total liabilities | (2,009) | 515,074 | 212,105 | 82,008 | (15,435) | 791,743 |

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| | | | | | | | |
|--|-------------|------------|------------|-----------|-----------|--|------------|
| Stockholders' equity (deficit): | | | | | | | |
| Common stock | 284 | | | | | | 284 |
| Other stockholders' equity (deficit) | (63,438) | 15,528 | (102,027) | (65,164) | 49,661 | | (165,440) |
| Total stockholders' equity (deficit) | (63,154) | 15,528 | (102,027) | (65,164) | 49,636 | | (165,156) |
| Total liabilities and stockholders' equity (deficit) | \$ (65,163) | \$ 530,602 | \$ 110,078 | \$ 16,844 | \$ 34,226 | | \$ 626,587 |

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Condensed Consolidating Financial Information (Continued)

BALANCE SHEET

December 31, 2007

(in thousands)

| | Nexstar | Nexstar Broadcasting | Mission | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|----------|-------------------------|------------|-----------------------------|--------------|-------------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ | \$ 6,310 | \$ 9,916 | \$ | \$ | \$ 16,226 |
| Due from Mission | | 18,485 | | | (18,485) | |
| Other current assets | 145 | 68,146 | 3,927 | 6 | (145) | 72,079 |
| Total current assets | 145 | 92,941 | 13,843 | 6 | (18,630) | 88,305 |
| Investments in subsidiaries eliminated upon consolidation | 5,361 | | | 132,130 | (137,491) | |
| Amounts due from parents eliminated upon consolidation | | 2,377 | | | (2,377) | |
| Property and equipment, net | | 91,558 | 20,061 | | (7) | 111,612 |
| Goodwill | | 134,564 | 17,122 | | | 151,686 |
| FCC licenses | | 135,059 | 28,736 | | | 163,795 |
| Other intangible assets, net | | 142,243 | 36,368 | | | 178,611 |
| Other noncurrent assets | 1 | 10,183 | 2,825 | 1,694 | (10) | 14,693 |
| Total assets | \$ 5,507 | \$ 608,925 | \$ 118,955 | \$ 133,830 | \$ (158,515) | \$ 708,702 |
| LIABILITIES AND | | | | | | |
| STOCKHOLDERS EQUITY (DEFICIT) | | | | | | |
| Current liabilities: | | | | | | |
| Current portion of debt | \$ | \$ 1,758 | \$ 1,727 | \$ 46,906 | \$ | \$ 50,391 |
| Due to Nexstar Broadcasting | | | 18,485 | | (18,485) | |
| Other current liabilities | | 43,904 | 5,626 | | (144) | 49,386 |
| Total current liabilities | | 45,662 | 25,838 | 46,906 | (18,629) | 99,777 |
| Debt | | 377,109 | 174,087 | 79,589 | | 630,785 |
| Amounts due to subsidiary eliminated upon consolidation | 404 | | | 1,973 | (2,377) | |
| Other noncurrent liabilities | | 54,024 | 13,517 | | (11) | 67,530 |
| Total liabilities | 404 | 476,795 | 213,442 | 128,468 | (21,017) | 798,092 |
| Stockholders' equity (deficit): | | | | | | |
| Common stock | 284 | | | | | 284 |

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| | | | | | | |
|---|----------|------------|------------|------------|--------------|------------|
| Other stockholders equity (deficit) | 4,819 | 132,130 | (94,487) | 5,362 | (137,498) | (89,674) |
| Total stockholders equity (deficit) | 5,103 | 132,130 | (94,487) | 5,362 | (137,498) | (89,390) |
| Total liabilities and stockholders equity (deficit) | \$ 5,507 | \$ 608,925 | \$ 118,955 | \$ 133,830 | \$ (158,515) | \$ 708,702 |

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Condensed Consolidating Financial Information (Continued)

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2008

(in thousands)

| | Nexstar | Nexstar Broadcasting Mission | Non-Guarantor Subsidiary | Eliminations | Consolidated Company | |
|---|-------------|------------------------------------|-----------------------------|--------------|-------------------------|-------------|
| Net broadcast revenue (including trade and barter) | \$ | \$ 278,284 | \$ 6,635 | \$ | \$ 284,919 | |
| Revenue between consolidated entities | | 8,090 | 35,283 | (43,373) | | |
| Net revenue | | 286,374 | 41,918 | (43,373) | 284,919 | |
| Operating expenses: | | | | | | |
| Direct operating expenses (exclusive of depreciation and amortization shown separately below) | | 71,882 | 6,405 | | 78,287 | |
| Selling, general, and administrative expenses (exclusive of depreciation and amortization shown separately below) | 1 | 87,872 | 2,595 | | 90,468 | |
| Local service agreement fees between consolidated entities | | 35,283 | 8,090 | (43,373) | | |
| Non-cash contract termination fee | | 7,167 | | | 7,167 | |
| Impairment of goodwill and intangible assets | | 70,957 | 11,438 | | 82,395 | |
| Amortization of broadcast rights | | 15,694 | 4,729 | | 20,423 | |
| Amortization of intangible assets | | 22,726 | 5,403 | | 28,129 | |
| Depreciation | | 17,687 | 3,337 | | 21,024 | |
| (Gain) loss on asset exchange | | (3,907) | (869) | | (4,776) | |
| (Gain) loss on property and asset disposal, net | | 253 | (352) | 56 | (43) | |
| Total operating expenses | 1 | 325,614 | 40,776 | 56 | (43,373) | 323,074 |
| Income (loss) from operations | (1) | (39,240) | 1,142 | (56) | (38,155) | |
| Interest expense, including amortization of debt financing costs | | (28,641) | (9,472) | (10,719) | (48,832) | |
| Gain on extinguishment of debt | | 2,897 | | | 2,897 | |
| Equity in loss of subsidiaries | (70,518) | | | (59,743) | 130,261 | |
| Other income, net | | 662 | 53 | | 715 | |
| Loss before income taxes | (70,519) | (64,322) | (8,277) | (70,518) | 130,261 | (83,375) |
| Income tax (expense) benefit | | 4,579 | 737 | | | 5,316 |
| Net loss | \$ (70,519) | \$ (59,743) | \$ (7,540) | \$ (70,518) | \$ 130,261 | \$ (78,059) |

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****19. Condensed Consolidating Financial Information (Continued)****STATEMENT OF OPERATIONS****For the Year Ended December 31, 2007****(in thousands)**

| | Nexstar | Nexstar Broadcasting | Mission | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|--------------------|---------------------------------|-------------------|-------------------------------------|---------------------|---------------------------------|
| Net broadcast revenue (including trade and barter) | \$ | \$ 260,075 | \$ 6,726 | \$ | \$ | \$ 266,801 |
| Revenue between consolidated entities | | 7,860 | 30,556 | | (38,416) | |
| Net revenue | | 267,935 | 37,282 | | (38,416) | 266,801 |
| Operating expenses (income): | | | | | | |
| Direct operating expenses (exclusive of depreciation and amortization shown separately below) | | 68,980 | 5,148 | | | 74,128 |
| Selling, general, and administrative expenses (exclusive of depreciation and amortization shown separately below) | (105) | 84,598 | 2,280 | | | 86,773 |
| Local service agreement fees between consolidated entities | | 30,556 | 7,860 | | (38,416) | |
| Amortization of broadcast rights | | 17,188 | 4,269 | | | 21,457 |
| Amortization of intangible assets | | 20,309 | 5,362 | | | 25,671 |
| Depreciation | | 16,983 | 3,241 | | (15) | 20,209 |
| Gain on asset exchange | | (1,645) | (317) | | | (1,962) |
| Loss (gain) on asset disposal, net | | (109) | 92 | | | (17) |
| Total operating expenses (income) | (105) | 236,860 | 27,935 | | (38,431) | 226,259 |
| Income from operations | 105 | 31,075 | 9,347 | | 15 | 40,542 |
| Interest expense, including amortization of debt financing costs | | (29,099) | (12,344) | (13,597) | | (55,040) |
| Equity in loss of subsidiaries | (15,853) | | | (2,256) | 18,109 | |
| Other income, net | | 440 | 92 | | | 532 |
| Income (loss) before income taxes | (15,748) | 2,416 | (2,905) | (15,853) | 18,124 | (13,966) |
| Income tax expense | | (4,672) | (1,135) | | | (5,807) |
| Net loss | \$ (15,748) | \$ (2,256) | \$ (4,040) | \$ (15,853) | \$ 18,124 | \$ (19,773) |

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Condensed Consolidating Financial Information (Continued)

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2006

(in thousands)

| | Nexstar | Nexstar Broadcasting | Mission | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|------------|-------------------------|------------|-----------------------------|--------------|-------------------------|
| Net broadcast revenue (including trade and barter) | \$ | \$ 259,412 | \$ 5,757 | \$ | \$ | \$ 265,169 |
| Revenue between consolidated entities | | 7,820 | 32,556 | | (40,376) | |
| Net revenue | | 267,232 | 38,313 | | (40,376) | 265,169 |
| Operating expenses: | | | | | | |
| Direct operating expenses (exclusive of depreciation and amortization shown separately below) | | 66,755 | 4,710 | | | 71,465 |
| Selling, general, and administrative expenses (exclusive of depreciation and amortization shown separately below) | 101 | 82,802 | 2,390 | | | 85,293 |
| Local service agreement fees between consolidated entities | | 32,556 | 7,820 | | (40,376) | |
| Amortization of broadcast rights | | 15,762 | 3,939 | | | 19,701 |
| Amortization of intangible assets | | 18,739 | 5,396 | | | 24,135 |
| Depreciation | | 14,815 | 3,286 | | (15) | 18,086 |
| Loss on asset disposal, net | | 627 | 12 | | | 639 |
| Total operating expenses | 101 | 232,056 | 27,553 | | (40,391) | 219,319 |
| Income (loss) from operations | (101) | 35,176 | 10,760 | | 15 | 45,850 |
| Interest expense, including amortization of debt financing costs | | (26,996) | (12,315) | (12,203) | (269) | (51,783) |
| Loss on extinguishment of debt | | | (269) | | 269 | |
| Equity in earnings (loss) of subsidiaries | (5,970) | | | 6,233 | (263) | |
| Other income, net | | 700 | 60 | | | 760 |
| Income (loss) before income taxes | (6,071) | 8,880 | (1,764) | (5,970) | (248) | (5,173) |
| Income tax expense | | (2,647) | (1,172) | | | (3,819) |
| Net income (loss) | \$ (6,071) | \$ 6,233 | \$ (2,936) | \$ (5,970) | \$ (248) | \$ (8,992) |

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****19. Condensed Consolidating Financial Information (Continued)****STATEMENT OF CASH FLOWS****For the Year Ended December 31, 2008****(in thousands)**

| | Nexstar | Nexstar Broadcasting | Mission | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|----------------|---------------------------------|-----------------|-------------------------------------|---------------------|---------------------------------|
| Cash flows provided by operating activities | \$ | \$ 56,563 | \$ 8,768 | \$ 52,180 | \$ (56,864) | \$ 60,648 |
| Cash flows from investing activities: | | | | | | |
| Additions to property and equipment | | (22,607) | (8,186) | | | (30,793) |
| Acquisition of broadcast properties and related transaction costs | | | (7,923) | | | (7,923) |
| Down payment on acquisition of stations | | (400) | | | | (400) |
| Other investing activities | | 46 | 578 | | | 624 |
| Net cash used for investing activities | | (22,961) | (15,531) | | | (38,492) |
| Cash flows from financing activities: | | | | | | |
| Proceeds from debt issuance | | 35,000 | | | | 35,000 |
| Repayment of long-term debt | | (56,375) | (1,727) | (52,180) | | (110,282) |
| Proceeds from revolver draws | | 53,000 | | | | 53,000 |
| Payments for debt financing costs | | (304) | | | | (304) |
| Inter-company dividends paid | | (56,864) | | | 56,864 | |
| Other financing activities | | 38 | | | | 38 |
| Net cash provided by (used for) financing activities | | (25,505) | (1,727) | (52,180) | 56,864 | (22,548) |
| Net increase (decrease) in cash and cash equivalents | | 8,098 | (8,490) | | | (392) |
| Cash and cash equivalents at beginning of year | | 6,310 | 9,916 | | | 16,226 |
| Cash and cash equivalents at end of year | \$ | \$ 14,408 | \$ 1,426 | \$ | \$ | \$ 15,834 |

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Condensed Consolidating Financial Information (Continued)

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2007

(in thousands)

| | Nexstar | Nexstar Broadcasting | Mission | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|----------|-------------------------|----------|-----------------------------|--------------|-------------------------|
| Cash flows provided by (used for) operating activities | \$ (153) | \$ 33,232 | \$ 3,908 | \$ | \$ | \$ 36,987 |
| Cash flows from investing activities: | | | | | | |
| Additions to property and equipment, net | | (16,080) | (2,461) | | | (18,541) |
| Down payment on acquisition of stations | | | (387) | | | (387) |
| Other investing activities | | 314 | 6 | | | 320 |
| Net cash used for investing activities | | (15,766) | (2,842) | | | (18,608) |
| Cash flows from financing activities: | | | | | | |
| Repayment of long-term debt | | (19,758) | (1,727) | | | (21,485) |
| Proceeds from revolver draws | | 1,000 | 7,000 | | | 8,000 |
| Other financing activities | 153 | | | | | 153 |
| Net cash provided by (used for) financing activities | 153 | (18,758) | 5,273 | | | (13,332) |
| Net increase (decrease) in cash and cash equivalents | | (1,292) | 6,339 | | | 5,047 |
| Cash and cash equivalents at beginning of period | | 7,602 | 3,577 | | | 11,179 |
| Cash and cash equivalents at end of period | \$ | \$ 6,310 | \$ 9,916 | \$ | \$ | \$ 16,226 |

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Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****19. Condensed Consolidating Financial Information (Continued)****STATEMENT OF CASH FLOWS****For the Year Ended December 31, 2006****(in thousands)**

| | Nexstar | Nexstar Broadcasting | Mission | Non-Guarantor Subsidiary | Eliminations | Consolidated Company |
|---|----------------|---------------------------------|----------------|-------------------------------------|---------------------|---------------------------------|
| Cash flows provided by operating activities | \$ | \$ 47,946 | \$ 6,516 | \$ | \$ | \$ 54,462 |
| Cash flows from investing activities: | | | | | | |
| Additions to property and equipment | | (21,718) | (2,636) | | | (24,354) |
| Acquisition of broadcast properties and related transaction costs | | (55,521) | | | | (55,521) |
| Other investing activities | | 583 | 20 | | | 603 |
| Net cash used for investing activities | | (76,656) | (2,616) | | | (79,272) |
| Cash flows from financing activities: | | | | | | |
| Repayment of long-term debt | | (13,758) | (1,727) | | | (15,485) |
| Proceeds from revolver draws | | 38,000 | | | | 38,000 |
| Other financing activities | | (13) | | | | (13) |
| Net cash provided by (used for) financing activities | | 24,229 | (1,727) | | | 22,502 |
| Net increase (decrease) in cash and cash equivalents | | (4,481) | 2,173 | | | (2,308) |
| Cash and cash equivalents at beginning of year | | 12,083 | 1,404 | | | 13,487 |
| Cash and cash equivalents at end of year | \$ | \$ 7,602 | \$ 3,577 | \$ | \$ | \$ 11,179 |

Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****20. Employee Benefits**

Nexstar and Mission have established retirement savings plans under Section 401(k) of the Internal Revenue Code (the Plans). The Plans cover substantially all employees of Nexstar and Mission who meet minimum age and service requirements, and allow participants to defer a portion of their annual compensation on a pre-tax basis. Employer contributions to the Plans may be made at the discretion of Nexstar and Mission. In 2008, neither Nexstar or Mission made contributions to the Plans. Nexstar recorded contributions of \$0.6 million and \$0.5 million for the years ended December 31, 2007 and 2006, respectively. Mission recorded contributions of \$17 thousand and \$12 thousand for the years ended December 31, 2007 and 2006, respectively.

Under a collective bargaining agreement, the Company contributes three percent (3%) of the gross monthly payroll of certain covered employees toward their pension benefits. Employees must have completed 90 days of service to be eligible for the contribution. The Company's pension benefit contribution totaled \$20 thousand, \$25 thousand and \$26 thousand for the years ended December 31, 2008, 2007 and 2006, respectively.

21. Related Party Transactions

Pursuant to a management services agreement, Mission paid compensation to its sole shareholder in the amount of \$0.3 million for the year ended December 31, 2008 and \$0.4 million for each of the years ended December 31, 2007 and 2006, respectively, which was included in selling, general and administrative expenses in the Company's consolidated statement of operations.

22. Unaudited Quarterly Data

| | March 31, 2008 | June 30, 2008 | Quarter Ended September 30, 2008 ⁽¹⁾ | December 31, 2008 ⁽²⁾ |
|---|--|------------------|---|-------------------------------------|
| | (in thousands, except per share amounts) | | | |
| Net revenue | \$ 63,712 | \$ 70,618 | \$ 70,275 | \$ 80,314 |
| Income (loss) from operations | (61) | 16,166 | (36,799) | (17,461) |
| Income (loss) before income taxes | (13,649) | 5,511 | (48,331) | (26,906) |
| Net income (loss) | (15,328) | 3,877 | (45,328) | (21,280) |
| Basic and diluted net income (loss) per share | \$ (0.54) | \$ 0.14 | \$ (1.59) | \$ (0.75) |
| Basic and diluted weighted average shares outstanding | 28,418 | 28,422 | 28,425 | 28,425 |

| | March 31, 2007 | June 30, 2007 | Quarter Ended September 30, 2007 | December 31, 2007 |
|---|--|------------------|--|----------------------|
| | (in thousands, except per share amounts) | | | |
| Net revenue | \$ 62,054 | \$ 68,729 | \$ 64,463 | \$ 71,555 |
| Income from operations | 6,103 | 13,421 | 8,325 | 12,693 |
| Loss before income taxes | (7,501) | (205) | (5,337) | (923) |
| Net loss | (9,033) | (1,291) | (6,844) | (2,605) |
| Basic and diluted net loss per share | \$ (0.32) | \$ (0.05) | \$ (0.24) | \$ (0.09) |
| Basic and diluted weighted average shares outstanding | 28,393 | 28,402 | 28,402 | 28,408 |

(1)

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The Company recognized impairment charges to goodwill, FCC licenses and network affiliation agreements of \$ 27.8 million, \$19.7 million and \$1.0 million, respectively, in the third quarter of 2008. See Footnote 8 for additional information.

- (2) The Company recognized impairment charges to goodwill, FCC licenses and network affiliation agreements of \$11.1 million, \$21.7 million and \$1.1 million, respectively, in the fourth quarter of 2008. See Footnote 8 for additional information.

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Table of Contents**Index to Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****23. Valuation and Qualifying Accounts****Allowance for Doubtful Accounts Rollforward**

| | Balance at Beginning of Period | Additions Charged to Costs and Expenses | Deductions ⁽¹⁾ | Balance at End of Period |
|------------------------------|--------------------------------------|--|---------------------------|--------------------------------|
| Year ended December 31, 2006 | \$ 863 | \$ 963 | \$ (765) | \$ 1,061 |
| Year ended December 31, 2007 | 1,061 | 1,112 | (965) | 1,208 |
| Year ended December 31, 2008 | 1,208 | 959 | (1,335) | 832 |

(1) Uncollectible accounts written off, net of recoveries.

Valuation Allowance for Deferred Tax Assets Rollforward

| | Balance at Beginning of Period | Additions Charged to Costs and Expenses ⁽¹⁾ | Additions Charged to Other Accounts | Deductions ⁽²⁾ | Balance at End of Period |
|------------------------------|---|---|--|---------------------------|-----------------------------------|
| Year ended December 31, 2006 | \$ 150,125 | \$ 4,384 | \$ | \$ | \$ 154,509 |
| Year ended December 31, 2007 | 154,509 | 10,684 | | (13,045) | 152,148 |
| Year ended December 31, 2008 | 152,148 | 13,915 | 720 | | 166,783 |

(1) Increase in valuation allowance related to the generation of net operating losses and other deferred tax assets.

(2) Decrease in valuation allowance associated with adjustments to certain deferred tax assets and their related allowance.

24. Subsequent Events

On October 6, 2008, Nexstar entered into a purchase agreement to acquire substantially all of the assets of KARZ (formerly KWBF), the MyNetworkTV affiliate serving the Little Rock, Arkansas market for \$4.0 million (base price) subject to working capital adjustments. This acquisition closed on March 12, 2009.

On January 28, 2009, Nexstar entered into an agreement to acquire the assets of WCWJ the CW affiliate serving the Jacksonville, Florida market, for \$18.0 million (base) subject to working capital adjustments. The transaction is expected to close in the second quarter of 2009.

On February 27, 2009, Nexstar announced the commencement of an offer to exchange up to \$143,600,000 aggregate principal amount of its outstanding \$191,510,000 in aggregate principal amount of 7% senior subordinated notes due 2014 (CUSIP No. 65336YAB9) (the "Old Notes") in exchange for (i) up to \$143,600,000 in aggregate principal amount of Nexstar Broadcasting's 7% senior subordinated PIK Notes due 2014 (the "New Notes"), to be guaranteed by each of the existing guarantors to the Old Notes and (ii) cash. The total exchange price received by tendering holders of the Old Notes in the exchange offer included an early participation payment of \$30.00 per \$1,000 principal amount of Old Notes payable only to holders who tendered their Old Notes at or before 5:00 p.m. New York City time on March 10, 2009, subject to extension (referred to as the "early participation date"), which is in addition to the \$93.10 per \$1,000 principal amount of Old Notes payable to all holders who validly tendered their Old Notes on or prior to March 26, 2009 (referred to as the "expiration date"). The early participation payment was paid

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in the exchange offer only to eligible holders who validly tendered their Old Notes on or prior to the early participation date and did not validly withdraw their tenders. Holders who validly tendered their Old Notes after the early participation date and on or prior to the expiration date were eligible to receive \$93.10 per \$1,000 principal amount of Old Notes tendered. The exchange offer expired at 12:00 midnight, New York City time, on March 26, 2009. The exchange closed on March 30, 2009.

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NEXSTAR BROADCASTING GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Subsequent Events (Continued)

During the first quarter of 2009, the Company repurchased a total of \$27.9 million (face amount) of its 11.375% notes and \$1.0 million (face amount) of its 7% notes for a total of \$10.0 million, plus accrued interest of \$1.0 million.

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Exhibit

| No. | Exhibit Index |
|------------|---|
| 3.1 | Amended and Restated Certificate of Incorporation of Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 3.1 to Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc.) |
| 3.2 | Amended and Restated By-Laws of Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 3.2 to Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc.) |
| 4.1 | Specimen Class A Common Stock Certificate. (Incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 4.2 | Form of Stockholders Agreement among Nexstar Broadcasting Group, Inc., ABRY Broadcast Partners II, L.P., ABRY Broadcast Partners III, L.P., Perry A. Sook and the other stockholders named therein. (Incorporated by reference to Exhibit 4.2 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 4.3 | Indenture dated as of June 30, 2008, by and between Nexstar Broadcasting, Inc. and The Bank of New York, as Trustee. (Incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on July 7, 2008) |
| 4.4 | First Supplemental Indenture, dated as of June 30, 2008, by and among Nexstar Broadcasting, Inc., Nexstar Broadcasting Group, Inc., as Gurantor, and The Bank of New York, as Trustee. (Incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on July 7, 2008) |
| 4.5 | Guarantee, dated as of June 30, 2008, of Nexstar Broadcasting Group, Inc. executed pursuant to the Indenture dated as of June 30, 2008 by and between Nexstar Broadcasting, Inc. and The Bank of New York, as amended and supplemented by the Supplemental Indenture referred to above. (Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on July 7, 2008) |
| 10.1 | Executive Employment Agreement, dated as of January 5, 1998, by and between Perry A. Sook and Nexstar Broadcasting Group, Inc., as amended on January 5, 1999. (Incorporated by reference to Exhibit 10.11 to Registration Statement on Form S-4 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.)# |
| 10.2 | Amendment to Employment Agreement, dated as of May 10, 2001, by and between Perry A. Sook and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.12 to Registration Statement on Form S-4 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.)# |
| 10.3 | Executive Employment Agreement, dated as of January 5, 1998, by and between Duane Lammers and Nexstar Broadcasting Group, Inc., as amended on December 31, 1999. (Incorporated by reference to Exhibit 10.13 to Registration Statement on Form S-4 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.)# |
| 10.4 | Addendum to Employment Agreement, dated February 9, 2001, by and between Duane Lammers and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.14 to Registration Statement on Form S-4 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.)# |
| 10.5 | Executive Subscription Agreement, dated as of December 31, 1999, by and between Duane Lammers and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.15 to Registration Statement on Form S-4 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.)# |

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| No. | Exhibit Index |
|------------|--|
| 10.6 | Executive Employment Agreement, dated as of January 5, 1998, by and between Shirley Green and Nexstar Broadcasting Group, Inc., as amended on December 31, 1999. (Incorporated by reference to Exhibit 10.16 to Registration Statement on Form S-4 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.)# |
| 10.7 | Second Addendum to Employment Agreement, dated as of February 6, 2002, by and between Shirley Green and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.20 to Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 333-68964) filed by Nexstar Finance Holdings, L.L.C. and Nexstar Finance Holdings, Inc.)# |
| 10.8 | Executive Subscription Agreement, dated as of December 31, 1999, by and between Shirley Green and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.17 to Registration Statement on Form S-4 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.)# |
| 10.9 | Executive Employment Agreement, dated as of December 31, 1999, by and between Richard Stolpe and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.19 to Registration Statement on Form S-4 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.)# |
| 10.10 | Purchase and Sale Agreement, dated as of December 31, 2001, by and among Mission Broadcasting of Joplin, Inc., GOCOM Broadcasting of Joplin, LLC and GOCOM of Joplin License Sub, LLC. (Incorporated by reference to Exhibit 10.24 to Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 333-68964) filed by Nexstar Finance Holdings, L.L.C. and Nexstar Finance Holdings, Inc.) |
| 10.11 | Time Brokerage Agreement, dated as of December 31, 2001, by and between GOCOM of Joplin License Sub, LLC and Mission Broadcasting of Joplin, Inc. (Incorporated by reference to Exhibit 10.25 to Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 333-68964) filed by Nexstar Finance Holdings, L.L.C. and Nexstar Finance Holdings, Inc.) |
| 10.12 | Outsourcing Agreement, dated as of December 1, 2001, by and among WYZZ, Inc., WYZZ License, Inc. and Nexstar Broadcasting of Peoria, L.L.C. (Incorporated by reference to Exhibit 10.26 to Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 333-68964) filed by Nexstar Finance Holdings, L.L.C. and Nexstar Finance Holdings, Inc.) |
| 10.13 | Option Agreement, dated as of June 1, 1999, among Mission Broadcasting of Wichita Falls, Inc., David Smith and Nexstar Broadcasting of Wichita Falls, L.P. (Incorporated by reference to Exhibit 10.42 to Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 10.14 | Shared Services Agreement, dated as of June 1, 1999, among Mission Broadcasting of Wichita Falls, Inc., David Smith and Nexstar Broadcasting of Wichita Falls, L.P. (Incorporated by reference to Exhibit 10.43 to Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 10.15 | Agreement of the Sale of Commercial Time, dated as of June 1, 1999, among Mission Broadcasting of Wichita Falls, Inc., David Smith and Nexstar Broadcasting of Wichita Falls, L.P. (Incorporated by reference to Exhibit 10.44 to Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 10.16 | Option Agreement, dated as of May 19, 1998, among Bastet Broadcasting, Inc., David Smith and Nexstar Broadcasting of Northeastern Pennsylvania, L.P. (Incorporated by reference to Exhibit 10.45 to Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 10.17 | Shared Services Agreement, dated as of January 5, 1998, between Nexstar Broadcasting Group, L.P. and Bastet Broadcasting, Inc. (Incorporated by reference to Exhibit 10.46 to Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |

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| No. | Exhibit Index |
|------------|---|
| 10.18 | Option Agreement, dated as of November 30, 1998, among Bastet Broadcasting, Inc., David Smith and Nexstar Broadcasting Group, L.L.C. (Incorporated by reference to Exhibit 10.47 to Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 10.19 | Time Brokerage Agreement, dated as of April 1, 1996, by and between SJL Communications, L.P. and NV Acquisitions Co. (Incorporated by reference to Exhibit 10.48 to Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 10.20 | Amendment, dated as of July 31, 1998, to Time Brokerage Agreement, dated as of April 1, 1996, between SJL Communications, L.P. and NV Acquisitions Co. (Incorporated by reference to Exhibit 10.49 to Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 10.21 | Option Agreement, dated as of April 1, 2002, by and between Mission Broadcasting of Joplin, Inc. and Nexstar Broadcasting of Joplin, L.L.C. (Incorporated by reference to Exhibit 10.50 to Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 10.22 | Shared Services Agreement, dated as of April 1, 2002, by and between Mission Broadcasting of Joplin, Inc. and Nexstar Broadcasting of Joplin, L.L.C. (Incorporated by reference to Exhibit 10.51 to Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 10.23 | Addendum to Employment Agreement, dated as of August 14, 2002, by and between Duane Lammers and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.52 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.)# |
| 10.24 | Amendment to Option Agreements, dated as of October 18, 2002, among Mission Broadcasting, Inc., David Smith, Nexstar Broadcasting of Northeastern Pennsylvania, L.L.C., Nexstar Broadcasting Group, L.L.C., Nexstar Broadcasting of Wichita Falls, L.L.C., and Nexstar Broadcasting of Joplin, L.L.C. (Incorporated by reference to Exhibit 10.54 to Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 10.25 | Modifications to Employment Agreement, dated as of September 26, 2002, by and between Perry A. Sook and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.55 to Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.)# |
| 10.26 | Asset Purchase Agreement, dated as of December 13, 2002, by and among LIN Television Corporation, TVL Broadcasting of Abilene, Inc., Abilene Broadcasting, L.L.C. and Mission Broadcasting, Inc. (Incorporated by reference to Exhibit 10.47 to Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.) |
| 10.27 | Local Marketing Agreement, dated as of December 13, 2002, by and among LIN Television Corporation, TVL Broadcasting of Abilene, Inc., Abilene Broadcasting, L.L.C. and Mission Broadcasting, Inc. (Incorporated by reference to Exhibit 10.48 to Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.) |
| 10.28 | Stock Purchase Agreement, dated as of December 30, 2002, by and among Nexstar Broadcasting Group, L.L.C., Nexstar Broadcasting of Little Rock, L.L.C., Nexstar Broadcasting of Dothan, L.L.C., Morris Network, Inc., United Broadcasting Corporation, KARK-TV, Inc. and Morris Network of Alabama, Inc. (Incorporated by reference to Exhibit 10.49 to Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.) |

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| No. | Exhibit Index |
|------------|---|
| 10.29 | Time Brokerage Agreement, dated as of December 30, 2002, by and between KARK-TV, Inc. and Nexstar Broadcasting of Little Rock, L.L.C. (Incorporated by reference to Exhibit 10.50 to Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.) |
| 10.30 | Time Brokerage Agreement, dated as of December 30, 2002, by and between Morris Network of Alabama, Inc. and Nexstar Broadcasting of Dothan, L.L.C. (Incorporated by reference to Exhibit 10.51 to Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.) |
| 10.31 | Shared Services Agreement, dated as of June 13, 2003, by and between Mission Broadcasting, Inc. and Nexstar Broadcasting of Abilene, L.L.C. (Incorporated by reference to Exhibit 10.63 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 10.32 | Option Agreement, dated as of June 13, 2003, among Mission Broadcasting, Inc., David Smith and Nexstar Broadcasting of Abilene, L.L.C. (Incorporated by reference to Exhibit 10.64 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 10.33 | Shared Services Agreement, dated as of May 9, 2003, by and between Mission Broadcasting, Inc. and Nexstar Broadcasting of the Midwest, Inc. (Incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q for the period ended June 30, 2003 (File No. 333-62916-02) filed by Mission Broadcasting, Inc.) |
| 10.34 | Agreement for the Sale of Commercial Time, dated as of May 9, 2003, by and between Mission Broadcasting, Inc. and Nexstar Broadcasting of the Midwest, Inc. (Incorporated by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q for the period ended June 30, 2003 (File No. 333-62916-02) filed by Mission Broadcasting, Inc.) |
| 10.35 | Option Agreement, dated as of May 9, 2003, among Mission Broadcasting, Inc., David Smith and Nexstar Broadcasting of the Midwest, Inc. (Incorporated by reference to Exhibit 10.3 to Quarterly Report on Form 10-Q for the period ended June 30, 2003 (File No. 333-62916-02) filed by Mission Broadcasting, Inc.) |
| 10.36 | Executive Employment Agreement, dated as of September 11, 2000, by and between Timothy Busch and Nexstar Broadcasting of Rochester, L.L.C. (Incorporated by reference to Exhibit 10.68 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.)# |
| 10.37 | Addendum to Employment Agreement, dated as of August 14, 2002, by and between Timothy Busch and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.69 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.)# |
| 10.38 | Executive Employment Agreement, dated as of May 1, 2003, by and between Brian Jones and Nexstar Broadcasting Group, L.L.C. (Incorporated by reference to Exhibit 10.70 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.)# |
| 10.39 | Indenture, among Nexstar Finance Holdings, L.L.C., Nexstar Finance Holdings, Inc., Mission Broadcasting, Inc. and The Bank of New York, dated as of March 27, 2003. (Incorporated by reference to Exhibit 4.4 to Quarterly Report on Form 10-Q for the period ended March 31, 2003 (File No. 333-68964) filed by Nexstar Finance Holdings, L.L.C. and Nexstar Finance Holdings, Inc.) |
| 10.40 | Addendum to Employment Agreement, dated as of May 20, 2003, by and between Duane A. Lammers and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.74 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.)# |
| 10.41 | Addendum to Employment Agreement, dated as of August 28, 2003, by and between Duane A. Lammers and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.75 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.)# |

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| No. | Exhibit Index |
|------------|---|
| 10.42 | Addendum to Employment Agreement, dated as of May 12, 2003, by and between Timothy C. Busch and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.76 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.)# |
| 10.43 | Addendum to Employment Agreement, dated as of August 28, 2003, by and between Timothy C. Busch and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.77 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.)# |
| 10.44 | Addendum to Employment Agreement, dated as of August 28, 2003, by and between Brian Jones and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.78 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.)# |
| 10.45 | Limited Consent, Waiver and Seventh Amendment to Credit Agreement, dated as of September 5, 2003, among Quorum Broadcasting Company, Inc., Quorum Broadcasting Company, LLC, VHR Broadcasting, Inc., Mission Broadcasting of Amarillo, Inc., Quorum Broadcast Holdings, LLC, Quorum Broadcast Holdings, Inc., the Lenders parties thereto and Bank of America, N.A. (Incorporated by reference to Exhibit 10.81 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.) |
| 10.46 | Amendment No. 1 to the Reorganization Agreement, dated as of November 3, 2003, by and between Nexstar Broadcasting Group, L.L.C. and Quorum Broadcast Holdings, LLC. (Incorporated by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q for the period ended September 30, 2003 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.) |
| 10.47 | Purchase and Sale Agreement, dated as of October 13, 2003, by and between Nexstar Finance, L.L.C. and J.D.G. Television, Inc. (Incorporated by reference to Exhibit 10.3 to Quarterly Report on Form 10-Q for the period ended September 30, 2003 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.) |
| 10.48 | Time Brokerage Agreement, dated as of October 13, 2003, by and between Nexstar Finance, L.L.C. and J.D.G. Television, Inc. (Incorporated by reference to Exhibit 10.4 to Quarterly Report on Form 10-Q for the period ended September 30, 2003 (File No. 333-62916) filed by Nexstar Finance, L.L.C. and Nexstar Finance, Inc.) |
| 10.49 | Addendum to Employment Agreement, dated as of August 28, 2003, by and between Richard Stolpe and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.87 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.)# |
| 10.50 | Addendum to Employment Agreement, dated as of August 25, 2003, by and between Perry A. Sook and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.20 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.)# |
| 10.51 | Addendum to Employment Agreement, dated as of August 28, 2003, by and between Shirley Green and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.27 to Registration Statement on Form S-1 (File No. 333-86994) filed by Nexstar Broadcasting Group, Inc.)# |
| 10.52 | First Restated Security Agreement, dated as of December 30, 2003 by Nexstar Broadcasting Group, Inc., Nexstar Finance Holdings, Inc. and Nexstar Broadcasting, Inc. in favor of Bank of America, N.A., as collateral agent. (Incorporated by reference to Exhibit 10.87 to the Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc.) |
| 10.53 | First Restated Pledge and Security Agreement, dated as of December 30, 2003, by Nexstar Broadcasting Group, Inc., Nexstar Finance Holdings, Inc. and Nexstar Broadcasting, Inc. in favor of Bank of America, N.A., as collateral agent. (Incorporated by reference to Exhibit 10.88 to the Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc.) |

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| 10.54 | First Restated Guaranty, dated as of December 30, 2003, executed by Nexstar Broadcasting Group, Inc. and Nexstar Finance Holdings, Inc. for Nexstar Broadcasting, Inc.'s Guaranteed Obligations in favor of the guaranteed parties defined therein. (Incorporated by reference to Exhibit 10.89 to the Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc.) |
| 10.55 | First Restated Guaranty, dated as of December 30, 2003, executed by Nexstar Broadcasting Group, Inc., Nexstar Finance Holdings, Inc. and Nexstar Broadcasting, Inc. for Mission Broadcasting, Inc.'s Guaranteed Obligations in favor of the guaranteed parties defined therein. (Incorporated by reference to Exhibit 10.90 to the Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc.) |
| 10.56 | Indenture, among Nexstar Broadcasting, Inc., the guarantors defined therein and The Bank of New York, dated as of December 30, 2003. (Incorporated by reference to Exhibit 10.91 to the Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc.) |
| 10.57 | Amendment to Agreement for Sale of Commercial Time, dated December 30, 2003, by and between Nexstar Broadcasting, Inc. and Mission Broadcasting, Inc. (KAMC-KLBK). (Incorporated by reference to Exhibit 10.91 to Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-114963) filed by Nexstar Broadcasting, Inc.) |
| 10.58 | Amendment to Shared Services Agreement, dated December 30, 2003, by and between Nexstar Broadcasting, Inc. and Mission Broadcasting, Inc. (KAMC-KLBK). (Incorporated by reference to Exhibit 10.92 to Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-114963) filed by Nexstar Broadcasting, Inc.) |
| 10.59 | Amendment to Agreement for Sale of Commercial Time, dated December 30, 2003, by and between Nexstar Broadcasting, Inc. and Mission Broadcasting, Inc. (KOLR-KSFX). (Incorporated by reference to Exhibit 10.93 to Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-114963) filed by Nexstar Broadcasting, Inc.) |
| 10.60 | Amendment to Shared Services Agreement, dated December 30, 2003, by and between Nexstar Broadcasting, Inc. and Mission Broadcasting, Inc. (KOLR-KSFX). (Incorporated by reference to Exhibit 10.94 to Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-114963) filed by Nexstar Broadcasting, Inc.) |
| 10.61 | Amendment to Agreement for Sale of Commercial Time, dated January 1, 2004, by and between Nexstar Broadcasting, Inc. and Mission Broadcasting, Inc. (KCIT-KAMR). (Incorporated by reference to Exhibit 10.95 to Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-114963) filed by Nexstar Broadcasting, Inc.) |
| 10.62 | Amendment to Shared Services Agreement, dated January 1, 2004, by and between Nexstar Broadcasting, Inc. and Mission Broadcasting, Inc. (KCIT-KAMR). (Incorporated by reference to Exhibit 10.96 to Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-114963) filed by Nexstar Broadcasting, Inc.) |
| 10.63 | Amendment to Agreement for Sale of Commercial Time, dated January 13, 2004, by and between Nexstar Broadcasting, Inc. and Mission Broadcasting, Inc. (WFXW-WTWO). (Incorporated by reference to Exhibit 10.97 to Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-114963) filed by Nexstar Broadcasting, Inc.) |
| 10.64 | Amendment to Shared Services Agreement, dated January 13, 2004, by and between Nexstar Broadcasting, Inc. and Mission Broadcasting, Inc. (WFXW-WTWO). (Incorporated by reference to Exhibit 10.98 to Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-114963) filed by Nexstar Broadcasting, Inc.) |

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| No. | Exhibit Index |
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| 10.65 | Agreement for Sale of Commercial Time, dated April 1, 2004, by and between Nexstar Broadcasting, Inc. and Mission Broadcasting, Inc. (WUTR-WFXV). (Incorporated by reference to Exhibit 10.99 to Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-114963) filed by Nexstar Broadcasting, Inc.) |
| 10.66 | Shared Services Agreement, dated April 1, 2004, by and between Nexstar Broadcasting, Inc. and Mission Broadcasting, Inc. (WUTR-WFXV). (Incorporated by reference to Exhibit 10.100 to Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-114963) filed by Nexstar Broadcasting, Inc.) |
| 10.67 | Amendment to Agreement for Sale of Commercial Time, dated January 1, 2004, by and between Nexstar Broadcasting, Inc. (as successor to Nexstar Broadcasting of Wichita Falls, L.P.) and Mission Broadcasting, Inc. (f/k/a Mission Broadcasting of Wichita Falls, Inc.) (KJBO-KFDX). (Incorporated by reference to Exhibit 10.101 to Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-114963) filed by Nexstar Broadcasting, Inc.) |
| 10.68 | Amendment to Shared Services Agreement, dated January 1, 2004, by and between Nexstar Broadcasting, Inc. (as successor to Nexstar Broadcasting of Wichita Falls, L.P.) and Mission Broadcasting, Inc. (f/k/a Mission Broadcasting of Wichita Falls, Inc.) (KJBO-KFDX). (Incorporated by reference to Exhibit 10.102 to Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-114963) filed by Nexstar Broadcasting, Inc.) |
| 10.69 | Purchase Agreement, dated May 21, 2004, by and between Nexstar Broadcasting, Inc. and Jewell Television Corporation. (Incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the period ended June 30, 2004 (File No. 333-62916-01) filed by Nexstar Broadcasting, Inc.) |
| 10.70 | Time Brokerage Agreement, dated May 21, 2004, by and between Nexstar Broadcasting, Inc. and Jewell Television Corporation. (Incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q for the period ended June 30, 2004 (File No. 333-62916-01) filed by Nexstar Broadcasting, Inc.) |
| 10.71 | Guarantee issued by Nexstar Broadcasting Group, Inc. with respect to 7% Senior Subordinated Notes due 2014. (Incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on October 1, 2004) |
| 10.72 | Guarantee issued by Nexstar Broadcasting Group, Inc. with respect to 12% Senior Subordinated Notes due 2008. (Incorporated by reference to Exhibit 99.2 to Current Report on Form 8-K (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on October 1, 2004) |
| 10.73 | Guarantee issued by Nexstar Broadcasting Group, Inc. with respect to 11.375% Senior Discount Notes due 2013. (Incorporated by reference to Exhibit 99.3 to Current Report on Form 8-K (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on October 1, 2004) |
| 10.74 | Supplemental Indenture, dated as of April 1, 2005, among Nexstar Broadcasting, Inc., Nexstar Broadcasting Group, Inc., Mission Broadcasting, Inc., and The Bank of New York, as Trustee. (Incorporated by reference to Exhibit 99.4 to the Current Report on Form 8-K (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on April 6, 2005) |
| 10.75 | Fourth Amended and Restated Credit Agreement, dated as of April 1, 2005, among Nexstar Broadcasting, Inc., Nexstar Broadcasting Group, Inc., certain of its subsidiaries from time to time parties to the Credit Agreement, the several banks and other financial institutions or entities from time to time parties thereto, Bank of America, N.A., as the Administrative Agent for the Lenders, and UBS Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Co-Syndication Agents. (Incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on April 6, 2005) |

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| 10.76 | First Amendment and Confirmation (Guarantee Agreement), dated as of April 1, 2005, by and among Nexstar Broadcasting Group, Inc. and Nexstar Finance Holdings, Inc. as Guarantors and Bank of America, N.A. as Collateral Agent, on behalf of the Majority Lenders (as defined therein). (Incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on April 6, 2005) |
| 10.77 | Nexstar First Amendment and Confirmation Agreement to Nexstar Guaranty of Mission Obligations, dated April 1, 2005, by and among Nexstar Broadcasting Group, Inc., Nexstar Finance Holdings, Inc. and Nexstar Broadcasting, Inc. (Incorporated by reference to Exhibit 99.3 to the Current Report on Form 8-K (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on April 6, 2005) |
| 10.78 | Guarantee, dated as of April 1, 2005, of Nexstar Broadcasting Group, Inc. executed pursuant to the Indenture, dated as of December 30, 2003, among Nexstar Broadcasting, Inc., Mission Broadcasting, Inc. and The Bank of New York, as Trustee, as amended and supplemented by the Supplemental Indenture (as defined therein). (Incorporated by reference to Exhibit 99.5 to the Current Report on Form 8-K (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on April 6, 2005) |
| 10.79 | Third Amended and Restated Credit Agreement, dated as of April 1, 2005, among Mission Broadcasting, Inc., the several banks and other financial institutions or entities from time to time parties thereto, Bank of America, N.A., as the Administrative Agent for the Lenders, and UBS Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Co-Syndication Agents. (Incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K (File No. 333-62916-02) filed by Mission Broadcasting, Inc. on April 7, 2005) |
| 10.80 | First Amendment and Confirmation Agreement to Mission Guarantee of Nexstar Obligations, dated as of April 1, 2005, by and among Mission Broadcasting, Inc. as Guarantor and Bank of America, N.A. as Collateral Agent, on behalf of the Majority Lenders (as defined therein). (Incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K (File No. 333-62916-02) filed by Mission Broadcasting, Inc. on April 7, 2005) |
| 10.81 | Confirmation Agreement for the Smith Pledge Agreement, dated as of April 1, 2005, by David S. Smith and Bank of America, N.A. as Collateral Agent. (Incorporated by reference to Exhibit 99.3 to the Current Report on Form 8-K (File No. 333-62916-02) filed by Mission Broadcasting, Inc. on April 7, 2005) |
| 10.82 | First Amendment, dated as of October 20, 2005, to the Fourth Amended and Restated Credit Agreement, among Nexstar Broadcasting Group, Inc., Nexstar Finance Holdings, Inc., Nexstar Broadcasting, Inc., Bank of America, N.A. (as Administrative Agent), UBS Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated (as Co-Syndication Agents) and several Lenders named therein. (Incorporated by reference to Exhibit 10.121 to the Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on March 16, 2006) |
| 10.83 | Executive Employment Agreement, dated as of January 23, 2006, by and between Nexstar Broadcasting, Inc. and Matthew E. Devine. (Incorporated by reference to Exhibit 10.122 to the Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on March 16, 2006)# |
| 10.84 | Stock Grant Agreement, dated as of January 23, 2006, by and between Nexstar Broadcasting Group, Inc. and Matthew E. Devine. (Incorporated by reference to Exhibit 10.123 to the Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on March 16, 2006)# |
| 10.85 | Purchase Agreement, dated as of June 7, 2006 (entered into by Nexstar Broadcasting Group, Inc. on July 26, 2006), by and between Nexstar Broadcasting Group, Inc. and Television Station Group Holdings, LLC. (Incorporated by reference to Exhibit 1.1 to the Quarterly Report on Form 10-Q for the period ended September 30, 2006 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on November 8, 2006) |

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| 10.86 | Asset Purchase Agreement, dated as of June 27, 2007 (entered into by Mission Broadcasting, Inc. on June 27, 2007), by, between and among Mission Broadcasting, Inc. and Piedmont Television Holdings LLC, Piedmont Television Communications LLC, Piedmont Television of Monroe/El Dorado LLC and Piedmont Television of Monroe/El Dorado License LLC. (Incorporated by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q for the period ended June 30, 2007 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on August 8, 2007) |
| 10.87 | Addendum to Employment Agreement, dated as of July 2, 2007, by and between Perry A. Sook and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the period ended June 30, 2007 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on August 8, 2007)# |
| 10.88 | Addendum to Employment Agreement, dated as of July 2, 2007, by and between Duane A. Lammers and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the period ended June 30, 2007 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on August 8, 2007)# |
| 10.89 | Executive Employment Agreement between Timothy Busch and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on August 12, 2008) |
| 10.90 | Executive Employment Agreement between Brian Jones and Nexstar Broadcasting Group, Inc. (Incorporated by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on August 12, 2008) |
| 10.91 | Purchase Agreement, dated June 27, 2008, by and among Nexstar Broadcasting, Inc., Nexstar Broadcasting Group, Inc. and certain initial purchasers named therein. (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on July 3, 2008) |
| 10.92 | Registration Rights Agreement, dated as of June 30, 2008, by and among Nexstar Broadcasting, Inc., Nexstar Broadcasting Group, Inc. and certain initial purchasers named therein. (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc. on July 7, 2008) |
| 10.93 | Addendum to Executive Employment Agreement between Perry A. Sook and Nexstar Broadcasting Group, Inc.* |
| 14.1 | Nexstar Broadcasting Group, Inc. Code of Ethics. (Incorporated by reference to Exhibit 14.1 to the Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-50478) filed by Nexstar Broadcasting Group, Inc.) |
| 21.1 | Subsidiaries of the registrant.* |
| 23.1 | Consent issued by PricewaterhouseCoopers LLP on March 2009.* |
| 31.1 | Certification of Perry A. Sook pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |
| 31.2 | Certification of Matthew E. Devine pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |
| 32.1 | Certification of Perry A. Sook pursuant to 18 U.S.C. ss. 1350.* |
| 32.2 | Certification of Matthew E. Devine pursuant to 18 U.S.C. ss. 1350.* |

Management contract or compensatory plan or arrangement

* Filed herewith