

NEXSTAR BROADCASTING GROUP INC

Form 10-Q

November 10, 2008

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-Q**

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

for the quarterly period ended September 30, 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)

**23-3083125**  
(IRS Employer Identification No.)

**5215 N. O Connor Blvd., Suite 1400**

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

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

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 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 October 31, 2008 the Registrant had outstanding:

15,013,839 shares of Class A Common Stock

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

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**Table of Contents****PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(in thousands, except share information)**

	September 30, 2008 (Unaudited)	December 31, 2007 (Unaudited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 11,648	\$ 16,226
Accounts receivable, net of allowance for doubtful accounts of \$908 and \$1,208, respectively	55,740	55,346
Current portion of broadcast rights	18,090	13,885
Taxes receivable		351
Prepaid expenses and other current assets	1,993	2,482
Deferred tax asset	15	15
<b>Total current assets</b>	<b>87,486</b>	<b>88,305</b>
Property and equipment, net	128,439	111,612
Broadcast rights	9,724	7,674
Goodwill	126,646	151,686
FCC licenses	146,788	163,795
Other intangible assets, net	160,030	178,611
Other noncurrent assets	5,496	6,399
Deferred tax asset	609	620
<b>Total assets</b>	<b>\$ 665,218</b>	<b>\$ 708,702</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Current portion of debt	\$ 3,485	\$ 50,391
Current portion of broadcast rights payable	18,413	13,943
Accounts payable	11,968	8,334
Accrued expenses	13,403	13,563
Taxes payable	366	478
Interest payable	7,527	6,499
Deferred revenue	8,284	6,569
Other liabilities	1,061	
<b>Total current liabilities</b>	<b>64,507</b>	<b>99,777</b>
Debt	662,757	630,785
Broadcast rights payable	11,631	9,569
Deferred tax liabilities	44,439	44,555
Deferred revenue	1,930	2,096
Deferred gain on sale of assets	5,040	5,368
Deferred representation fee incentive	6,092	
Other liabilities	13,125	5,942

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Total liabilities	809,521	798,092
<b>Commitments and contingencies</b>		
Stockholders' deficit:		
Preferred stock - \$0.01 par value, authorized 200,000 shares; no shares issued and outstanding at both September 30, 2008 and December 31, 2007		
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 September 30, 2008 and December 31, 2007, respectively	150	150
Class B Common - \$0.01 par value, authorized 20,000,000 shares; issued and outstanding 13,411,588 at both September 30, 2008 and December 31, 2007	134	134
Class C Common - \$0.01 par value, authorized 5,000,000 shares; issued and outstanding no shares at September 30, 2008 and December 31, 2007, respectively		
Additional paid-in capital	398,159	396,293
Accumulated deficit	(542,746)	(485,967)
Total stockholders' deficit	(144,303)	(89,390)
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 665,218</b>	<b>\$ 708,702</b>

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

**Table of Contents****NEXSTAR BROADCASTING GROUP, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(in thousands, except per share amounts)**

	<b>Three Months Ended September 30, 2008      2007 (Unaudited)</b>		<b>Nine Months Ended September 30, 2008      2007 (Unaudited)</b>	
Net revenue	\$ 70,275	\$ 64,463	\$ 204,605	\$ 195,246
Operating expenses:				
Direct operating expenses (exclusive of depreciation and amortization shown separately below)	19,410	18,202	58,189	54,909
Selling, general, and administrative expenses (exclusive of depreciation and amortization shown separately below)	22,915	21,569	65,639	63,654
Non-cash contract termination fees			7,167	
Impairment of goodwill and intangible assets	48,537		48,537	
Amortization of broadcast rights	5,252	5,526	15,393	16,174
Amortization of intangible assets	6,345	6,377	19,100	19,309
Depreciation	5,229	5,011	15,650	15,023
Gain on asset exchange	(487)	(500)	(4,079)	(1,535)
Gain on asset disposal, net	(127)	(47)	(297)	(137)
Total operating expenses	107,074	56,138	225,299	167,397
Income (loss) from operations	(36,799)	8,325	(20,694)	27,849
Interest expense, including amortization of debt financing costs and debt discounts	(11,606)	(13,787)	(36,401)	(41,278)
Interest and other income	74	125	626	386
Loss before income taxes	(48,331)	(5,337)	(56,469)	(13,043)
Income tax benefit (expense)	3,003	(1,507)	(310)	(4,125)
Net loss	\$ (45,328)	\$ (6,844)	\$ (56,779)	\$ (17,168)
Net loss per common share:				
Basic and diluted	\$ (1.59)	\$ (0.24)	\$ (2.00)	\$ (0.60)
Weighted average number of common shares outstanding:				
Basic and diluted	28,425	28,402	28,422	28,399

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

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**NEXSTAR BROADCASTING GROUP, INC.**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS DEFICIT**

**For the Nine Months Ended September 30, 2008**

**(in thousands, except share information)**

	Class A		Common Stock Class B		Class C		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders Deficit
	Shares	Amount	Shares	Amount	Shares	Amount			
<b>Balance at January 1, 2008</b>	15,005,839	\$ 150	13,411,588	\$ 134	\$	\$ 396,293	\$ (485,967)	\$ (89,390)	
Stock-based compensation expense						1,828		1,828	
Issuance of common shares related to exercise of stock options	8,000					38		38	
Net loss							(56,779)	(56,779)	
<b>Balance at September 30, 2008 (unaudited)</b>	15,013,839	\$ 150	13,411,588	\$ 134	\$	\$ 398,159	\$ (542,746)	\$ (144,303)	

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

**Table of Contents****NEXSTAR BROADCASTING GROUP, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(in thousands)**

	<b>Nine Months Ended September 30, 2008                  2007 (Unaudited)</b>	
<b>Cash flows from operating activities:</b>		
Net loss	\$ (56,779)	\$ (17,168)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Deferred income taxes	(105)	3,834
Provision for bad debts	410	790
Depreciation of property and equipment	15,650	15,023
Amortization of intangible assets	19,100	19,309
Amortization of debt financing costs	804	803
Amortization of broadcast rights, excluding barter	6,701	6,822
Amortization of deferred representation fee incentive	(358)	