

MEDIA GENERAL INC

Form S-4/A

August 23, 2013

As filed with the Securities and Exchange Commission on August 23, 2013

Registration No. 333-190051

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

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MEDIA GENERAL, INC.

(Exact name of registrant as specified in its charter)

Virginia

1-6383

54-0850433

(State of Incorporation)

(Primary Standard Industrial  
Classification Code Number)

(I.R.S.  
Employer

Identification  
No.)

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333 E. Franklin Street

Richmond, Virginia 23219

(804) 887-5000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Andrew C. Carington**

**333 E. Franklin Street**

**Richmond, Virginia 23219**

**(804) 887-5000**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

**With copies to:**

**Philip Richter**

**John E. Sorkin**

**Fried, Frank, Harris, Shriver &  
Jacobson LLP  
One New York Plaza  
New York, New York 10004  
(212) 859-8000**

**Jonathan E. Levitsky  
Debevoise & Plimpton LLP  
919 Third Avenue  
New York, New York 10022  
(212) 909-6000**

**Gail Steiner  
New Young Broadcasting Holding Co., Inc.  
441 Murfreesboro Road  
Nashville, Tennessee 37210  
(615) 369-7222**

Approximate date of commencement of proposed sale of securities to the public: As soon as practicable after this Registration Statement is declared effective and all other conditions to the transaction contemplated by the Agreement and Plan of Merger, dated as of June 5, 2013, described in the enclosed Proxy Statement/Prospectus have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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 small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer      Accelerated filer      Non-accelerated filer      Smaller reporting company

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**PRELIMINARY — SUBJECT TO COMPLETION — DATED AUGUST 23, 2013**

The information in this proxy statement/prospectus is not complete and may be changed. The registrant may not sell the securities described herein until the registration statement filed with the Securities and Exchange Commission is declared effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Dear Stockholder,

On June 5, 2013, the Board of Directors of Media General, Inc. unanimously approved Media General's entry into a merger agreement providing for a business combination of Media General and New Young Broadcasting Holding Co., Inc., a privately held company that, like Media General, is a local broadcast television and digital media company. We are excited about the prospects for the combined company. The combined company will own or operate 31 network-affiliated television stations across 28 markets, reaching approximately 16.5 million, or approximately 14%, of U.S. TV households. We expect that, on a pro forma basis, the combined company's 2012 revenues would have been approximately \$588 million, including approximately \$113 million of political revenues. In addition, we have identified approximately \$44 million of annual operating and financing synergies in connection with the transaction, which we believe will result in significant benefits to the combined company by improving the operational and financial performance levels of the combined company. Moreover, we believe the combined company will have a strong balance sheet, including significant net operating loss carryforwards that will survive the transaction, and an enhanced credit profile, creating opportunities to refinance existing debt at a significantly lower cost of capital.

The combined company will have stations with a more balanced mix of network affiliations and will have a presence in many more top markets. The balance of network affiliations of the combined company will include CBS (12), NBC (9), ABC (7), Fox (1), CW (1) and MyNetwork TV (1). 16 of the combined company's 31 stations are located in the top 75 designated market areas. We believe the combined company's increased size will enhance its ability to participate in retransmission revenue growth, market share growth of national and digital advertising, and syndicated programming purchasing.

Under the merger agreement, Media General will reclassify all of the outstanding shares of its Class A Common Stock and Class B Common Stock into shares of a newly-created class of Voting Common Stock, each share of which will be entitled to one vote. In addition, in the transaction, Media General will issue to Young's equityholders approximately 60.2 million shares of this new class of Voting Common Stock (or shares of a newly-created class of Non-Voting Common Stock convertible into shares of such Voting Common Stock). It is estimated that, immediately following the transaction, the Stockholders and other equityholders of Media General immediately prior to the

transaction will own approximately 32.5% of the fully diluted shares of the combined company, and Young's equityholders will own approximately 67.5% of the fully diluted shares of the combined company. The combined company will retain the Media General name and will remain headquartered in Richmond, Virginia.

Media General's Class A Common Stock is currently traded on the New York Stock Exchange, which we refer to as the "NYSE," under the trading symbol "MEG." There is no established trading market for Class B Common Stock of Media General. After completion of the transaction, the combined company's Voting Common Stock is expected to trade on the NYSE under the symbol "MEG."

Media General will hold a Special Meeting of its Stockholders to consider and vote on matters necessary to complete the transaction contemplated by the merger agreement. Information about the Special Meeting, the proposals to be voted on at the Special Meeting, the proposed transaction and related matters is contained in this proxy statement/prospectus, which we urge you to read carefully and in its entirety, including the Annexes and exhibits and the information incorporated into this proxy statement/prospectus by reference.

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Whether or not you expect to attend the special meeting in person, we value your vote. Most Stockholders have a choice of voting over the Internet, by telephone or by using a traditional proxy card. Please refer to your proxy card or the information forwarded by your bank, broker or other holder of record to see which options are available to you. However you choose to vote, please do so at your earliest convenience.

**In particular, you should consider the matters discussed under “Risk Factors” beginning on page 26 of this proxy statement/prospectus.**

The Board of Directors of Media General unanimously supports the combination of Media General and Young and recommends that you vote “FOR” the approval of each of the proposals described in this proxy statement/prospectus.

Sincerely,

Sincerely,

George L. Mahoney

J. Stewart Bryan III    President and Chief Executive Officer

Chairman of the Board

**Neither the Securities Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

This proxy statement/prospectus is dated [ ], 2013 and is first being mailed or otherwise delivered to Stockholders of Media General on or about [ ], 2013.

Media General, Inc.

333 E. Franklin St.

Richmond, Virginia 23219

(804) 887-5000

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**To be held on [ ], 2013**

To the Class A and Class B Common Stockholders of Media General, Inc.:

A Special Meeting of the Stockholders of Media General will be held on [ ], 2013 at [ ], local time, at the Bolling Haxall House, 211 East Franklin Street (the building immediately to the west of Media General's headquarters), Richmond, Virginia, for the following purposes:

1. To vote on the issuance of shares of Media General in connection with the proposed combination of Media General with New Young Broadcasting Holding Co., Inc. and the reclassification of Class A and Class B Common Stock of Media General.
2. To vote on an amendment to the Articles of Incorporation of Media General.
3. To vote on a plan of merger pursuant to which the Class A and Class B Common Stock of Media General will be reclassified to eliminate Media General's existing dual-class voting structure.

4. To vote on an advisory basis with respect to certain executive compensation matters.
  
5. To vote on any proposed adjournment of the Special Meeting (including, if necessary, for purposes of soliciting additional proxies if there are not sufficient votes to approve proposals 1, 2 or 3).

This proxy statement/prospectus provides detailed information about these items of business. The Media General Board of Directors has established [ ], 2013 as the record date for the Special Meeting. If you were a holder of record of any shares of Class A Common Stock or Class B Common Stock at the close of business on the record date of [ ], 2013, you are entitled to attend and vote at the Special Meeting or any adjournment or postponement of the Special Meeting. If you are present at the Special Meeting, you may vote in person even though you have previously returned a proxy card or voted in another manner.

Whether or not you expect to attend the Special Meeting in person, we value your vote. Most Stockholders have a choice of voting over the Internet, by telephone or by using a traditional proxy card. Please refer to your proxy card or the information forwarded by your bank, broker or other holder of record to see which options are available to you. However you choose to vote, please do so at your earliest convenience.

The Stockholders of Media General will not have appraisal rights under the Virginia Stock Corporation Act with respect to any of the matters subject to the proposals referred to above, except that the holders of Class B Common Stock are entitled to assert appraisal rights under the Virginia Stock Corporation Act in connection with the reclassification merger that is the subject of proposal 3 above. Please see “The Transaction – Appraisal Rights” beginning on page 94 of this proxy statement/prospectus.

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Thank you for being a Media General Stockholder. I look forward to seeing you on [ ], 2013.

By the Order of the Board of Directors,

Andrew C. Carington

Secretary

Richmond, Virginia

[ ], 2013



## REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about Media General from documents previously filed with the Securities and Exchange Commission, which we refer to as the “SEC,” that are not included in or delivered with this proxy statement/prospectus. For a listing of the documents incorporated by reference into this proxy statement/prospectus, see “Where You Can Find More Information” on page 189. This information is available for you to review at the SEC’s Public Reference Room located at 100 F Street, N.E., Room 1580, Washington, DC 20549. You can obtain these documents through the SEC website at <http://www.sec.gov> or on Media General’s website at <http://www.mediageneral.com> in the Investor Relations section. You can also obtain these documents at no charge by requesting them in writing or by telephone from Media General at the following address and telephone number:

Media General, Inc.

333 E. Franklin St.

Richmond, Virginia 23219

(804) 887-5127

Attn: Pamela McNeil - Corporate Communications

You may also obtain these documents at no charge by requesting them in writing or by telephone from Media General’s proxy solicitor, D.F. King & Co., Inc., at the address and telephone numbers below.

If you have questions or need assistance voting your shares please contact:

D.F. King & Co., Inc.

48 Wall Street, 22<sup>nd</sup> Floor, New York, NY 10005

[webmaster@dfking.com](mailto:webmaster@dfking.com)

Call Collect: (212) 269-5550

Or

Toll-Free: [ ]

**If you would like to request documents from Media General, please do so no later than [ ], 2013 to receive them before the Special Meeting.**

The information provided in this proxy statement/prospectus with respect to Media General was provided by Media General and the information provided in this proxy statement/prospectus with respect to Young was provided by Young.

See “Where You Can Find More Information” beginning on page 189 for more information about the documents referenced in this proxy statement/prospectus.

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Annex H: Virginia Stock Corporation Act – Article 15 – Appraisal Rights and Other Remedies



## QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

The following are brief answers to common questions that you may have regarding the proposed transaction and the Special Meeting of Stockholders. We urge you to read carefully and in its entirety this proxy statement/prospectus because the questions and answers in this section may not provide all the information that might be important to you in determining how to vote. Additional information is also contained in the Annexes to, and the documents incorporated by reference in, this proxy statement/prospectus. See “Where You Can Find More Information” beginning on page 189.

### **Q: What is the proposed transaction?**

A: Media General and certain of its subsidiaries have entered into an Agreement and Plan of Merger, which we refer to as the “merger agreement,” with New Young Broadcasting Holding Co., Inc., which we refer to as “Young,” a privately held company that, like Media General, is a local broadcast television and digital media company. The merger agreement provides for a business combination of Media General and Young. We sometimes refer to Media General following the closing of the transaction as the “combined company” and we sometimes refer to the transactions contemplated by the merger agreement, taken as a whole, as the “transaction.”

Under a plan of merger adopted by the Board of Directors of Media General in connection with the merger agreement, Media General will reclassify all of its outstanding shares of Class A Common Stock and Class B Common Stock into shares of a newly-created class of Voting Common Stock, each of which will have one vote. We refer to this as the “reclassification.” In addition, in connection with the transaction, Media General will issue to Young’s equityholders approximately 60.2 million shares of this new class of Voting Common Stock (or shares of a newly-created class of Non-Voting Common Stock convertible into shares of Voting Common Stock). Each of Young’s equityholders will be entitled to receive shares of Voting Common Stock in the transaction, but will have the option to elect to instead receive an equal number of shares of a newly-created class of Non-Voting Common Stock of the combined company.

### **Q: Why am I receiving this document?**

A: We are sending you this document to help you decide how to vote your shares of Class A Common Stock and/or Class B Common Stock with respect to the matters to be considered at the Special Meeting. The transaction cannot be completed unless certain of the proposals to be voted on at the Special Meeting are approved by the requisite number of votes of the Stockholders of Media General. This proxy statement/prospectus contains important information and you should read it carefully and in its entirety.

### **Q: What will I receive in connection with the transaction?**

As described above under “What is the proposed transaction,” as part of the transaction, Media General will reclassify the outstanding shares of its Class A Common Stock and Class B Common Stock into shares of a newly-created class of Voting Common Stock. As part of the reclassification, all of Media General’s Stockholders will receive one share of Voting Common Stock of the combined company for each share of Class A Common Stock and each share of Class B Common Stock that they hold. No Media General Stockholder will receive any Non-Voting Common Stock of the combined company in the reclassification except for Berkshire Hathaway, Inc., which we refer to as “Berkshire Hathaway,” a holder of approximately 17% of Media General’s currently outstanding shares of Class A Common Stock, which will receive shares of Non-Voting Common Stock of the combined company in the reclassification to the extent necessary to ensure that, following the closing, it will not own more than 4.99% of the Voting Common Stock of the combined company.

**Q: Will I be able to convert shares of Voting Common Stock I receive in the reclassification into Non-Voting Common Stock?**

A: Following the completion of the reclassification, under the Articles of Incorporation of the combined company, all of Media General’s Stockholders will have the ability to convert their shares of Voting Common Stock of the combined company into an equal number of shares of Non-Voting Common Stock of the combined company, subject to limitations set forth in the Articles of Incorporation of the combined company. See “Description of Combined Company Capital Stock” beginning on page 175.

**Q: When do you expect the transaction to be completed?**

A: The transaction is expected to close in the fourth quarter of 2013. However, the closing of the transaction is subject to various conditions, and it is possible that factors outside the control of Media General and Young could result in the transaction being completed at a later time, or not at all. See “The Agreements – Description of the Merger Agreement – Efforts to Consummate the Transaction” beginning on page 110 and “The Agreements – Description of the Merger Agreement – Conditions to the Transaction” beginning on page 112.

**Q: What are the proposals on which I am being asked to vote and what is the Board’s recommendation with respect to each proposal?**

A: You are being asked to approve a number of proposals in connection with the transaction.

If you are a holder of shares of Class A Common Stock, you are being asked to approve the following proposals:

A proposal to approve the issuance of shares of common stock to the Stockholders of Media General in the reclassification and to the equityholders of Young in the business combination, which we refer to as the “share issuance proposal.”

A proposal to make certain amendments to the Articles of Incorporation of Media General intended to clarify that only the shares of Class B Common Stock of Media General are entitled to vote on the reclassification and that Berkshire Hathaway may be issued shares of Non-Voting Common Stock in the reclassification, which we refer to as the “amendment proposal.”

If you are a holder of shares of Class B Common Stock, you are being asked to approve the following proposals:

The share issuance proposal referred to above.

The amendment proposal referred to above.

A proposal to approve a plan of merger under which the Class A Common Stock and Class B Common Stock of Media General will be reclassified to eliminate Media General’s existing dual-class voting structure, which we refer to as the “reclassification proposal.”

A proposal to approve, on a non-binding and advisory basis, certain executive compensation matters, which we refer to as the “say on compensation proposal.”

Any proposal to approve an adjournment of the Special Meeting (including, if necessary, for purposes of soliciting additional proxies if there are not sufficient votes to approve the share issuance proposal, the amendment proposal and the reclassification proposal), which we refer to as an “adjournment proposal.”

The Board of Directors of Media General unanimously recommends a vote “**FOR**” each of the proposals referred to above.

**Q: What vote is required to approve the proposals being presented at the Special Meeting?**

The share issuance proposal requires for its approval the affirmative vote of the holders of a majority of all votes A: cast by the holders of shares of Class A Common Stock and Class B Common Stock, voting together as a single class.

The amendment proposal requires for its approval both the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and the affirmative vote of the holders of a majority of the outstanding shares of Class B Common Stock, each voting separately as a single class.

The reclassification proposal requires for its approval the affirmative vote of the holders of more than two-thirds of the outstanding shares of Class B Common Stock.

The say on compensation proposal requires for its approval the affirmative vote of a majority of all votes cast by the holders of shares of Class B Common Stock.

Any adjournment proposal requires for its approval the affirmative vote of a majority of all votes cast by the holders of shares of Class B Common Stock.

**Q: Which proposals require only the approval of the holders of shares of Class B Common Stock?**

The reclassification proposal, the say on compensation proposal and any adjournment proposal require only the approval of the holders of shares of Class B Common Stock. The holders of shares of Class A Common Stock will not vote on such proposals.

Pursuant to a voting agreement, dated as of June 5, 2013, by and among J. Stewart Bryan, III, the Chairman of the Board of Directors of Media General, the D. Tennant Bryan Media Trust, which we refer to as the "Media Trust," of which Mr. Bryan is the sole trustee, Media General and Young, the Media Trust, which holds approximately 85% of the outstanding shares of Class B Common Stock, has agreed to vote those shares in favor of the proposals being presented at the Special Meeting. Accordingly, the approval of the reclassification proposal, the say on compensation proposal and any adjournment proposal is guaranteed.

**Q: What is the effect if one of these proposals is not approved by the holders of the requisite number of shares of Class A and/or Class B Common Stock, as applicable?**

If the share issuance proposal, the amendment proposal and the reclassification proposal are not all approved by the holders of the requisite number of shares of Class A and/or Class B Common Stock, as applicable, then the transaction will not occur.

**Q: What other matters may arise at the Special Meeting?**

Other than the proposals described in this proxy statement/prospectus, we do not expect any other matters to be presented for a vote at the Special Meeting. If any other matter is properly brought before the Special Meeting, your proxy gives authority to the individuals named in the proxy to vote on such matters in their discretion.

**Q: When and where is the Special Meeting?**

A: The Special Meeting is scheduled to be held at the Bolling Haxall House, 211 East Franklin Street, Richmond, Virginia on [ ], 2013, at [ ], local time.

**Q: Who is entitled to vote at the Special Meeting?**

A: The Board of Directors of Media General has fixed [ ], 2013 as the record date for the Special Meeting. If you were a Stockholder of Media General at the close of business on the record date, you are entitled to vote your shares at the Special Meeting.

**Q: What constitutes a quorum for the Special Meeting?**

Holdings of a majority of the outstanding shares of Class A Common Stock, represented in person or by proxy, will constitute a quorum for the Special Meeting with respect to matters on which the Class A Common Stock is entitled to vote as a separate class. Holders of a majority of the outstanding shares of Class B Common Stock, represented in person or by proxy, will constitute a quorum for the Special Meeting with respect to matters on which the Class B Common Stock is entitled to vote as a separate class. Holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, in each case represented in person or by proxy, will constitute a quorum for the Special Meeting with respect to matters on which the Class A Common Stock and the Class B Common Stock vote together as a single class.

**Q: Who can attend the Special Meeting?**

All Media General Stockholders as of the record date may attend the Special Meeting. If you are a beneficial owner of shares of Class A Common Stock or Class B Common Stock held in street name, you must provide evidence of your ownership of shares of Class A Common Stock or Class B Common Stock, which you can obtain from your broker, banker or nominee, in order to attend the Special Meeting.

**Q: How many votes do I have?**

You are entitled to one vote at the Special Meeting for each share of Class A Common Stock that you owned as of the record date with respect to matters upon which the holders of shares of Class A Common Stock are entitled to vote. You are entitled to one vote at the Special Meeting for each share of Class B Common Stock that you owned as of the record date with respect to matters upon which the holders of shares of Class B Common Stock are entitled to vote. As of the close of business on the record date, there were [ ] shares of Class A Common Stock outstanding and 548,564 shares of Class B Common Stock outstanding. As of that date, approximately [ ]% of the outstanding shares of Class A Common Stock and approximately 85% of the outstanding shares of Class B Common Stock were held by the Directors and executive officers of Media General or their respective affiliates.

Pursuant to a voting agreement by and among Mr. Bryan, the Media Trust, Media General and Young referred to above, Mr. Bryan and the Media Trust, who collectively hold approximately 85% of the outstanding shares of Class B Common Stock and, as of August 19, 2013, 502,952 shares of Class A Common Stock, agreed to vote their shares in favor of the proposals being presented at the Special Meeting.

**Q: What if my bank, broker or other nominee holds my shares of Class A Common Stock or Class B Common Stock in “street name?”**

If a bank, broker or other nominee holds your shares of Class A Common Stock or Class B Common Stock for your benefit but not in your own name, such shares are in “street name.” In that case, your bank, broker or other nominee will send you a voting instruction form to use for your shares of Class A Common Stock or Class B Common Stock. The availability of telephone and Internet voting depends on the voting procedures of your bank, broker or other nominee. Please follow the instructions on the voting instruction form they send you. If your shares are held in the name of your bank, broker or other nominee and you wish to attend or vote in person at the Special Meeting, you must contact your bank, broker or other nominee and request a document called a “legal proxy.” You must bring this legal proxy to the Special Meeting in order to vote in person.

**Q: How do I vote?**

After reading and carefully considering the information contained in this proxy statement/prospectus, please vote promptly. In order to ensure your vote is recorded, please submit your proxy or voting instructions as set forth below as soon as possible even if you plan to attend the Special Meeting.

**Vote by Internet.** Use the Internet at [www.proxyvote.com](http://www.proxyvote.com) to transmit your voting instructions and for the electronic delivery of information up until 11:59 P.M. Eastern Time on [ ], 2013. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form. The availability of Internet voting for beneficial owners holding shares of Class A Common Stock or Class B Common Stock in street name will depend on the voting process of your broker, bank or nominee. Please follow the voting instructions in the materials you receive from your broker, bank or nominee.

**Vote by Phone.** Use any touch-tone telephone to dial 1-800-690-6903 to transmit your voting instructions up until 11:59 P.M. Eastern Time on [ ], 2013. Have your proxy card in hand when you call and then follow instructions. If you vote by telephone, do not return your proxy card. The availability of telephone voting for beneficial owners holding shares of Class A Common Stock or Class B Common Stock in street name will depend on the voting process of your broker, bank or nominee. Please follow the voting instructions in the materials you receive from your broker, bank or nominee.

**Vote by Mail.** Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.



In addition, all Stockholders may vote in person at the Special Meeting. You may also be represented by another person at the Special Meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares of Class A Common Stock or Class B Common Stock held in street name, you must obtain a legal proxy from your broker, bank or nominee and present it to the inspectors of election with your ballot when you vote at the Special Meeting.

For additional information on voting procedures, see “The Special Meeting – How to Vote” beginning on page 44.

**Q: What if I hold shares of Class A Common Stock through the Employees’ MG Advantage 401(k) Plan and/or the Media General, Inc. Supplemental 401(k) Plan?**

If you are a participant in the Employees’ MG Advantage 401(k) Plan and/or the Media General, Inc. Supplemental 401(k) Plan, you have the right to direct Fidelity Management Trust Company, as trustee of the applicable plan(s), A: regarding how to vote the shares of Class A Common Stock credited to your account under such plan(s). After reading and carefully considering the information contained in this proxy statement/prospectus, please submit your proxy or voting instructions as set forth below as soon as possible even if you plan to attend the Special Meeting.

**Vote by Internet.** Use the Internet at [www.proxyvote.com](http://www.proxyvote.com) to transmit your voting instructions and for the electronic delivery of information up until 11:59 P.M. Eastern Time on [•], 2013. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**Vote by Phone.** Use any touch-tone telephone to dial 1-800-690-6903 to transmit your voting instructions up until 11:59 P.M. Eastern Time on [•], 2013. Have your proxy card in hand when you call and then follow instructions. If you vote by telephone, do not return your proxy card.

**Vote by Mail.** Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 510 Mercedes Way, Edgewood, NY 11717.

In addition, all Stockholders may vote in person at the Special Meeting. For additional information on voting procedures, see “The Special Meeting – How to Vote” beginning on page 44.

**Q: What do I do if I receive more than one set of voting materials?**

A: You may receive more than one set of voting materials, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are held in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card you receive, or you may cast your vote by telephone or Internet by following the instructions on your proxy card.

**Q: How will my proxy be voted?**

A: If you vote by Internet, by telephone or by completing, signing, dating and mailing your proxy card or voting instruction card, your shares will be voted in accordance with your instructions. If you are a Stockholder of record and you sign, date, and return your proxy card but do not indicate how you want to vote with respect to a proposal and do not indicate that you wish to abstain with respect to that proposal, your shares will be voted in favor of that proposal.

**Q: What if I mark “abstain” when voting or do not vote on the proposals?**

A: If you mark abstain when voting your shares will still be counted in determining whether a quorum is present at the Special Meeting. However, if you fail to vote in person or by proxy any shares for which you are the record owner or fail to instruct your broker or other nominee on how to vote the shares you hold in street name, your shares will not be counted in determining whether a quorum is present at the Special Meeting. In addition:

Because the share issuance proposal requires the affirmative vote of the holders of a majority of all votes cast by the holders of shares of Class A Common Stock and Class B Common Stock, voting together as a single class, if you fail to vote or abstain from voting on the share issuance proposal, it will not have the effect of a “**FOR**” or “**AGAINST**” vote with respect to the share issuance proposal.

Because the amendment proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and the holders of a majority of the outstanding shares of Class B Common Stock, each voting separately as a single class, if you fail to vote or abstain from voting on the amendment proposal, it will have the same effect as a vote “**AGAINST**” the amendment proposal.

Because the reclassification proposal requires the affirmative vote of the holders of more than two-thirds of the outstanding shares of Class B Common Stock, if you fail to vote or abstain from voting your shares of Class B Common Stock on the reclassification proposal with respect to any shares of Class B Common Stock, it will have the same effect as a vote “**AGAINST**” the reclassification proposal.

Because the say on compensation proposal and any adjournment proposal each require the affirmative vote of the holders of a majority of all votes cast by the holders of shares of Class B Common Stock, if you fail to vote or abstain from voting your shares of Class B Common Stock on the say on compensation proposal or an adjournment proposal, it will not have the effect of a “**FOR**” or “**AGAINST**” vote with respect to such proposal.

**Q: Can I change my vote after I have submitted a proxy or voting instruction card?**

A: Yes. If you are a Stockholder of record you can change your vote at any time before your proxy is voted at the Special Meeting. You can do this in one of three ways:

you can send a signed notice of revocation to the Secretary of Media General, at 333 E. Franklin Street, c/o Andrew C. Carington, Richmond, Virginia 23219;

you can submit a revised proxy bearing a later date by Internet, telephone or mail as described above; or

you can attend the Special Meeting and vote in person, which will automatically cancel any proxy previously given, though your attendance alone will not revoke any proxy that you have previously given.

If you choose either of the first two methods, you must submit your notice of revocation or your new proxy no later than the beginning of the Special Meeting.

If you are a beneficial owner of shares held in street name, you may submit new voting instructions by contacting your broker, bank or nominee. You may also vote in person at the Special Meeting if you obtain a legal proxy from your broker, bank or nominee and present it to the inspectors of election with your ballot when you vote at the Special Meeting.

For additional information on changing your vote, see “The Special Meeting” beginning on page 42.

**Q: Should I send in my Media General stock certificates now?**

No. If you hold certificates representing shares of Class A Common Stock or Class B Common Stock, we will send you written instructions in connection with the closing of the transaction informing you how to exchange your stock certificates for new certificates representing shares of Voting Common Stock or Non-Voting Common Stock.

**Q: Following the closing of the transaction, how can I convert my shares of Non-Voting Common Stock into shares of Voting Common stock (or vice versa)?**

As a general matter, shares of Voting Common Stock and Non-Voting Common Stock will be convertible at any time at the option of the holder into an equivalent number of shares of the other class of Common Stock, subject to the procedures and limitations described below. To make such a conversion, a Stockholder must deliver written notice of its election to effect the conversion to the transfer agent of the combined company, with a copy to the Secretary of the combined company, together with (i) certificates representing the shares to be converted (if such shares are certificated), (ii) the name and address of the person to which the converted shares are to be issued, and (iii) if the shares are held in street name, any instruments of conversion and transfer required by The Depository Trust Company. The conversion will be effective when it is reflected in the books of the transfer agent. Note that under the combined company's Articles of Incorporation, the combined company may restrict a Stockholder's conversion of Non-Voting Common Stock into Voting Common Stock for purposes of assisting the combined company in complying with the laws, rules and regulations administered by the FCC. See "Description of Combined Company Capital Stock– Restrictions on Stock Ownership and Transfer" beginning on page 175.

**Q: Are there any risks that I should consider?**

Yes. There are risks associated with all business combinations, including the proposed transaction. There are also risks associated with the combined company's business and the ownership of shares of the combined company's common stock. We have described certain of these risks and other risks in more detail under "Risk Factors" beginning on page 26.

## SUMMARY

*The following summary highlights only selected information contained elsewhere in this proxy statement/prospectus and may not contain all the information that may be important to you. Accordingly, we encourage you to read this proxy statement/prospectus carefully and in its entirety, including its Annexes and the documents incorporated by reference into this proxy statement/prospectus. See the section entitled “Where You Can Find More Information” on page 189.*

*References to “Media General” are references to Media General, Inc. References to “Young” are references to New Young Broadcasting Holding Co., Inc. References to “we” or “our” and other first person references in this proxy statement/prospectus refer to both Media General and Young, before completion of the transaction. We sometimes refer to Media General following the closing of the transaction as the “combined company.” References to the “transaction,” unless the context requires otherwise, mean the transactions contemplated by the merger agreement, taken as a whole.*

## Parties to the Transaction

### *Media General, Inc.*

Media General, a Virginia corporation, was founded in 1850 as a newspaper company in Richmond, Virginia, and later diversified into broadcast television. Media General is a leading provider, through its subsidiaries, of news, information and entertainment across 18 network-affiliated broadcast television stations and their associated digital media and mobile platforms. Media General’s stations serve consumers and advertisers primarily in the southeastern United States. Eight of Media General’s stations are affiliated with NBCUniversal Media, LLC, which we refer to as “NBC,” eight are affiliated with CBS Broadcasting Inc., which we refer to as “CBS,” one is affiliated with ABC, Inc., which we refer to as “ABC,” and one is affiliated with the CW Television Network, which we refer to as the “CW.” Media General’s stations reach more than one-third of TV households in the southeastern United States and eight percent of U.S. TV households. Six of Media General’s stations operate in top 50 markets in the United States.

Media General’s Class A Common Stock is traded on the NYSE under the trading symbol “MEG.” Media General’s principal executive office is located at 333 E. Franklin Street, Richmond, VA 23219 (telephone number: (804) 887-5000).

Additional information about Media General and its subsidiaries is included in the documents incorporated by reference into this proxy statement/prospectus. See “Where You Can Find More Information” on page 189.

***New Young Broadcasting Holding Co., Inc.***

A privately held Delaware corporation, Young is a leading local media company that, through its subsidiaries, is the operator of, or service provider to, 13 television stations, as well as related websites and mobile news applications. Six of the stations are affiliated with ABC, four are affiliated with CBS, one is affiliated with NBC, one is affiliated with FOX Broadcasting Company, which we refer to as “Fox,” and one is affiliated with MyNetworkTV, which we refer to as “MyTV.” Young’s station group reaches approximately six percent of total US television households. Young also operates 17 digital subchannels, including seven affiliates of Disney-ABC’s Live Well Network, six Weather/News subchannels, one CW Plus, one MyTV affiliate, one The Country Network affiliate and one Antenna TV affiliate. Young was incorporated in 2009 for purposes of acquiring the business of Young Broadcasting Inc. in connection with Young Broadcasting Inc.’s bankruptcy filing under Chapter 11 of Title 11 of the United States Bankruptcy Code. On June 24, 2010, Young Broadcasting Inc. emerged from bankruptcy as a wholly owned subsidiary of Young pursuant to Young Broadcasting Inc.’s confirmed Chapter 11 plan of reorganization. Young’s headquarters are located at 441 Murfreesboro Road, Nashville, Tennessee 37210 (telephone number: (615) 259-2200).

***General Merger Sub 1, Inc.***

General Merger Sub 1, Inc., which we refer to as “Merger Sub 1,” is a Virginia corporation and a direct, wholly owned subsidiary of Media General. Merger Sub 1 was formed solely for the purpose of consummating the merger of Merger Sub 1 with and into Media General to effect the reclassification. Merger Sub 1 has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement.

Merger Sub 1’s office is located at 333 E. Franklin Street, Richmond, VA 23219 (telephone number: (804) 887-5000).

***General Merger Sub 2, Inc.***

General Merger Sub 2, Inc., which we refer to as “Merger Sub 2,” is a Delaware corporation and a direct, wholly owned subsidiary of Media General. Merger Sub 2 was formed solely for the purpose of consummating the merger of Merger Sub 2 with and into Young to effect the combination of Media General and Young. Merger Sub 2 has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement.

Merger Sub 2’s office is located at 333 E. Franklin Street, Richmond, VA 23219 (telephone number: (804) 887-5000).

***General Merger Sub 3, LLC***

General Merger Sub 3, LLC, which we refer to as “Merger Sub 3,” is a Delaware limited liability company and a direct, wholly owned subsidiary of Media General. Merger Sub 3 was formed solely for the purpose of consummating the merger of Young with and into Merger Sub 3, as provided for in the merger agreement. Merger Sub 3 has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement.

Merger Sub 3’s office is located at 333 E. Franklin Street, Richmond, VA 23219 (telephone number: (804) 887-5000).



## The Transaction

On June 5, 2013, Media General entered into the merger agreement with Young, Merger Sub 1, Merger Sub 2 and Merger Sub 3. The merger agreement provides for a business combination of Media General and Young.

In addition, under a plan of merger adopted by Media General's Board of Directors in connection with the merger agreement, Media General will reclassify the outstanding shares of its Class A Common Stock and Class B Common Stock into shares of a newly-created class of Voting Common Stock by means of a merger of Merger Sub 1 into Media General prior to the business combination. We refer to this merger as the "reclassification merger." Berkshire Hathaway, a holder of approximately 17% of Media General's currently outstanding shares of Class A Common Stock, will receive shares of Non-Voting Common Stock of the combined company in the reclassification to the extent necessary to ensure that, following the closing, it will not own more than 4.99% of the Voting Common Stock of the combined company. Under the Articles of Incorporation of the combined company, Stockholders will have the ability to convert their shares of Voting Common Stock of the combined company into an equal number of shares of Non-Voting Common Stock of the combined company, subject to the limitations set forth in the Articles of Incorporation of the combined company. See "Description of Combined Company Capital Stock" beginning on page 175.

The combination of Media General and Young will be effected by means of a merger of Merger Sub 2 with and into Young. We refer to this merger as the “combination merger.” In connection with the combination merger, Media General will issue approximately 60.2 million shares of its Voting Common Stock to Young’s equityholders (at an exchange ratio of 730.6171 shares of Media General’s common stock for each outstanding Young share). Each of Young’s equityholders will be entitled to receive shares of Media General’s Voting Common Stock in the transaction, but will have the option to elect to, instead, receive an equal number of shares of Media General’s Non-Voting Common Stock or a combination of shares of Voting Common Stock and Non-Voting Common Stock. Immediately after the combination merger, Young will merge with and into Merger Sub 3, with Merger Sub 3 surviving as a wholly owned subsidiary of Media General. We refer to this merger as the “conversion merger,” and the combination merger and the conversion merger together as the “combination transaction.”

The merger agreement and the transaction have already been voted upon, adopted and approved by Young’s Board of Directors and certain of Young’s equityholders.

### **Media General Board Reasons and Recommendations**

Media General’s Board of Directors unanimously adopted and approved the merger agreement and the related transaction agreements and documents. For information on the factors considered by Media General’s Board of Directors in reaching its decision to approve the merger agreement and the related transaction agreements and documents, see “The Transaction – Media General’s Reasons for the Transaction and Recommendation of Media General’s Board of Directors” beginning on page 58. The Board of Directors of Media General unanimously recommends that (i) holders of Class A Common Stock and Class B Common Stock vote “**FOR**” the share issuance proposal, (ii) holders of Class A Common Stock and Class B Common Stock vote “**FOR**” the amendment proposal, (iii) holders of Class B Common Stock vote “**FOR**” the reclassification proposal, (iv) holders of Class B Common Stock vote “**FOR**” the say on compensation proposal and (v) holders of Class B Common Stock vote “**FOR**” any adjournment proposal.

### **Opinion of RBC Capital Markets, LLC, Media General’s Financial Advisor**

In connection with the combination merger, Media General’s financial advisor, RBC Capital Markets, LLC, which we refer to as “RBC Capital Markets,” delivered a written opinion, dated June 5, 2013, to Media General’s Board of Directors as to the fairness, from a financial point of view and as of such date, of the implied exchange ratio of one share of the combined company’s Voting Common Stock or Non-Voting Common Stock, as the case may be, for each outstanding share of Media General’s Class A Common Stock in connection with the combination merger. We sometimes refer to this exchange ratio for purposes of RBC Capital Markets’ opinion as the “Media General exchange ratio.” The full text of RBC Capital Markets’ written opinion, dated June 5, 2013, is attached as Annex F to this proxy statement/prospectus and sets forth, among other things, the procedures followed, assumptions made, factors considered and qualifications and limitations on the review undertaken by RBC Capital Markets in connection with its

opinion.

**RBC Capital Markets delivered its opinion to Media General’s Board of Directors for the benefit and use of Media General’s Board of Directors (in its capacity as such) in connection with and for purposes of its evaluation of the combination merger. RBC Capital Markets’ opinion addressed only the Media General exchange ratio from a financial point of view and did not address any other aspect of the combination merger or any related transactions. RBC Capital Markets did not express any opinion or view as to the underlying business decision of Media General to engage in the combination merger or related transactions or the relative merits of the combination merger or related transactions compared to any alternative business strategy or transaction that might be available to Media General or in which Media General might engage. RBC Capital Markets’ opinion should not be construed as creating any fiduciary duty on the part of RBC Capital Markets to any party and does not constitute a recommendation to any holder of Media General’s securities as to how such holder should vote or act in connection with the combination merger, any related transactions or other matters.**

For additional information relating to RBC Capital Markets’ opinion, see “The Transaction – Opinion of RBC Capital Markets, LLC, Media General’s Financial Advisor” beginning on page 63.

## **Opinion of Stephens Inc., Financial Advisor to the Independent Members of Media General's Board of Directors**

Stephens Inc., which we refer to as "Stephens," acted as a financial advisor to the independent members of Media General's Board of Directors and delivered a fairness opinion to Media General's full Board of Directors in connection with the transaction. The independent members of Media General's Board of Directors requested that Stephens, in its role as financial advisor, evaluate the fairness to the holders of Media General's Class A Common Stock, from a financial point of view, of the exchange ratio of 730.6171 shares of Media General's common stock for each outstanding share of Young's common stock. On June 5, 2013, Stephens delivered its written opinion to Media General's full Board of Directors that, as of June 5, 2013, and based upon and subject to the assumptions and qualifications in Stephens' opinion, the exchange ratio of 730.6171 shares of Media General's common stock per share of Young's common stock was fair, from a financial point of view, to the holders of Media General's Class A Common Stock. The full text of Stephens' opinion, dated June 5, 2013, which sets forth the assumptions made, matters considered and limitations, qualifications and conditions of the review undertaken by Stephens in rendering its opinion, is attached as Annex G to this proxy statement/prospectus.

**Stephens provided its opinion for the information and assistance of Media General's Board of Directors in connection with its consideration of the transaction. The Stephens opinion did not address any other aspect of the transaction and Stephens expressed no opinion as to the merits of the underlying decision by Media General to engage in the transaction or the relative merits of the transaction as compared to any alternatives potentially available to Media General or the relative effects of any alternative transaction in which Media General might engage. Stephens expressed no opinion or recommendation as to how any holder of Media General's Class A Common Stock should vote with respect to matters pertaining to the transaction. All summaries of the opinion of Stephens set forth in this proxy statement/prospectus are qualified in their entirety by reference to the full text of such opinion.**

For additional information relating to Stephens' opinion, see "The Transaction – Opinion of Stephens, Inc., Financial Advisor to the Independent Members of Media General's Board of Directors" beginning on page 71.

## **Key Terms of the Merger Agreement**

### *Conditions to the Closing of the Transaction*

As more fully described in this proxy statement/prospectus and as set forth in the merger agreement, the closing of the transaction depends on a number of conditions being satisfied or waived. These conditions include:

receipt of Media General Stockholder approval of the share issuance proposal, the amendment proposal and the reclassification proposal;

the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

the grant by the Federal Communications Commission, which we refer to as the "FCC," of consent to deemed transfers of control of broadcast licenses held by subsidiaries of Media General and Young in connection with the transaction;

the absence of any order or injunction that is in effect and that prevents the transaction;

the effectiveness of a registration statement on Form S-4 registering the shares of Media General common stock to be issued to the Media General Stockholders in connection with the reclassification;

the listing on the NYSE of the shares of Media General Voting Common Stock to be issued to the Stockholders of Media General in the reclassification and to the equityholders of Young in the business combination, subject to official notice of issuance;

the receipt of third party consents under certain of Media General's and Young's material contracts;

the accuracy of each party's representations and warranties in the merger agreement (subject generally to a material adverse effect standard);

receipt by each of Media General and Young of a written opinion from its legal counsel to the effect that for U.S. federal income tax purposes the combination transaction will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the "Code;"

no material adverse effect with respect to the other party has occurred; and

the performance of each party's covenants in the merger agreement in all material respects.

Where permitted by applicable law, either of Media General or Young could choose to waive a condition to its respective obligation to consummate the transaction even when that condition has not been satisfied. Media General cannot be certain when, or if, the conditions to the merger agreement will be satisfied or waived, or whether the transaction will be completed.

### ***No Solicitation***

As more fully described in this proxy statement/prospectus and as set forth in the merger agreement, Media General and Young and their respective subsidiaries and representatives may not solicit any acquisition inquiries or the making of any acquisition proposal for Media General or Young, as applicable, and must cease any existing discussions with third parties relating to any such acquisition proposal.

In the event that Media General receives, prior to the time that all required votes of Media General's Stockholders necessary to approve the transaction are obtained, a bona fide written unsolicited acquisition proposal not resulting from a violation of the merger agreement, it may:

contact the person making such proposal to clarify the terms and conditions thereof;

furnish information with respect to Media General and its subsidiaries to the person making such proposal, and such person's representatives and potential financing sources, (upon the person's execution of a confidentiality agreement) if the Board of Directors of Media General determines in its good faith judgment, after consulting with outside legal counsel and nationally recognized third party financial advisors, that (i) such proposal constitutes or would reasonably be expected to lead to a superior offer for Media General and (ii) failing to take such actions would be reasonably likely to be inconsistent with the Board of Directors' fiduciary duties to Media General's Stockholders

under applicable law; and

negotiate with such person regarding their proposal if the Board of Directors of Media General determines in its good faith judgment, after consulting with outside legal counsel and nationally recognized third party financial advisors, that (i) such proposal constitutes or would reasonably be expected to lead to a superior offer for Media General and (ii) that failing to take such actions would be reasonably likely to be inconsistent with the Board of Directors' fiduciary duties under applicable law.

***Termination of the Merger Agreement; Termination Fee***

Media General and Young may each terminate the merger agreement under certain conditions. In general, either party can terminate the merger agreement if:

the transaction has not been consummated on or before June 5, 2014;

all required votes of Media General's Stockholders are not obtained; or

there is an uncured breach by the other party of any of the representations and warranties or covenants of the other party in the merger agreement and as a result the related closing conditions cannot be satisfied.

Young may terminate the merger agreement, and Media General must pay Young a \$12 million termination fee, if Media General's Board of Directors (i) changes its recommendation that Media General's Stockholders vote to approve the transaction or (ii) fails to reaffirm its recommendation of the transaction within 10 business days following a public acquisition proposal relating to Media General and a subsequent request by Young to do so.

Media General may, prior to the approval of the transaction by Media General's Stockholders, terminate the merger agreement and enter into an agreement for an unsolicited alternative business combination transaction that the Board of Directors of Media General determines to be superior to the proposed transaction, so long as Media General complies with certain notice and other requirements set forth in the merger agreement and Media General pays Young a \$12 million termination fee simultaneously with such termination.

In addition, Media General may be required to pay Young a \$12 million termination fee if it enters into an alternative business combination transaction within one year of termination of the merger agreement and (i) an acquisition proposal in respect of Media General is made public (and not withdrawn) at or prior to the Special Meeting and the merger agreement is terminated due to the failure of Media General's Stockholders to approve the transaction, or (ii) the merger agreement is terminated either due to the transaction not being consummated by June 5, 2014 or due to a breach by Media General of certain of its representations and warranties or covenants contained in the merger agreement, and an acquisition proposal was made known to Media General prior to such termination. For more information about the merger agreement, see "Agreements – Description of the Merger Agreement," beginning on page 99.

### **Other Transaction Agreements**

In connection with the execution of the merger agreement:

Standard General Fund, L.P. and Standard General Communications, LLC, which we refer to together as "Standard General," have entered into a standstill and lock-up agreement with Media General that provides, among other things, that Standard General and certain related parties will not acquire, in the aggregate, more than 40% of the outstanding shares of Voting Common Stock of the combined company after the closing of the transaction until the termination of the standstill and lock-up agreement, as further described in "The Agreements – Description of the Standstill and Lock-Up Agreement" beginning on page 116. Standard General holds a majority of the voting power of Young and will receive in the transaction shares of Voting Common Stock representing approximately 28% of the shares of common stock of the combined company that will be outstanding immediately after the completion of the transaction.

Certain Young equityholders have entered into a registration rights agreement with Media General that provides, among other things, those Young equityholders with the right to demand registration of the shares of the combined



company's common stock received by them in connection with the transaction, and to participate in registered underwritten offerings of securities conducted by the combined company, as further described in "The Agreements – Description of the Registration Rights Agreement" beginning on page 118.

Media General and Young have entered into agreements that provide that, in the event that their debt is not refinanced in connection with the closing of the transaction, Media General's existing credit agreement and Young's existing credit agreement will remain in effect (in each case as amended). In that event, Media General and its subsidiaries (other than Young and its subsidiaries) would continue to be subject to the covenants of Media General's existing credit agreement and Young and its subsidiaries would continue to be subject to the covenants of Young's existing credit agreement and would be required to comply with certain covenants in Media General's existing credit agreement. Media General and its subsidiaries (other than Young and its subsidiaries), on the one hand, and Young and its subsidiaries, on the other hand, would also be required to transact with each other on a basis that is both fair and arm's length. See "Description of Media General and Young Debt" beginning on page 121.

## **Regulatory Approvals**

The closing of the transaction is conditioned on the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the “HSR Act,” and receipt from the FCC of consent to the deemed transfers of control of broadcast licenses held by subsidiaries of Media General and Young in connection with the transaction. The waiting period under the HSR Act relating to the transaction expired on July 29, 2013. For additional information relating to the regulatory approvals, see “The Transaction – Regulatory Approvals” beginning on page 92, and “The Agreements – Description of the Merger Agreement – Efforts to Consummate the Transaction” beginning on page 110.

## **Material U.S. Federal Income Tax Consequences**

It is a condition to Media General’s obligation to complete the combination merger that Media General receive a written opinion from Fried, Frank, Harris, Shriver & Jacobson LLP, which we refer to as “Fried Frank,” to the effect that for U.S. federal income tax purposes the combination transaction will qualify as a “reorganization” within the meaning of Section 368(a) of the Code. It is a condition to Young’s obligation to complete the combination merger that Young receive a written opinion from Debevoise & Plimpton LLP, which we refer to as “Debevoise,” to the effect that the combination transaction will qualify as a “reorganization” within the meaning of Section 368(a) of the Code. In addition, in connection with the filing of the registration statement of which this proxy statement/prospectus is a part, Fried Frank will deliver a written opinion to Media General to the effect that for U.S. federal income tax purposes (i) the reclassification merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Code and (ii) no gain or loss will be recognized by either Media General or Young as a result of the combination transaction.

U.S. holders of Media General Class A Common Stock and Media General Class B Common Stock will not recognize gain or loss upon exchanging such stock for Media General common stock in the reclassification merger. Holders of Media General Class A Common Stock and Media General Class B Common Stock should consult their tax advisors regarding the particular tax consequences of the transaction to them including the effects of U.S. federal, state, local, non-U.S. and other tax laws.

For additional information, see “Material U.S. Federal Income Tax Consequences” beginning on page 96.

## **Differences with Respect to Rights of Media General Stockholders and Combined Company Stockholders**

As more fully described in this proxy statement/prospectus, although the rights of Media General's Stockholders following the transaction are, in some instances, comparable to the rights of Media General's Stockholders prior to the transaction, there are some differences. For a summary of the material differences between the rights of Media General Stockholders before and after the transaction, see "Comparison of Stockholder Rights" beginning on page 180.

**Governance of the Combined Company; Officers and Directors of the Combined Company**

*Board of Directors of the Combined Company*

Upon the closing of the transaction:

the Board of Directors of the combined company will be comprised of 14 members, including the nine current members of Media General's Board of Directors, each of whom we refer to as a "Media General designee," and the five current members of the Board of Directors of Young or replacements selected by Young and approved by the Board of Directors of Media General, each of whom we refer to as a "Young designee;"

Mr. J. Stewart Bryan III, Media General's current Chairman, will serve as the initial Chairman of the Board of Directors of the combined company, and Mr. Marshall N. Morton, the current Vice Chairman of Media General, will serve as the initial Vice Chairman of the Board of Directors of the combined company;

the Nominating and Governance Committee of the Board of Directors of the combined company, which we refer to as the "Nominating Committee," will be comprised of five members, consisting of three of the Young designees and two of the Media General designees;

a Young designee will chair the Nominating Committee and the Compensation Committee of the Board of Directors of the combined company, and a Media General designee will chair the Audit Committee of the Board of Directors of the combined company; and

the Executive Committee of the current Board of Directors of Media General will be disbanded.

During the time period beginning on the closing date of the transaction through the election of Directors at the 2014 Annual Meeting of Stockholders of the combined company, certain significant corporate actions will require the consent of at least 10 of the 14 members of the combined company's Board of Directors, including (i) any change to the size of the Board of Directors (other than the reduction from 14 to 11 members as described below), (ii) any change to the composition, structure or authority of any committee of the Board of Directors, (iii) any merger, consolidation or similar transaction involving the combined company, (iv) any amendment of, or modification to, the combined company's Articles of Incorporation or By-laws and (v) the hiring or termination of employment of any executive officers of the combined company.

At the 2014 Annual Meeting of Stockholders of the combined company, the size of the combined company's Board of Directors will be reduced to 11 members, and the Nominating Committee will nominate for election to the Board of Directors (i) five Media General designees selected by the Nominating Committee (including the current Chairman, Vice Chairman and President and Chief Executive Officer of Media General), (ii) five Young designees selected by the Nominating Committee and (iii) one additional person selected by the Nominating Committee. Nothing precludes any existing Media General Director from being selected as a nominee under clauses (ii) or (iii) of the immediately preceding sentence.

During the period from the closing date of the transaction through the 2017 Annual Meeting of Stockholders of the combined company, the Nominating Committee by majority vote of its members will have the exclusive right to nominate candidates for election as Directors and to appoint individuals to fill vacancies on the Board of Directors of the combined company, subject to a right of a majority of the Board of Directors of the combined company (including one affirmative vote of a Young designee) to reject any such nomination or appointment. During that period, the Nominating Committee will be comprised of five members, including at least three Young designees. During the period from the closing date of the transaction through the 2014 Annual Meeting of Stockholders of the combined company, the Nominating Committee will include two Media General designees.

*Executive Officers of the Combined Company*

It is expected that, upon the closing of the transaction:

George L. Mahoney, the current President and Chief Executive Officer of Media General, will be the Chief Executive Officer of the combined company;

James F. Woodward, the current Vice President, Finance and Chief Financial Officer of Media General, will be the Senior Vice President and Chief Financial Officer of the combined company;

Deborah A. McDermott, the current President and Chief Executive Officer of Young, will be the Senior Vice President of Broadcast Markets of the combined company;

John A Butler, the current Treasurer of Media General, will be Treasurer of the combined company;

Andrew C. Carington, the current Vice President, General Counsel and Secretary of Media General, will be the Vice President, General Counsel and Secretary of the combined company;

James R. Conschafter, a current Vice President, Broadcast Markets of Media General, will be a Vice President, Broadcast Markets of the combined company;

John R. Cottingham, a current Vice President, Broadcast Markets of Media General, will be a Vice President, Broadcast Markets of the combined company;

Robert E. MacPherson, the current Vice President, Corporate and Human Resources of Media General will be the Vice President, Corporate and Human Resources of the combined company;

Timothy J. Mulvaney, the current Controller and Chief Accounting Officer of Media General will be the Controller and Chief Accounting Officer of the combined company;

Lou Anne J. Nabhan, the current Vice President and Director of Corporate Communications of Media General will be the Vice President and Director of Corporate Communications of the combined company; and

Robert Peterson, the current Vice President – Station Operations of Young, will be a Vice President, Broadcast Markets of the combined company.

### ***FCC-Related Matters***

The combined company's Articles of Incorporation will provide that the combined company may restrict the ownership and transfer of shares of the combined company's common stock, or prevent the conversion of Non-Voting Common Stock into Voting Common Stock, for purposes of assisting the combined company to comply with the laws, rules and regulations administered by the FCC. For more information on the governance, Directors and management of the combined company, see "Description of Combined Company Capital Stock" beginning on page 175, and "Directors and Executive Officers of the Combined Company" beginning on page 168.

### **Interests of Media General's Directors and Officers in the Transaction**

Certain of Media General's officers may be deemed to have interests in the transaction that are different from or in addition to the interest of Media General's Stockholders generally. On June 5, 2013, Media General entered into employment agreements with each of George L. Mahoney, James F. Woodward, James R. Conschafter, John R.

Cottingham and Andrew C. Carington to serve, after the closing of the transaction, in the positions of President and Chief Executive Officer; Senior Vice President and Chief Financial Officer; Vice President, Broadcast Markets; Vice President, Broadcast Markets; and Vice President, General Counsel and Secretary, respectively, of the combined company. The employment agreements, the effectiveness of which are contingent on the closing of the transaction, will entitle each of the officers other than Mr. Mahoney to a grant of deferred stock units (the number of which will be equal to the amount determined by dividing the officer's base salary by the closing per share price (\$9.76) of Class A Common Stock on the date of the public announcement of the transaction, June 6, 2013), of which one half of such units will vest on each of the first and second anniversary of the closing date. The officers must be employed through each applicable vesting date in order to receive a cash payment in settlement of the shares underlying the deferred stock units. Messrs. Cottingham and Conschafter will each be entitled to payment of a transaction bonus in the amount of \$75,000, payable within 30 days following the closing of the transaction, subject to his continued employment through the closing date. In addition, the employment agreements provide for payment of severance and acceleration of equity-based compensation upon certain qualifying terminations. These severance amounts would be increased in the event that such qualifying terminations occur in certain circumstances in connection with a change of control (for purposes of the employment agreements, the transaction does not constitute a change of control).

The shares of Class A Common Stock and Class B Common Stock owned by the Directors and officers of Media General will be treated in the same manner as all other shares of Class A Common Stock or Class B Common Stock held by Stockholders of Media General. In addition, it is expected that the current members of the Board of Directors of Media General will serve on the Board of Directors of the combined company following the transaction, as further described in "Directors and Executive Officers of the Combined Company – Directors of the Combined Company" beginning on page 168. Under the merger agreement, the Directors and officers of Media General will have the right to continued indemnification by, and Directors' and officers' liability insurance provided by, the combined company with respect to events occurring prior to the closing of the transaction.

For additional information on interests of Media General's officers and Directors in the transaction, see "The Transaction – Interests of the Media General Directors and Officers in the Transaction" beginning on page 87. For more information regarding the ownership of shares of Class A Common Stock and Class B Common Stock by Media General's executive officers and Directors, see "Principal Holders of the Company's Stock" in Media General's Proxy Statement for its 2013 Annual Meeting of Stockholders filed with the SEC on March 13, 2013.

### **Voting by Media General's Directors and Executive Officers**

As of March 1, 2013, the Directors and executive officers of Media General beneficially owned, in the aggregate, 2,358,931 shares (or approximately 8.7%) of the Class A Common Stock and 466,162 shares (or approximately 85%) of the Class B Common Stock. For additional information regarding the votes required to approve the proposals to be voted on at the Special Meeting, see "The Special Meeting – Vote Required" beginning on page 43. The Directors and executive officers of Media General have informed Media General that they currently intend to vote all of their shares of Class A Common Stock and Class B Common Stock for all of the proposals to be voted on at the Special Meeting. In addition, pursuant to a voting agreement, dated as of June 5, 2013, by and among J. Stewart Bryan III, the Chairman of the Board of Directors of Media General, the Media Trust, of which Mr. Bryan is the sole trustee, Media General and Young, Mr. Bryan and the Media Trust, who collectively hold approximately 85% of the outstanding shares of Class B Common Stock and, as of March 1, 2013, 502,952 shares of Class A Common Stock, agreed to vote their shares in favor of the proposals being presented at the Special Meeting. For additional information regarding the voting agreement, see "The Agreements – Description of the Bryan Voting Agreement" beginning on page 115.

### **Refinancing**

Pursuant to the merger agreement, Media General and Young agreed to use commercially reasonable efforts to refinance their respective credit facilities and other debt obligations in connection with the transaction. On July 31, 2013, Media General, with Young's consent, entered into a new credit agreement with a syndicate of lenders. Media General intends to use the proceeds of the new credit facility to effect the planned refinancing. The new credit agreement, the availability of which is contingent on the satisfaction of certain conditions, including the closing of the proposed transaction, provides for a \$60 million, five-year revolving credit facility and an \$885 million, seven-year term loan. For additional information on Media General's new credit facilities and Media General's and Young's existing credit facilities and other debt obligations, see "Description of Media General and Young Debt" beginning on page 121.

### **Appraisal Rights**



Shares of Media General Class B Common Stock held by Stockholders who have not voted in favor of the reclassification proposal and have demanded appraisal rights of their shares in accordance with the Virginia Stock Corporation Act, which we refer to as the “VSCA,” will not be converted into a right to receive shares of the newly-created class of Voting Common Stock of the combined company. Instead, such holders will have only the rights given to dissenting Stockholders pursuant to Article 15 of the VSCA unless such holders later fail to perfect their right to appraisal or otherwise withdraw or lose their right to appraisal. Holders of Class B Common Stock are urged to review the discussion in “The Transaction – Appraisal Rights” beginning on page 94 and consult Article 15 of the VSCA, which is reprinted in its entirety as Annex H to this proxy statement/prospectus.

## **SELECTED HISTORICAL FINANCIAL DATA**

Media General and Young are providing the following financial information to aid you in your analysis of the financial aspects of the transaction. The selected historical financial data of Media General as of December 31, 2012 and December 25, 2011, and for the years ended December 31, 2012, December 25, 2011 and December 26, 2010, have been derived from Media General's audited historical financial statements contained in Media General's Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated by reference into this proxy statement/prospectus. The selected historical financial data of Media General as of December 26, 2010, December 27, 2009 and December 28, 2008, and for the years ended December 27, 2009 and December 28, 2008 have been derived from Media General's audited historical financial statements. For additional information, see "Where you Can Find More Information" beginning on page 189.

The selected historical financial data of Young as of December 31, 2012 and 2011, and for the years ended December 31, 2012 and 2011, and for the six months ended December 31, 2010, have been derived from Young's audited historical consolidated financial statements, which are included in this proxy statement/prospectus. The selected historical financial data of Young Broadcasting Inc., the predecessor of Young Broadcasting, LLC, a direct, wholly owned subsidiary of Young, for the six months ended June 30, 2010 have been derived from Young's audited historical consolidated financial statements, which are included in this proxy statement/prospectus. See Index to "Consolidated Financial Statements of Young" beginning on page F-1. The selected historical financial data of Young Broadcasting Inc. as of December 31, 2009 and 2008, and for the years ended December 31, 2009 and 2008, have been derived from Young Broadcasting, Inc.'s audited historical consolidated financial statements.

The selected historical financial data for Media General as of, and for the six months ended, June 30, 2013 and June 24, 2012, has been derived from Media General's unaudited interim condensed combined financial statements contained in Media General's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013, which is incorporated by reference into this proxy statement/prospectus, and the selected historical financial data for Young as of June 30, 2013, and for the six months ended June 30, 2013 and 2012 have been derived from Young's unaudited interim condensed consolidated financial statements contained in this proxy statement/prospectus. Results of interim periods are not necessarily indicative of the results expected for a full year or for future periods. In the opinion of Media General management, the financial statements of Media General referenced above include all adjustments consisting of normal, recurring adjustments necessary for a fair statement of the results for the interim periods. In the opinion of Young management, the financial statements of Young referenced above include all adjustments consisting of normal, recurring adjustments necessary for a fair statement of the results for the interim periods. This information is only a summary, and you should read it in conjunction with the historical consolidated financial statements of Media General and the related notes that Media General has previously filed with the SEC and which are incorporated into this proxy statement/prospectus by reference and the historical consolidated financial statements of Young included in this proxy statement/prospectus. See Index to "Consolidated Financial Statements of Young" beginning on page F-1, "Young Management's Discussion and Analysis of the Financial Condition and Results of Operations"

beginning on page 142 and “Where You Can Find More Information” beginning on page 189.

### Selected Historical Consolidated Financial Data of Media General

	Six Months Ended		Year Ended <sup>(d)</sup>				
	June 30, 2013	June 24, 2012	December 31, 2012	December 25, 2011	December 26, 2010	December 27, 2009	December 28, 2008
	<i>(In thousands, except per share amounts)</i>						
<b>Statement of Operations Data</b>							
Operating revenues (a) (b)	\$ 155,959	\$ 157,312	\$ 359,722	\$ 280,611	\$ 304,798	\$ 256,654	\$ 315,940
Loss from continuing operations (a) (b) (c)	(33,398 )	(39,473 )	(39,957 )	(48,933 )	(38,545 )	(50,662 )	(286,418 )
Net loss (a) (b) (c)	(33,841 )	(180,720 )	(193,417 )	(74,322 )	(22,638 )	(35,765 )	(631,854 )
Per Share Data - basic and assuming dilution: (a) (b) (c)							
Loss from continuing operations	(1.22 )	(1.75 )	(1.68 )	(2.18 )	(1.72 )	(2.28 )	(12.98 )
Income (loss) from discontinued operations	(0.01 )	(6.26 )	(6.47 )	(1.13 )	0.71	0.67	(15.62 )
Net loss	(1.23 )	(8.01 )	(8.15 )	(3.31 )	(1.01 )	(1.61 )	(28.60 )

	June 30, 2013	June 24, 2012	December 31, 2012	December 25, 2011	December 26, 2010	December 27, 2009	December 28, 2008
<i>(In thousands, except per share amounts)</i>							
<b>Other Financial Data</b>							
Total assets (c)	\$ 739,637	\$ 923,409	\$ 773,421	\$ 1,086,041	\$ 1,179,973	\$ 1,236,048	\$ 1,334,252
Working capital (excluding discontinued assets and liabilities) (a) (b)	30,596	21,015	37,750	36,120	34,881	82,990	11,043
Capital expenditures	7,377	4,253	17,886	19,053	26,482	18,453	31,517
Total debt	555,655	651,911	553,187	658,199	663,341	711,881	730,000
Cash dividends per share	-	-	-	-	-	-	0.81

(a) In 2012, Media General sold all of its newspapers and associated web sites. Additionally, Media General sold DealTaker for a nominal amount, shut down its production services company which provided broadcast equipment and design services, and discontinued its NetInformer operations. Blockdot was held-for-sale at December 31, 2012, and sold shortly after year-end. Media General recorded a \$142 million after-tax loss related to the divestitures of discontinued operations in the year ended December 31, 2012. The results of these properties have been presented as discontinued operations for all periods.

(b) In 2009, Media General sold a small magazine and completed the sale of WCWJ in Jacksonville, Florida. In 2008, Media General completed the sales of WTVQ in Lexington, Kentucky, WMBB in Panama City, Florida, KALB/NALB in Alexandria, Louisiana, and WNEG in Toccoa, Georgia. In 2009 and 2008, Media General recorded an after-tax gain of \$8.9 million and an after-tax loss of \$11.3 million, respectively, related to these divestitures. The results of these stations, the magazine, and their associated websites have been presented as discontinued operations for all periods.

(c) In 2009 and 2008, Media General recorded non-cash, pretax impairment charges in continuing operations totaling \$49 million and \$397 million, respectively, related primarily to its broadcast intangible assets.

(d) Effective for 2012 and future periods, Media General's fiscal year ends on December 31. For periods prior to 2012, Media General's fiscal year ended on the last Sunday in December. Results for 2012 are for a 53-week plus one day period ended December 31, 2012.

## Selected Historical Consolidated Financial Data of Young

Statement of Operations Data	Successor		Predecessor					
	For the	For the				Six		
	six	six	Year	Year	months	Six	Year	Year
	months	months	ended	ended	ended	months	ended	ended
	ended	ended	December	December	ended	ended	December	December
	June 30,	June 30,	31,	31,	December	June 30,	31, 2009	31,
2013	2012	2012	2011	31,	2010	2008	2008	
<i>(In thousands, except per share amounts)</i>								
Net operating revenue	\$ 105,827	\$ 98,741	\$ 228,183	\$ 174,520	\$ 103,187	\$ 84,307	\$ 159,311	\$ 190,786
Operating income (loss)	15,247	18,996	55,493	21,304	25,108	13,497	18,839	(317,992 )
Net income (loss) <sup>(a)</sup>	6,466	8,673	35,963	102,163	15,091	609,627	(22,537 )	(369,699 )

Balance Sheet Data	Successor				Predecessor	
	June 30,	December 31,	December 31,	December 31,	December 31,	December 31,
	2013	2012	2011	2010	2009	2008
	<i>(In thousands, except per share amounts)</i>					
Total current assets	\$ 71,696	\$ 72,587	\$ 95,901	\$ 84,441	\$ 58,483	\$ 68,376
Total assets <sup>(b)</sup>	491,929	481,436	508,840	464,232	326,737	348,223
Total current liabilities, excluding current portion of long-term debt and capital lease obligations	37,139	34,169	24,633	28,702	14,898	64,958
Long-term debt, including current portion and capital lease obligations <sup>(c)</sup>	156,126	154,462	82,587	75,758	-	823,679

Liabilities subject to compromise	-	-	-	-	875,920 <sup>(d)</sup>	-
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NOTE: The Predecessor periods represent the financial information of Young Broadcasting Inc. prior to July 1, 2010. The Successor periods represent the financial information of Young on or after July 1, 2010, after the application of fresh-start reporting.

In 2008, Young Broadcasting Inc. incurred impairment losses of \$320 million related to the write down of FCC licenses at certain stations due to adverse economic conditions. In addition, amortization of certain program license rights was accelerated resulting in an additional expense of \$10.9 million. In 2009, Young Broadcasting Inc. filed (a) for Chapter 11 bankruptcy protection as a result of the continuing deterioration of the economic conditions. During the six months ended June 30, 2010, Young Broadcasting Inc. recorded \$609 million in gains as a result of reorganization items and fresh start accounting adjustments related to the bankruptcy. In 2011, Young Broadcasting Inc. released the valuation allowance on its deferred tax assets in the amount of \$95 million.

Total assets increased by \$137 million from 2009 to 2010 due to the step up to fair value of Young's assets and (b) liabilities as a result of the application of fresh start accounting as of June 30, 2010, upon Young Broadcasting Inc.'s emergence from bankruptcy.

In 2010, Young Broadcasting Inc. extinguished \$822 million of long-term debt as a result of the Chapter 11 (c) bankruptcy proceedings. Post-bankruptcy, Young entered into a new term loan for \$75 million which is included in long-term debt as of December 31, 2010. The increase in long-term debt during 2012 is primarily the result of draw downs from a new \$175 million senior credit facility, which was put in place in December 2011.

Liabilities subject to compromise as of December 31, 2009, consisted of Young Broadcasting Inc.'s pre-petition (d) obligations, including all of its then outstanding debt, that were subject to compromise related to the Chapter 11 bankruptcy filing. These obligations were discharged upon emergence from bankruptcy during 2010 in accordance with the court-approved plan of reorganization upon emergence from bankruptcy during 2010.

## **SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The unaudited pro forma condensed combined financial information presented below has been derived from the Media General historical consolidated financial statements incorporated by reference into this proxy statement/prospectus and from the Young historical consolidated financial statements included in this proxy statement/prospectus. The pro forma adjustments give effect to the reclassification of outstanding shares of Class A Common Stock and Class B Common Stock into shares of the combined company's common stock, the business combination of Media General and Young, including the merger of a wholly owned subsidiary of Media General with and into Young, with Young surviving such merger, and the issuance of shares of the combined company's common stock to the former equityholders of Young in connection therewith. The unaudited pro forma condensed combined financial information should be read in conjunction with (1) Media General Management's Discussion & Analysis of Financial Condition and Result of Operations and the historical consolidated financial statements of Media General and notes thereto included in Media General's Form 10-K for the year ended December 31, 2012 and Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 incorporated by reference into this proxy statement/prospectus (see "Where You Can Find More Information" beginning on page 189), (2) "Young Management's Discussion & Analysis of Financial Condition and Results of Operations" and the historical financial statements of Young and the notes thereto included in this proxy statement/prospectus beginning on page 142, and (3) the detailed unaudited pro forma combined financial statements and footnotes included in this proxy statement/prospectus (see "Selected Unaudited Pro Forma Condensed Combined Financial Information" beginning on page 21).

The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2013 has been prepared as though the transaction occurred as of January 1, 2012 and the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2012 has been prepared as though the transaction occurred as of January 1, 2012. The unaudited pro forma condensed combined balance sheet information at June 30, 2013 has been prepared as though the transaction occurred on June 30, 2013. The pro forma adjustments are based on available information and assumptions that Media General and Young believe are reasonable. Such adjustments are estimates and are subject to change.

The unaudited pro forma condensed combined financial information is provided for informational purposes only and does not purport to represent what the actual combined results of operations or the combined financial position of the combined company would have been had the transaction occurred on the dates assumed, nor are they necessarily indicative of future combined results of operations or combined financial position. The unaudited pro forma condensed combined financial information does not reflect any cost savings or other synergies that the management of Media General and Young believe could have been achieved had the transaction been completed on the dates indicated. Media General's management expects that the combined company will be able to realize estimated operating and financing synergies of approximately \$44 million per year, including as a result of reduced corporate overhead and other expenses. Further, the unaudited pro forma condensed combined financial information is not necessarily indicative of the financial position or results of operations presented as of the dates or for the periods indicated, or the results of operations or financial position that may be achieved in the future.



The transaction will be accounted for using the purchase method of accounting in accordance with the Financial Accounting Standards Board, which we refer to as “FASB,” Accounting Standards Codification Topic 805, which we refer to as “ASC 805,” *Business Combination*. Media General management has evaluated the guidance contained in ASC 805 with respect to the identification of the acquirer in this business combination and concluded, based on consideration of the pertinent facts and circumstances, that Media General will be the acquirer for financial accounting purposes. See “The Transaction-Accounting Treatment of the Transaction” beginning on page 92. Accordingly, Media General’s purchase price to acquire Young has been allocated to the acquired assets, liabilities and commitments based upon their estimated fair values. For purposes of the pro forma financial information contained herein, Media General’s purchase price to acquire Young was estimated based on an estimated value per share of Media General of \$10.00. The determination and allocation of the purchase price is preliminary and is dependent upon certain valuations that have not progressed to a stage where there is sufficient information to make a final allocation. In addition, the final purchase price of Media General’s acquisition of Young will not be known until the date of closing of the transaction and could vary materially from the preliminary purchase price reflected herein. Accordingly, the final acquisition accounting adjustments may be materially different from the preliminary unaudited pro forma adjustments presented.

The actual amounts recorded as of the completion of the transaction may differ materially from the information presented in the unaudited pro forma condensed combined financial information as a result of several factors, including the following:

changes in Young's net assets between the pro forma balance sheet date of June 30, 2013 and the closing of the transaction, which could impact the preliminary estimated purchase price or the preliminary estimated fair values as of the effective date of the transaction;

the value of the combined company as of the effective date of the transaction;

the timing of the completion of the transaction; and

other changes in net assets that may occur prior to completion of the transaction, which could cause material differences in the information presented.

**Pro Forma Condensed Combined Balance Sheet Data as of June 30, 2013**

*(Unaudited, in thousands)*

	<b>Media General Historical</b>	<b>Young Historical</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Combined</b>
Total current assets	\$ 96,575	\$ 71,696	\$ (18,146 )	\$ 150,125
Total assets	739,637	491,929	338,133	1,569,699
Total current liabilities, excluding current portion of long-term debt and capital lease obligations	65,979	37,139	(4,495 )	98,623
Long-term debt, including current portion and capital lease obligations	556,655	156,126	3,590	716,371
Total Stockholders' (deficit) equity	(206,371 )	291,696	296,793	382,118

**Pro Forma Condensed Combined Statement of Operations Data for the Year Ended December 31, 2012**

*(Unaudited, in thousands except per share amounts)*

	<b>Media General</b>	<b>Young</b>	<b>Pro Forma</b>	<b>Pro Forma</b>
	<b>Historical</b>	<b>Historical</b>	<b>Adjustments</b>	<b>Combined</b>
Station revenues (less agency commissions)	\$ 359,722	\$ 228,183	\$ -	\$ 587,905
Total operating costs	273,057	172,690	3,641	449,388
Operating income	86,665	55,493	(3,641 )	138,517
Income (loss) from continuing operations	(39,957 )	35,963	(2,201 )	(6,195 )
Loss from continuing operations per common share (basic and assuming dilution)	(1.68 )	-	-	(0.07 )

**Pro Forma Condensed Combined Statement of Operations Data for the Six Months Ended**

**June 30, 2013**

*(Unaudited, in thousands except per share amounts)*

	<b>Media General</b>	<b>Young</b>	<b>Pro Forma</b>	<b>Pro Forma</b>
	<b>Historical</b>	<b>Historical</b>	<b>Adjustments</b>	<b>Combined</b>
Station revenues (less agency commissions)	\$ 155,959	\$ 105,827	\$ -	\$ 261,786
Total operating costs	145,236	90,580	(10,029 )	225,787
Operating income	10,723	15,247	10,029	35,999
Income (loss) from continuing operations	(33,398 )	6,466	6,370	(20,562 )
Loss from continuing operations per common share (basic and assuming dilution)	(1.22 )	-	-	(0.23 )

**COMPARATIVE PER SHARE DATA**

The following table summarizes unaudited per share information for Media General, unaudited equivalent per share information for Young, unaudited per share information for the combined company on an unaudited pro forma combined basis and unaudited per share information for Media General on an equivalent pro forma per share basis. In addition, this table presents the implied value of each share of Media General common stock as of the dates shown below, based on the implied value of the combined company's common stock and the one-for-one exchange ratio in the reclassification merger, as if the transaction had closed on such dates. This information is only a summary, and you should read it in conjunction with the historical consolidated financial statements of Media General and the related notes that Media General has previously filed with the SEC and which are incorporated in this proxy statement/prospectus by reference and the historical financial statements of Young and the related notes included in this proxy statement/prospectus. See "Where You Can Find More Information" on page 189 and "Index to Consolidated Financial Statements of Young" beginning on page F-1. The pro forma information has been prepared as though the transaction occurred as of January 1, 2012, and is presented for informational purposes only and is not intended to represent or to be indicative of the actual operating results or financial position that would have resulted if the transaction had occurred at the beginning of the earliest period presented, nor is it necessarily indicative of the future operating results or financial position of the combined company.

	<b>As of and for the six months ended June 30, 2013</b>	<b>As of and for the year ended December 31, 2012</b>
<b>Media General Historical Per Share Data:</b>		
Loss from continuing operations available to common shares per share	\$ (1.22 )	\$ (1.68 )
Cash dividends per share of common stock	-	-
Book value per share of common stock	(7.40 )	(6.35 )
<b>Young Historical Per Share Data:</b>		
Net income per share	0.10	0.60
Cash dividends per share	-	-
Book value per share	4.46	4.35
<b>Pro Forma and Media General Equivalent Pro Forma Per Share Data:<sup>(1)</sup></b>		
Loss from continuing operations available to common shares per share	(0.23 )	(0.07 )
Cash dividends per share	-	-
Book value per share	4.34	-

(1) The combined company pro forma per share data with respect to income (loss) and cash dividends was calculated by assuming a number of shares outstanding on a weighted average basis for the applicable period, plus 60,193,351, which is the number of new shares expected to be issued in the transaction to holders of Young equity interests. The combined company pro forma per share data with respect to book value was calculated by assuming a number of shares outstanding as of the applicable date, plus 60,193,351. The Media General equivalent pro forma per share data was computed by multiplying the combined company pro forma per share data above by a ratio of 1:1. The ratio represents the number of shares of the combined company common stock which a Media General Stockholder would receive for each share of Class A Common Stock or share of Class B Common Stock in connection with the transaction. Thus, the Media General equivalent pro forma per share data is identical to the combined company pro forma per share data.

**MARKET PRICE AND DIVIDEND INFORMATION**

Media General's Class A Common Stock is currently traded on the NYSE under the trading symbol "MEG." There is no established trading market for the Class B Common Stock of Media General.

There is currently no established trading market for the Voting Common Stock or Non-Voting Common Stock of the combined company after the completion of the transaction.

After completion of the transaction, the combined company's Voting Common Stock is expected to trade on the NYSE under the symbol "MEG." The following table sets forth the high and low sales prices of shares of Media General's Class A Common Stock on the NYSE for Media General's two most recent full fiscal years and subsequent fiscal quarters.

	<b>Price Range of Class A Common Stock</b>	
	<b>High</b>	<b>Low</b>
2011 Fiscal Year		
First Fiscal Quarter	\$ 7.73	\$ 4.76
Second Fiscal Quarter	7.20	3.33
Third Fiscal Quarter	4.02	1.75
Fourth Fiscal Quarter	4.60	1.14
2012 Fiscal Year		
First Fiscal Quarter	6.84	3.48
Second Fiscal Quarter	5.58	3.02
Third Fiscal Quarter	5.50	3.70
Fourth Fiscal Quarter	5.44	3.80
2013 Fiscal Year		
First Fiscal Quarter	5.97	3.97
Second Fiscal Quarter	11.45	5.78
Third Fiscal Quarter (through August 21, 2013)	11.76	9.68

On June 5, 2013, the last trading day before the announcement of the execution of the merger agreement, the high and low sale prices of shares of Media General's Class A Common Stock as reported on the NYSE were \$7.47 and \$7.01,

respectively. On [ ], 2013, the last full trading day before the date of this proxy statement/prospectus, the high and low sale prices of shares of Media General's Class A Common Stock as reported on the NYSE were \$[ ] and \$[ ], respectively. As of [ ], 2013, the last date prior to printing this proxy statement/prospectus for which it was practicable to obtain this information, there were approximately [ ] registered holders of Class A Common Stock and [ ] registered holders of Class B Common Stock.

Past price performance is not necessarily indicative of likely future performance. Media General's Stockholders are advised to obtain current market quotations for Media General's Class A Common Stock. The market price of Media General's Class A Common Stock will fluctuate between the date of this proxy statement/prospectus and the completion of the transaction. No assurance can be given concerning the market price of Media General's Class A Common Stock before the completion of the transaction, or the market prices of the combined company's Voting Common Stock after the completion of the transaction. See "Risk Factors – Risks Related to the Ownership of the Combined Company Capital Stock" beginning page 35.

Both the Class A Common Stock and the Class B Common Stock participate equally in dividends to the extent that they are paid, and, following the completion of the transaction, both the Voting Common Stock and the Non-Voting Common Stock will participate equally in dividends to the extent that they are paid. Due to economic uncertainty, the Board of Directors of Media General suspended the payment of dividends indefinitely in January 2009. Further, Media General's existing credit agreement prohibits the payment of dividends and the new credit agreement negotiated for the combined company also contains restrictions on the payment of cash dividends. Consequently, we do not expect the combined company to pay cash dividends for at least so long as it is prohibited from doing so under its credit agreement.

Any future determination to pay cash dividends will be at the discretion of the combined company's Board of Directors and will be dependent upon then-existing conditions, including the financial condition and results of operations, contractual restrictions, business prospects of the combined company and other factors that the combined company's Board of Directors determines to consider.



## **RISK FACTORS**

*In addition to the other information included in, incorporated by reference in, or found in the Annexes attached to, this proxy statement/prospectus, including the matters addressed in “Cautionary Statement Regarding Forward-Looking Statements” on page 40, you should carefully consider the following risk factors in deciding whether to vote for the proposals to be considered at the Special Meeting in connection with the transaction. You should also read and consider the other information in this proxy statement/prospectus and the other documents incorporated by reference in this proxy statement/prospectus. Please see “Where You Can Find More Information” on page 189. Additional risks and uncertainties not presently known to Media General or Young or that are not currently believed to be important also may adversely affect the transaction and the combined company following the transaction .*

### **Risks Related to the Transaction**

*The transaction is subject to conditions, including certain conditions that may not be satisfied or completed on a timely basis, if at all.*

Consummation of the transaction is subject to certain closing conditions which make the completion and timing of the transaction uncertain. The conditions include, among others, the obtaining of the requisite approvals by the Stockholders of Media General for the consummation of the transaction, as described in this proxy statement/prospectus, the expiration of the waiting period under the HSR Act, the grant by the FCC of consent to the deemed transfer of control of the broadcast licenses held by subsidiaries of Media General and Young as a result of the transaction, and the receipt of third party consents under certain of Media General’s and Young’s material contracts. See “The Agreements – Description of the Merger Agreement – Conditions to the Transaction” beginning on page 112.

Although Media General and Young have agreed in the merger agreement to use their reasonable best efforts to obtain the requisite approvals and consents, there can be no assurance that these approvals and consents will be obtained, and these approvals and consents may be obtained later than anticipated.

*Failure to complete the transaction may negatively impact the stock price and the future business and financial results of Media General.*

The merger agreement contains certain termination rights for both Media General and Young, including a right to terminate the merger agreement if the transaction is not completed on or before June 5, 2014, or if the approvals of Media General’s Stockholders required in order to consummate the transaction are not obtained. In addition, among

other termination rights, Young may terminate the merger agreement if the Board of Directors of Media General recommends against the transaction, and Media General may terminate the merger agreement, subject to certain conditions, to accept an acquisition proposal that is superior to the terms and conditions of the transaction. The merger agreement also provides that, upon termination of the merger agreement under certain circumstances, Media General may be required to pay Young a termination fee of \$12 million.

If the transaction is not completed on a timely basis, Media General's ongoing business may be adversely affected. If the transaction is not completed at all, Media General will be subject to a number of risks, including the following:

Media General will be required to pay its costs and expenses relating to the transaction, such as legal, accounting, financial advisory and printing fees, whether or not the transaction is completed; and

Time and resources committed by Media General's management to matters relating to the transaction could otherwise have been devoted to pursuing other beneficial opportunities.

If the transaction is not completed, the price of the Media General Class A Common Stock may decline to the extent that the current market price of that stock reflects a market assumption that the transaction will be completed and that the related benefits will be realized, or a market perception that the transaction was not consummated due to an adverse change in Media General's business.

***Uncertainties associated with the transaction may cause employees to leave Media General, Young or the combined company and may otherwise affect the future business and operations of the combined company.***

The combined company's success after the transaction will depend in part upon its ability to retain key employees of Media General and Young. Prior to and following the transaction, current and prospective employees of Media General and Young may experience uncertainty about their future roles with Media General and Young and choose to pursue other opportunities, which could have an adverse effect on Media General. If key employees depart, the integration of the two companies may be more difficult and the combined company's business following the transaction could be adversely affected.

***Media General and Young contemplate that they will refinance their existing debt in connection with or shortly after the closing of the transaction and the agreements and instruments governing such debt may contain restrictions and limitations that could significantly impact the operation of the combined company and adversely affect the holders of the combined company's common stock.***

On July 31, 2013, Media General, with Young's consent, entered into a new credit agreement with a syndicate of lenders. The new credit agreement, the availability of which is contingent on the satisfaction of certain conditions, including the closing of the proposed transaction, provides for a five-year revolving credit facility and a seven-year term loan which may be drawn on a delayed basis until July 31, 2014. Media General expects to refinance the existing credit facilities of Media General and Young with the proceeds of the term loan under the new credit agreement in connection with the closing of the transaction. A portion of the term loan proceeds will also be used to fund a \$50 million contribution to Media General's qualified pension plan. In addition, Media General presently expects to refinance its 11 3/4% senior secured notes due 2017 using the proceeds of the term loan no later than February 2014. Media General expects that, after giving effect to the refinancing, the combined company will have approximately \$917 million of outstanding indebtedness (including guarantees of third party indebtedness of approximately \$32 million) and \$60 million available under a revolving credit facility. The availability of the financing under the new credit agreement and the completion of the refinancing are not, however, conditions to the closing of the transaction. In connection with the refinancing, Media General expects to pay early payment premiums to its existing debt holders of approximately \$61.3 million in the aggregate in addition to other fees and expenses associated with the refinancing.

The terms of the new credit agreement will subject the combined company to a number of financial and operational covenants and will require compliance with certain financial ratios. For example, the covenants under the new credit agreement will impose restrictions on the combined company, including the restrictions on its ability to incur additional indebtedness and liens, make loans and investments, make capital expenditures, sell assets, engage in mergers, acquisitions and consolidations, enter into transactions with affiliates, purchase or redeem stock, enter into sale and leaseback transactions and pay dividends. A breach of any of the covenants imposed on the combined company by the terms of the new credit agreement, including any financial or operational covenants, and certain change of control events, may result in a default or event of default under the new credit agreement. Following an event of default, the lenders would have the right to terminate their commitments to extend credit in the future to the

combined company under the agreement's revolving credit facility and its delayed draw feature if all of the term loan is not then drawn, and accelerate the repayment of all of the combined company's indebtedness under the new credit agreement. In such case, the combined company may not have sufficient funds to pay the total amount of accelerated obligations, and the lenders could proceed against the collateral securing the new credit agreement, which will consist of substantially all of the assets of the combined company. Any acceleration in the repayment of indebtedness or related foreclosure could have an adverse effect on the combined company.

Further, the combined company is expected to have a significant degree of leverage after the transaction that could have important consequences, including:

making it more difficult for the combined company to satisfy its obligations, which could in turn result in an event of default on its indebtedness;

impairing the combined company's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes;

diminishing the combined company's ability to withstand a downturn in its business, the industry in which it operates, or the economy generally;

limiting flexibility in planning for, or reacting to, changes in the combined company's business and the industry in which it operates; and

placing the combined company at a competitive disadvantage compared to certain competitors that may have proportionately less debt.

Despite the current debt levels, and the debt levels anticipated following a refinancing, the combined company may be able to incur significantly more debt in the future, which could increase the foregoing risks related to the combined company's indebtedness.

***Media General and Young may not be able to obtain the required approval from the FCC.***

Media General and Young's obligation to consummate the transaction is subject to obtaining receipt from the FCC of consent to the transfers of control of broadcast licenses held by subsidiaries of Media General and Young in connection with the transaction. Under the merger agreement, Media General and Young are obligated to use their reasonable best efforts to obtain as promptly as practicable the necessary consents from the FCC to the transaction subject to certain limitations. Although we believe that we will be able to obtain the required approval from the FCC, we cannot be sure we will do so. Failure to obtain FCC clearance would prevent us from consummating the transaction.

***The combined company's results of operations and financial condition following the transaction may materially differ from the pro forma information presented in this proxy statement/prospectus.***

The pro forma financial information included in this proxy statement/prospectus is derived from Media General's and Young's respective historical audited and unaudited consolidated financial statements, as well as from certain internal, unaudited financial statements. The preparation of this pro forma information is based upon available information and certain assumptions and estimates that Media General and Young believe are reasonable. This pro forma information may be materially different from what the combined company's actual results of operations and financial condition would have been had the transaction occurred during the periods presented or what the combined company's results of operations and financial position will be after the consummation of the proposed transaction. For example, the assumptions used in preparing the pro forma financial information may not be realized, and other factors may affect the combined company's financial conditions and results of operations following the transaction.

***The number of shares of common stock of the combined company being issued to the Young equityholders in the combination merger is based on a fixed exchange ratio, and so the per share value of common stock of the combined company they receive in the transaction may be greater than the per share value of the Class A Common Stock or Class B Common Stock as of the date of the merger agreement, the date of this proxy statement/prospectus or the date of the Special Meeting. Further, such fixed exchange ratio may not reflect the relative actual equity values of Media General and Young as of the closing.***

In the combination merger, the Young equityholders will receive 730.6171 shares of common stock in the combined company for each share of Young's common stock they hold, and this exchange ratio is fixed and will not be adjusted

prior to the transaction. Because the exchange ratio will not be adjusted for any reason, the per share value of common stock of the combined company received by the Young equityholders on the closing date of the transaction may be greater than the per share value of the Class A Common Stock or Class B Common Stock on earlier dates. Further, this exchange ratio was calculated based on the relative implied equity values of Media General and Young at the time of the execution of the merger agreement, as such implied equity values were determined by Media General and Young. The relative actual equity values of Media General and Young at the time of consummation of the transaction may vary from the relative implied equity values of Media General and Young, as calculated by the parties, on the date of the merger agreement.

***The integration of Media General and Young following the transaction will present significant challenges that may reduce the anticipated potential benefits of the transaction.***

Media General and Young will face significant challenges in consolidating functions and integrating their organizations, procedures and operations in a timely and efficient manner, as well as retaining key personnel. In addition, the failure to effect the refinancing may lead to more significant challenges to the integration of the businesses of Media General and Young. The integration of Media General and Young will be complex and time-consuming due to the locations of their corporate headquarters and the size and complexity of each organization. The principal challenges will include the following:

integrating information systems and internal controls over accounting and financial reporting;

integrating Media General and Young's existing businesses;

preserving significant business relationships;

consolidating corporate and administrative functions;

conforming standards, controls, procedures and policies, business cultures and compensation structuring between Media General and Young; and

retaining key employees.

The management of the combined company will have to dedicate substantial effort to integrating the businesses of Media General and Young during the integration process. These efforts could divert management's focus and resources from the combined company's business, corporate initiatives or strategic opportunities. If the combined company is unable to integrate Media General and Young's organizations, procedures and operations in a timely and efficient manner, or at all, the anticipated benefits and cost savings of the transaction may not be realized fully, or at all, or may take longer to realize than expected, and the value of the combined company's common stock may be affected adversely. An inability to realize the full extent of the anticipated benefits of the transaction, as well as any delays encountered in the integration process, could also have an adverse effect upon the revenues, level of expenses and operating results of the combined company.

***Media General and Young will incur significant transaction and merger-related integration costs in connection with the transaction.***

Media General and Young expect to pay transaction costs of approximately \$25.5 million in the aggregate. These transaction costs include investment banking, legal and accounting fees and expenses, expenses associated with the refinancing that is expected to take place in connection with the transaction, SEC filing fees, printing expenses, mailing expenses and other related charges. These amounts are preliminary estimates that are subject to change. A portion of the transaction costs will be incurred regardless of whether the transaction is consummated. Media General and Young will generally each pay its own costs and expenses it incurred in connection with the transaction, except that each is obligated to pay 50% of the FCC and antitrust filing fees relating to the transaction irrespective of whether the transaction is consummated. Media General and Young also expect to incur costs associated with integrating the operations of the two companies, and these costs could be significant and could have an adverse effect on the combined company's future operating results if the anticipated cost savings from the transaction are not achieved. Although Media General expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, should allow the combined company to offset incremental expenses over time, the net benefit may not be achieved in the near term, or at all.

***While the transaction is pending, Media General and Young will be subject to business uncertainties, as well as contractual restrictions under the merger agreement, that could have an adverse effect on their businesses.***

Uncertainty about the effect of the transaction on employees and business relationships of Media General and Young may have an adverse effect on Media General and Young and, consequently, on the combined company following the consummation of the transaction. These uncertainties could impair each of Media General's and Young's ability to retain and motivate key personnel until and after the consummation of the transaction and could cause third parties who deal with Media General and Young to seek to change existing business relationships with Media General and Young. If key employees depart or if third parties seek to change business relationships with Media General and Young, the combined company's business following the consummation of the transaction could be adversely affected. In addition, the merger agreement restricts Media General and Young, without the other party's consent and subject to certain exceptions, from making certain acquisitions and taking other specified actions until the transaction closes or the merger agreement terminates. These restrictions may prevent Media General and Young from pursuing otherwise attractive business opportunities that may arise prior to completion of the transaction or termination of the merger agreement, and from making other changes to their businesses.



***Some of the Directors and executive officers of Media General may have interests in the transaction that are different from the interests of Media General's Stockholders generally.***

Stockholders should be aware that some of the Directors of Media General who recommend that you vote in favor of the proposals to be considered at the Special Meeting and some of the executive officers who provided information to Media General's Board of Directors relating to the transaction may have interests in the transaction that are different from, or are in addition to, the interests of Media General's Stockholders generally. These interests include: (i) their designation as Directors or executive officers of the combined company following the completion of the transaction and (ii) the fact that certain executive officers of Media General are party to employment agreements, the effectiveness of which is contingent on the consummation of the transaction, which will entitle them to cash payments and/or other benefits if the transaction is completed, severance payments upon a qualifying termination, including the acceleration of equity-based compensation, with increases in severance payments in the event a qualifying termination occurs following a change in control (which, for purposes of the employment agreements, shall not include the transaction). Media General's Stockholders should consider these potential interests in conjunction with the recommendation of the Board of Directors of Media General that the Stockholders approve the transaction. See "The Transaction – Interests of Media General Directors and Officers in the Transaction" beginning on page 87.

***The transaction will result in an ownership change of Media General, and is expected to result in an ownership change of Young, in each case, under Section 382 of the Internal Revenue Code. As a result, for U.S. federal income tax purposes, the combined company's ability to use the net operating loss carryforwards of Media General and Young to offset future taxable income will be subject to limitation.***

In general, under Section 382 of the Code, a corporation that undergoes an ownership change is subject to limitations on its ability to utilize its pre-change net operating losses, which we refer to as "NOLs," to offset future taxable income for U.S. federal income tax purposes. In general, an ownership change occurs if the aggregate stock ownership of certain stockholders increases by more than 50 percentage points over such stockholders' lowest percentage ownership during the testing period (generally three years). An ownership change can result from, among other things, an offering of stock, the purchase or sale of stock by certain stockholders, or the issuance or exercise of rights to acquire stock.

As of December 31, 2012, Media General had approximately \$307 million of NOL carryforwards for U.S. federal income tax purposes, which will begin to expire in 2027. As of December 31, 2012, Young had approximately \$226 million of NOL carryforwards for U.S. federal income tax purposes, which will begin to expire in 2027. A substantial portion of Young's NOL carryforwards already are subject to a limitation under Section 382 of the Code. The transaction will result in an ownership change of Media General, limiting the use of Media General's NOL carryforwards to offset future taxable income of the combined company for U.S. federal income tax purposes. While the transaction, if viewed in isolation, would not result in an ownership change of Young, an ownership change is expected to result when the transaction is aggregated with other transactions involving Young and its stockholders occurring during the prior three-year period, potentially limiting the use of Young's NOL carryforwards to offset future taxable income of the combined company for U.S. federal income tax purposes. These limitations may affect the

timing of when these NOL carryforwards can be used, which, in turn, may impact the timing of when cash is used to pay the taxes of the combined company and could cause such NOLs to expire unused, in each case, reducing or eliminating the benefit of such NOLs. Similar rules and limitations may apply for state income tax purposes.

### **Risks Related to the Business of Media General**

*You should read and consider the risks associated with the business of Media General. Risks relating to Media General can be found in Item 1A – Risk Factors, in Media General’s Annual Report on Form 10-K for the year ended December 31, 2012, which has been filed with the SEC and is incorporated by reference in this proxy statement/prospectus.*

## **Risks Related to the Business of Young**

*The risk factors listed below may similarly apply to the combined company and its subsidiaries after the transaction.*

***Young's advertising revenue can vary substantially from period to period based on many factors beyond Young's control. This volatility affects Young's operating results and may reduce its ability to repay indebtedness.***

Young relies on sales of advertising time for most of its revenues and, as a result, its operating results depend on the amount of advertising revenue that Young generates. In 2012, 84% of Young's total revenues were derived from spot advertising. If Young generates less advertising revenue, it may be more difficult for it to repay its indebtedness and meet its working capital requirements, and the value of Young's business may decline. Young's ability to sell advertising depends on:

The levels of automobile advertising, which historically have represented about 21% of Young's advertising revenue;

The health of the economy in the area where Young's television stations are located and in the nation as a whole;

The popularity of Young's programming and that of its competition;

The activities of Young's competitors, including competitors that offer other forms of advertising-based mediums, such as other broadcast television stations, radio stations, multichannel video programming distributors, which we refer to as "MVPDs," Internet and broadband content providers, transit advertising, direct mail, local cable systems and other print and media outlets serving in the same markets;

The levels of political advertising, which are affected by campaign finance laws, and the ability of political candidates and political action committees to raise and spend funds and are subject to seasonal fluctuations;

Changes in the makeup of the population in the areas where Young's stations are located; and

Other factors that may be beyond Young's control.

In addition, a high percentage of Young's operating expenses are fixed, and a small decrease in advertising revenue could significantly impact its financial results. There can be no assurance that Young's advertising revenue will not be volatile in the future, and such volatility may have an adverse impact on Young's business, financial condition or results of operations.

***Young depends on networks for much of its programming, and the loss of or certain changes by one or more of its network affiliations would disrupt its business and could have an adverse effect on Young's financial condition and results of operations by reducing station revenue at the affected station(s).***

Of the stations that Young owns and operates, or to which it provides certain operating and sales services, six are affiliated with ABC, four are affiliated with CBS, one is affiliated with NBC, one is affiliated with FOX and one is affiliated with MyTV. Young also operates 17 digital subchannels, including seven affiliates of Disney-ABC's Live Well Network, six Weather/News subchannels, one CW Plus affiliate, one MyTV affiliate, one The Country Network affiliate and one Antenna TV affiliate. The television viewership levels for stations are materially dependent upon programming provided by the major networks. Young is particularly dependent upon programming provided by the ABC and CBS networks. All but one of Young's stations are parties to affiliation agreements with one of the four major networks.

In addition, Young may be exposed in the future to volatile or increased programming costs that may adversely affect its operating results. Further, programs are usually purchased for broadcasting for two to three year periods, and it is difficult to accurately predict how a program will perform. In some instances, programs must be replaced before their cost has been fully amortized, resulting in write-offs that increase station operating costs.

As network affiliation agreements come up for renewal, Young may not be able to negotiate terms comparable to or more favorable than its current agreements. In addition, the impact of an increase in reverse network compensation payments, under which Young compensates the network for programming pursuant to its affiliation agreements, may have a negative effect on its financial condition or results of operations. See “Business of Young – Young’s Network Affiliation Agreements” for more information on the expiration and renewal of network affiliation agreements. Young cannot predict the outcome of any future negotiations relating to its affiliation agreements or what impact, if any, they may have on Young’s financial condition and results of operations.

In recent years, the national broadcast networks have streamed their programming on the Internet and other distribution platforms in close proximity to network programming broadcast on local television stations, including those that Young owns. These and other practices by the networks dilute the exclusivity and value of network programming originally broadcast by the local stations and could adversely affect the business, financial conditions and results of operations of Young’s stations.

***Young may be unable to successfully negotiate future retransmission consent agreements on terms comparable to or more favorable than its current agreements and these negotiations may be further hindered by the interests of networks with which it is affiliated or by statutory or regulatory developments.***

As retransmission consent agreements expire, Young may not be able to negotiate future agreements on terms comparable to or more favorable than its current agreements. This may cause revenues and revenue growth from its retransmission consent agreements to decrease under the renegotiated terms.

Several cable system and DBS operators have jointly petitioned the FCC to initiate a rulemaking proceeding to consider amending the FCC’s retransmission consent rules. The FCC solicited public comment on the petition and subsequently released a notice of proposed rulemaking seeking public comment on whether it should amend its rules to: (i) modify its standards for “good faith” negotiations of retransmission consent agreements; (ii) enhance consumer notice obligations; and (iii) eliminate the FCC’s network non-duplication and syndicated exclusivity rules. The proceeding is currently pending, and Young cannot predict its outcome.

***Financial and economic conditions may have an adverse impact on Young’s industry, business, and results of operations or financial condition.***

Financial and economic conditions have been challenging and the continuation or worsening of such conditions could further reduce consumer confidence and have an adverse effect on the fundamentals of Young's business, results of operations and/or financial condition. Poor economic and industry conditions could have a negative impact on Young's industry or the industry of those customers who advertise on Young's stations, including, among others, the automotive industry and service businesses, each of which is a significant source of Young's advertising revenue. Additionally, financial institutions, capital providers, or other consumers may be adversely affected. Potential consequences of any financial and economic decline include:

The financial condition of those companies that advertise on Young's stations may be adversely affected, causing them to spend less on advertising, which could result in a significant decline in Young's advertising revenue;

Young's ability to pursue the acquisition or divestiture of certain television and non-television assets at attractive values may be limited;

The possibility that Young's business partners could be negatively impacted and Young's ability to maintain these business relationships could also be impaired; and

Young's ability to make certain capital expenditures may be significantly impaired.

***Young operates in a very competitive business environment.***

The television industry is highly competitive and this competition can draw viewers and advertisers from Young's stations, which requires Young to pay more for programming, and increases costs and reduces revenues. Cable providers, direct broadcast satellite companies and telecommunication companies are developing new technology that allows them to transmit more channels on their existing equipment to highly targeted audiences, reducing the cost of creating channels and potentially leading to the division of the television industry into ever more specialized niche markets. Competitors who target programming to such sharply defined markets may gain an advantage for television advertising revenues. In addition, technological advancements and the resulting increase in programming alternatives, such as pay-per-view, home video and entertainment systems, video-on-demand, mobile video and the Internet have also created new types of competition to television broadcast stations and will increase competition for household audiences and advertisers. Technologies that allow viewers to digitally record, store and play back television programming may decrease viewership of commercials as recorded by media measurement services and as a result, may lower Young's advertising revenues. In addition, since digital television technology allows broadcasting of multiple channels within the additional allocated spectrum, this technology could expose Young to additional competition from programming alternatives. Young cannot provide any assurances that it will remain competitive with these developing technologies.

Young faces competition from:

other local free over-the-air broadcast television and radio stations;

telecommunication companies;

cable and satellite system operators;

Internet search engines, Internet service providers and websites; and new technologies including mobile television; and

other sources of news, information and entertainment such as newspapers, movie theaters, live sporting events and home video products, including digital video disc players, or "DVDs."

Young's television stations are located in highly competitive markets. Accordingly, the results of Young's operations will be dependent upon the ability of each station to compete successfully in its market, and there can be no assurance that any one of Young's stations will be able to maintain or increase its current audience share or revenue share. To the extent that certain of Young's competitors have or may, in the future, obtain greater resources, Young's ability to compete successfully in its broadcasting markets may be impeded.

***Cybersecurity risks and cyber incidents could adversely affect Young's business and disrupt operations.***

Cyber incidents can result from deliberate attacks or unintentional events. These incidents can include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. The result of these incidents could include, but are not limited to, disrupted operations, misstated financial data, liability for stolen assets or information, increased cybersecurity protection costs, litigation and reputational damage adversely affecting customer or investor confidence.



***Young's business is subject to extensive governmental legislation and regulation, which may restrict Young's ability to pursue its business strategy and/or increase its operating expenses.***

Young's television operations are subject to significant federal regulation under the Communications Act of 1934, as amended, which we refer to as the "Communications Act." Continuation of operations requires that Young retain and from time to time renew a variety of governmental approvals. FCC licenses to operate broadcast television stations generally have a term of eight years. Historically, the FCC renews the vast majority of broadcast licenses, but there can be no assurance that Young's licenses will be renewed at their expiration dates or, if renewed, that the renewal terms will be for the maximum permitted period. The non-renewal or revocation of one or more of Young's primary FCC licenses could have an adverse effect on its operations.

As a broadcast licensee, Young also must comply with a variety of FCC rules regulating its operations such as political broadcasting rules, children's television rules, and limitations on indecent or obscene programming. Violation of these and other FCC rules could subject Young to significant fines or other sanctions.

Congress and the FCC currently have under consideration, and may in the future adopt, new laws, regulations, and policies regarding a wide variety of matters that could, directly or indirectly, affect the operation and ownership of Young's broadcast properties. Young is unable to predict the impact that any such laws or regulations may have on its operations.

***The FCC is considering possible mechanisms for spectrum reallocation that could affect the spectrum for Young's stations and adversely impact Young's ability to compete.***

Congress recently authorized the FCC to conduct a so-called "incentive auction" to reassign some of the UHF spectrum now used by television broadcasters to wireless broadband service providers. The FCC could share the proceeds of spectrum auctions with those incumbent television station licensees that give up their spectrum rights to facilitate spectrum auctions. Following the auction, the FCC would "repack" the non-tendering broadcasters into the lower portion of the UHF band and auction new "flexible use" wireless licenses in the upper portion of the UHF band.

Television stations may elect whether or not to participate in the incentive auction, but television broadcasters that do not participate in the auction nevertheless may be required to relocate to a different channel or make other technical changes to facilitate the repacking of the band. On September 28, 2012, the FCC opened a proceeding to develop rules to govern the incentive auctions for television broadcast spectrum, re-auction of reclaimed spectrum to wireless broadband providers, and the repacking of broadcasters on the channels that remain dedicated to television broadcasting after the conclusion of the auction. Young cannot predict the form of any final rules that the FCC may adopt in this proceeding or whether the final rules would have an adverse impact on Young's ability to compete.

Moreover, Young cannot predict whether the FCC might adopt even more stringent requirements, or stronger incentives to abandon current spectrum, if its initiatives are adopted but do not free what the agency deems sufficient spectrum for wireless broadband use.

*Young could be adversely affected by labor disputes and legislation and other union activity.*

The cost of producing and distributing entertainment programming has increased substantially in recent years due to, among other things, the increasing demands of creative talent and industry-wide collective bargaining agreements. Young's program suppliers engage the services of writers, Directors, actors and on-air and other talent, trade employees and others, some of whom are subject to these collective bargaining agreements. Also, as of June 30, 2013, approximately 84 of Young's employees are represented by labor unions under collective bargaining agreements. Failure to renew these agreements, higher costs in connection with these agreements or a significant labor dispute, including strikes or work stoppages, could adversely affect Young's business by causing, among other things, delays in production that lead to declining viewership, a significant disruption of operations and reductions in the profit margins of Young's programming and the amounts Young can charge advertisers for time. Young's stations also broadcast certain professional sporting events, including NBA basketball games, MLB baseball games, NFL football games, and other sporting events, and Young's viewership may be adversely affected by player strikes or lockouts, which could adversely affect Young's advertising revenues and results of operations. Further, any changes in the existing labor laws may further the realization of the foregoing risks.

***Neither Young's financial condition nor its results of operations covering periods after Young Broadcasting Inc.'s emergence from bankruptcy are comparable to the financial condition or results of operations reflected in Young Broadcasting Inc.'s historical financial statements covering periods before its emergence from bankruptcy.***

Young has adopted fresh-start accounting rules as of the date of Young Broadcasting Inc.'s emergence from bankruptcy as prescribed in accordance with the Reorganizations topic of the FASB Accounting Standards Codification. As required by fresh-start accounting, assets and liabilities have been recorded at fair value, based on values determined in connection with the implementation of the Young Broadcasting Inc.'s Chapter 11 plan of reorganization. Accordingly, Young's consolidated financial condition and results of operations from and after Young Broadcasting Inc.'s emergence from bankruptcy are not comparable to the financial condition or results of operations reflected in Young Broadcasting Inc.'s historical financial statements included elsewhere in this proxy statement prospectus.

Further, during the course of Young Broadcasting Inc.'s Chapter 11 reorganization cases, which we refer to as the "Chapter 11 Cases," Young Broadcasting Inc.'s financial results were volatile as asset impairments, government regulations, bankruptcy professional fees, contract terminations and rejections and claims assessments, among other things, significantly impacted Young Broadcasting Inc.'s consolidated financial statements. As a result, the amounts reported in Young Broadcasting Inc.'s financial statements after emergence from bankruptcy differ materially from Young Broadcasting Inc.'s historical financial statements included elsewhere in this proxy statement/prospectus.

***Young may experience disruptions in its business due to natural disasters, terrorism or similar events.***

Other broadcast station owners have experienced substantial disruptions to their operations due to natural disasters and acts of terrorism. If natural disasters, acts of terrorism, political turmoil, or hostilities occur, one or more of Young's broadcast stations could experience a loss of technical facilities for an unknown period of time and would, in addition, lose advertising revenues during such time period. In addition, if natural disasters, acts of terrorism, political turmoil, or hostilities occur, even if Young does not experience a loss of technical facilities, Young's broadcast operations may switch to continual news coverage, which would cause the loss of advertising revenues due to the suspension of advertiser-supported commercial programming.

***Young currently depends on the cash flow of its subsidiaries to satisfy its obligations, including its debt obligations.***

Young conducts its operations through its direct subsidiary, Young Broadcasting, LLC and its other indirect subsidiaries, which guarantee Young Broadcasting, LLC's debt, jointly and severally, fully and unconditionally. Young and Young Broadcasting, LLC, as holding companies, do not own any significant assets other than the equity in their respective subsidiaries and are dependent upon the cash flow of their respective subsidiaries to meet their

obligations. Accordingly, Young Broadcasting LLC's ability to make interest and principal payments when due is dependent upon the receipt of sufficient funds from its subsidiaries, which may be restricted by the terms of existing and future senior secured indebtedness of its subsidiaries, including the terms of existing and future guarantees of indebtedness given by its subsidiaries.

***Intangible assets comprise a significant portion of Young's total assets. These intangible assets must be tested for impairment at least annually, which may result in a non-cash impairment charge and could have an adverse impact on the combined company's results of operations and Stockholders' equity.***

Indefinite-lived intangibles are subject to impairment assessments at least annually (or more frequently when events or circumstances indicate that an impairment may have occurred) by applying a fair-value based test. Young's principal intangible assets include its programming license rights, broadcast licenses and network affiliations. The risk of impairment losses may increase to the extent that earnings decline. Impairment losses may result in a non-cash impairment charge. Furthermore, impairment losses could have an adverse impact on the combined company's results of operations and stockholders' equity.

#### **Risks Related to the Ownership of the Combined Company Common Stock**

***The combined company does not intend to pay cash dividends on its common stock for at least so long as it is prohibited from doing so under its credit agreement.***

Due to economic uncertainty, the Board of Directors of Media General suspended the payment of dividends indefinitely in January 2009. Furthermore, existing restrictions in Media General's credit agreements do not permit the payment of dividends. Though each of Media General and Young intends to refinance its current credit agreements and other agreements related to indebtedness in connection with the closing of the transaction (or in the case of Media General's 11 3/4% senior secured notes due in 2017, no later than February 2014) using the proceeds of Media General's new credit agreement, the new credit agreement contains restrictions on the payment of dividends by the combined company. In addition, applicable state law may impose requirements that may impede the combined company's ability to pay dividends on the combined company's common stock. Therefore, it is likely that any return on investment for the combined company's Stockholders at least in the near term will occur only if the market price of the combined company's common stock appreciates.

*The public price and trading volume of the combined company common stock may be volatile.*

The price and trading volume of the combined company common stock may be volatile and subject to fluctuations. Some of the factors that could cause fluctuations in the stock price or trading volume of the combined company common stock include:

general market and economic conditions and market trends, including in the television broadcast industry and the financial markets generally;

the political, economic and social situation in the United States;

actual or expected variations in operating results;

variations in quarterly operating results;

inability to meet projections in revenue;

announcements by the combined company or the combined company's competitors of significant acquisitions, strategic partnerships, joint ventures, capital commitments, or other business developments;

adoption of new accounting standards affecting the industry in which the combined company operates;

operations and stock performance of competitors;

litigation or governmental action involving or affecting the combined company or its subsidiaries;

changes in financial estimates and recommendations by securities analysts;

recruitment or departure of key personnel;

purchases or sales of blocks of the combined company's common stock; and

operating and stock performance of the companies that investors may consider to be comparable.

There can be no assurance that the price of the combined company common stock will not fluctuate or decline significantly. The stock market in recent years has experienced considerable price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of individual companies and that could adversely affect the price of the combined company common stock, regardless of the combined company's operating performance. You should also be aware that price volatility might be worse if the trading volume of shares of the common stock is low. Furthermore, Stockholders may initiate securities class action lawsuits if the market price of the combined company's stock declines significantly, which may cause the combined company to incur substantial costs and could divert the time and attention of the combined company's management. The markets in which Young does business differ from those of Media General and, accordingly, the results of operations of the combined company following the consummation of the transaction and the market price of the combined company's common stock following the consummation of the transaction may also be affected by factors different from those currently affecting the independent results of operations of Media General.

***The future results of the combined company will suffer if the combined company does not effectively manage its expanded operations following the completion of the transaction.***

Following the completion of the transaction, the size of the combined company's business, as well as participation in retransmission revenue, syndicated programming purchasing and general participation in national and digital advertising by the combined company, will increase significantly beyond the current size of either Media General or Young. The combined company's future success depends, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings and other benefits currently anticipated from the transaction.

***Media General and Young may not be able to consummate the intended refinancing under Media General's new credit agreement or otherwise.***

Although Media General has entered into a new credit agreement, the availability of financing under that credit agreement is contingent on the satisfaction of certain conditions. If Media General is not able to satisfy those conditions and Media General and Young are not otherwise able to consummate the intended refinancing, all of the current credit facilities of Media General and Young, as well as Media General's 11 3/4% senior secured notes due 2017, would remain in place. The terms of the current facilities and debt are not as favorable as the terms and conditions of the facilities provided for under the new credit agreement. In addition, Media General and Young will have spent time and resources attempting to obtain the refinancing without obtaining any benefit of such refinancing.

In addition, Young and its subsidiaries would continue to be subject to the covenants of the Young credit facility and Media General and its subsidiaries (other than Young and its subsidiaries) would continue to be subject to the covenants under Media General's current credit facility and Media General's senior secured notes, and Media General would also be obligated to cause Young and its subsidiaries to comply with certain covenants in Media General's current credit facility. Media General and its subsidiaries (other than Young and its subsidiaries), on the one hand, and Young and its subsidiaries, on the other hand, would also be required to transact with each other on a basis that is both fair and arm's length, thereby potentially imposing significant burdens on the ability of Media General and Young to operate as one company after the consummation of the transaction and realize some of the anticipated synergies and benefits of the transaction. Each company's lenders and bondholders would also be entitled to receive separate financial information about such company and its subsidiaries (other than, with respect to Media General, Young and its subsidiaries), including audited financial statements in the case of Young, which would impose administrative obligations on the combined company that would not be expected with a refinancing. If the Media General and Young credit agreements are refinanced at the closing of the transaction but Media General's 11 3/4 senior secured notes remain outstanding, Media General and Young would be subject to the covenants under the indenture governing the notes until the notes are repaid. There can be no assurance that the combined company would be able to refinance the notes in the future. In such a case, Media General and Young would continue to be subject to the covenants under the indenture, which would continue to restrict the operations of the combined company. See "Description of Media

General and Young Debt” beginning on page 121

***The combined company will have the ability to issue preferred stock, which could affect the rights of holders of the combined company common stock.***

At the effective time of the reclassification merger, the combined company’s Articles of Incorporation will be amended and restated to allow the Board of Directors of the combined company to issue up to 50 million shares of preferred stock and to set the terms of such preferred stock. The terms of such preferred stock may adversely affect the dividend and liquidation rights of holders of the combined company common stock.

***Sales of our common stock by former equityholders of Young may have an adverse effect on the price of the combined company common stock following the closing.***

In the transaction, equityholders of Young will receive approximately 60.2 million shares of combined company common stock. After the closing of the transaction, certain equityholders of Young who receive shares of combined company common stock in the transaction will have the right to require the combined company to register those shares under a registration rights agreement, subject to certain limitations. The registration rights agreement will require the combined company to file a shelf registration statement on Form S-3 covering such shares, which may be used by the former Young equityholders party to such agreement to facilitate the sale of their shares under certain circumstances. Young equityholders party to the registration rights agreement will also have the right to demand registration of their shares for sale in underwritten offerings, subject to certain limitations, and the right to participate in registered underwritten offerings conducted by the combined company. It is anticipated that a public underwritten offering of shares of common stock held by such equityholders will be conducted soon after the closing of the transaction. Sales by such Young equityholders of their shares of common stock of the combined company, or the possibility of such sales, pursuant to an underwritten offering or otherwise, may have an adverse effect on the per share price of the combined company’s common stock.



***Following the closing of the transaction, Standard General will own approximately 28% or more of the voting power of the combined company's outstanding stock. This may allow Standard General to exercise influence over the combined company.***

Upon the consummation of the transaction, Standard General will control approximately 28% of the voting power of all of the combined company's outstanding capital stock. This percentage will be increased to the extent any stockholders receive Non-Voting Common Stock pursuant to the Articles of Incorporation of the combined company and the merger agreement. As a result, Standard General may have influence over the management of the combined company. In addition, Standard General's substantial share ownership may delay or prevent a change in control of the combined company.

***Provisions of the combined company's Articles of Incorporation and By-laws and applicable state corporation laws could make a merger, tender offer or proxy contest difficult, and could deprive the Stockholders of the combined company of the opportunity to obtain a takeover premium for shares of the common stock owned by them.***

The combined company's Articles of Incorporation and By-laws contain provisions that could have the effect of delaying or preventing changes in control or changes in the management of the combined company without the consent of the Board of Directors of the combined company, which could make a merger, tender offer or proxy contest difficult. These provisions include (i) the ability of the Board of Directors to determine whether to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without Stockholder approval, which could be used, to the extent consistent with its legal duties, to issue a series of stock to persons friendly to management in order to attempt to block an acquisition action by a hostile acquirer or to significantly dilute the ownership of a hostile acquirer, (ii) the requirement that a Special Meeting of Stockholders may be called only by the Board of Directors of the combined company, the chairman of the Board of Directors of the combined company or the president of the combined company, which may delay the ability of the combined company's Stockholders to force consideration of a proposal or to take action and (iii) advance notice procedures that Stockholders must comply with in order to nominate candidates to the Board of Directors of the combined company or to propose matters to be acted upon at a Stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect such acquirer's own slate of Directors or otherwise attempting to obtain control of the combined company. Under the VSCA and the Articles of Incorporation of the combined company, Stockholders of the combined company will be prohibited from taking action by written consent unless the consent is unanimous, which makes action by written consent difficult to obtain and forces Stockholder action to be taken at an annual or Special Meeting. These provisions, alone or together, could delay hostile takeovers and changes in control of the combined company or changes in its management.

Further, the "affiliated transaction" provisions of Virginia law prohibit, subject to certain exceptions, any person who became the beneficial owner of more than 10% of any class of a corporation's voting securities, without the prior consent of the corporation's board of Directors, from engaging in specified transactions with such corporation for a period of three years following the date upon which the Stockholder acquires the requisite number of securities. The types of transactions covered by the law include certain mergers, share exchanges, material dispositions of corporate

assets not in the ordinary course of business, dissolutions, reclassifications and recapitalizations. The combined company will not opt out of such law in its Articles of Incorporation.

***Following the transaction, former holders of Class A Common Stock may be deemed to hold “attributable interests” in the combined company.***

The laws, rules and regulations administered by the FCC contain restrictions on the ownership and control of broadcast licenses. The FCC generally applies its ownership limits to persons that hold “attributable interests” in a broadcast license. Prior to the transaction, Media General's dual-class stock structure, pursuant to which the majority of the voting power of Media General was held by holders of Class B Common Stock, mitigated the risk that the interests of any holders of publicly traded shares of Class A Common Stock would be deemed to have an attributable interest in Media General. However, following the transaction, the broadcast or other media interests of holders holding five percent or greater of the combined company's Voting Common Stock will generally be deemed to have an attributable interest in the combined company, and may limit the combined company's acquisition or ownership of broadcast stations in particular markets. While the combined company's Articles of Incorporation will have provisions that the combined company may use to prevent such an effect by limiting the holding of attributable interests in the combined company to those Stockholders lacking conflicting media interests (as discussed below), there can be no assurance that these provisions as applied will be completely effective.

***The Articles of Incorporation of the combined company will contain provisions allowing the combined company to restrict the ownership, conversion and proposed ownership of common stock for reasons related to compliance with the FCC's rules and regulations.***

Under the Articles of Incorporation of the combined company, the combined company may restrict the ownership, conversion or proposed ownership of shares of common stock of the combined company by any person if such ownership, conversion or proposed ownership, either alone or in combination with other actual or proposed ownership of shares of capital stock of any other person, would impose restrictions on the combined company or its subsidiaries under, or cause a violation of, the laws administered or enforced by the FCC, including the Communications Act of 1934, which we refer to as "federal communications laws." The combined company may enforce such restrictions if it believes the ownership, conversion or proposed ownership by a stockholder of common stock:

would be in violation of any federal communications laws;

would (or could reasonably be expected to) materially limit or impair any existing or proposed business activity of the combined company or its subsidiaries under the federal communications laws;

would materially limit or impair under the federal communications laws the acquisition of an attributable interest in a full-power television station or a full-power radio station by the combined company or any of its subsidiaries for which it has entered into a definitive agreement with a third party;

would (or could reasonably be expected to) cause the combined company or any of its subsidiaries to be subject to any rule, regulation, order or policy under the federal communications laws having or which could reasonably be expected to have a material effect on the combined company or any of its subsidiaries to which the combined company or any of its subsidiaries would not be subject but for such ownership, conversion or proposed ownership;  
or

would require prior approval from the FCC and such approval has not been obtained.

The restrictions that the combined company may enact include refusing to permit the transfer of shares, suspending rights of share ownership, requiring the conversion of Voting Common Stock to Non-Voting Common Stock, and other remedies. These provisions may restrict your ability to acquire, own and/or vote shares of Voting Common Stock of the combined company. For more information regarding these restrictions, see "Description of Combined Company Capital Stock – Restrictions on Stock Ownership and Transfer" on page 178.



## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the documents that are incorporated into this proxy statement/prospectus by reference may contain or incorporate by reference statements that do not directly or exclusively relate to historical facts. We consider such statements to be “forward-looking statements.” You can typically identify forward-looking statements by the use of forward-looking words, such as “may,” “will,” “could,” “project,” “believe,” “anticipate,” “expect,” “continue,” “potential,” “plan,” “aim,” “seek,” “forecast” and other similar words. These include, but are not limited to, statements relating to the strategy of the combined company, the synergies and the benefits that we expect to achieve in the transaction discussed herein, including future financial and operating results, the combined company’s plans, objectives, expectations and intentions, Media General’s projections and financial information of Media General and Young, including other statements that are not historical facts. Those statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside the control of the combined company, Media General and Young, and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In addition to the risk factors described under “Risk Factors” beginning on page 26, those factors include:

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, including a termination under circumstances that could require Media General to pay a termination fee;

the inability to complete the transaction due to the failure to obtain the requisite stockholder approval or the failure to satisfy (or to have waived) other conditions to completion of the transaction, including receipt of required regulatory approvals;

the failure of the transaction to close for any other reason;

risks that the transaction disrupts current plans and operations of Media General and Young, and the potential difficulties in employee retention, as a result of the transaction;

the outcome of any legal proceedings that may be instituted against Media General, Young and/or others relating to the merger agreement;

diversion of each of Media General and Young’s management’s attention from ongoing business concerns;

the effect of the announcement of the transaction on each of Media General’s and Young’s business relationships, operating results and business generally;

the amount of the costs, fees, expenses and charges related to the transaction;

uncertainties as to the timing of the closing of the transaction;

risks that the respective businesses of Media General and Young will have been adversely impacted during the pendency of the transaction;

the effects of disruption from the transaction making it more difficult to maintain business relationships;

risks that any stockholder litigation in connection with the transaction may result in significant costs of defense, indemnification and liability;

the risk that competing offers may be made;

the ability to integrate the Media General and Young businesses successfully and to avoid problems which may result in the combined company not operating as effectively and efficiently as expected;

risks that expected synergies, operational efficiencies and cost savings from the transaction and from the planned refinancing may not be fully realized or realized within the expected time frame;

significant changes in the business environment in which Media General and Young operate, including as a result of consolidation in the television broadcast industry;

the effects of future regulatory or legislative actions on Media General, Young and the combined company; and

the impact of the issuance of common stock of the combined company as consideration in connection with the transaction on the current holders of Media General's common stock, including dilution of their ownership and voting interests.

The areas of risk and uncertainty described above should be considered in connection with any written or oral forward-looking statements that may be made after the date of this proxy statement/prospectus by Media General or Young or anyone acting for any or all of them.

For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, see the note regarding forward-looking statements in Item 7 of Media General's Annual Report on Form 10-K for the year ended December 31, 2012. See "Where You Can Find More Information" on page 189.

Media General, Young and the combined company also caution the reader that undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this proxy statement/prospectus. None of Media General, Young or the combined company undertakes any duty or responsibility to update any of these forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect actual outcomes.

## **THE SPECIAL MEETING**

### **Date, Time and Place of the Special Meeting**

The Special Meeting is scheduled to be held at the Bolling Haxall House, 211 East Franklin Street, Richmond, Virginia, on [ ], 2013, at [ ], local time.

### **Purpose of the Special Meeting**

At the Special Meeting, holders of Media General's Class A Common Stock will be asked to:

consider and vote on a proposal to approve the issuance of shares of common stock of Media General to the Stockholders of Media General in the reclassification and to the equityholders of Young in the business combination, which we refer to as the "share issuance proposal;" and

consider and vote on a proposal to amend the Articles of Incorporation of Media General in connection with the transaction, which we refer to as the "amendment proposal."

At the Special Meeting, holders of Media General's Class B Common Stock will be asked to consider and vote on:

the share issuance proposal referred to above;

the amendment proposal referred to above;

a proposal to approve a plan of merger under which the Class A Common Stock and Class B Common Stock of Media General will be reclassified to eliminate Media General's existing dual voting structure, and the related amendments to the Articles of Incorporation of Media General being effected in connection with the transaction, which we refer to as the "reclassification proposal;"

a proposal to approve, on a non-binding and advisory basis, executive compensation matters, which we refer to as the "say on compensation proposal;" and



a proposal to approve any proposed adjournment of the Special Meeting of Stockholders of Media General (including, if necessary, for the purpose of soliciting additional proxies for the approval of the share issuance proposal, amendment proposal and reclassification proposal). We refer to any such proposal as an “adjournment proposal.”

At the Special Meeting, the votes on these proposals may be taken in a different order than the order in which the proposals are listed above. The share issuance proposal and the amendment proposal will each be voted on before the reclassification proposal is voted on.

Only the holders of Class B Common Stock will vote on the reclassification proposal, the say on compensation proposal, and any adjournment proposal. Pursuant to a voting agreement, dated as of June 5, 2013, by and among Mr. Bryan, the Media Trust, Media General and Young, the Media Trust, which holds approximately 85% of the outstanding shares of Class B Common Stock, has agreed to vote those shares in favor of the proposals being presented at the Special Meeting. Accordingly, the approval of the reclassification proposal, the say on compensation proposal and any adjournment proposal is guaranteed.

#### **Record Date; Outstanding Shares Entitled to Vote**

Media General’s Board of Directors has fixed [ ], 2013, as the record date for the Special Meeting. If you were a holder of shares of Media General’s Class A Common Stock or Class B Common Stock at the close of business on the record date, you are entitled to vote your shares at the Special Meeting.

As of the record date, there were [ ] shares of Media General’s Class A Common Stock and 548,564 shares of Media General’s Class B Common Stock outstanding and entitled to vote at the Special Meeting.

#### **Quorum**

Holders of a majority of the outstanding shares of Class A Common Stock, represented in person or by proxy, will constitute a quorum for the Special Meeting with respect to matters on which the Class A Common Stock is entitled to vote as a separate class. Holders of a majority of the outstanding shares of Class B Common Stock, represented in person or by proxy, will constitute a quorum for the Special Meeting with respect to matters on which the Class B Common Stock is entitled to vote as a separate class. Holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, in each case represented in person or by proxy, will constitute a quorum for the Special Meeting with respect to matters on which the Class A Common Stock and the Class B Common Stock vote together as a single class. If a quorum of a class is not present with respect to that class, the Special Meeting may be adjourned, without notice other than by announcement at the Special Meeting, until a quorum of that class shall

attend.

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Holders of shares of Class A Common Stock and Class B Common Stock present in person at the Special Meeting, but not voting, and shares of Class A Common Stock and Class B Common Stock for which Media General has received proxies indicating that their holders have abstained, will be counted as present at the Special Meeting for purposes of determining whether a quorum is established.

### **Vote Required**

The share issuance proposal requires for its approval the affirmative vote of the holders of a majority of all votes cast by the holders of shares of Class A Common Stock and Class B Common Stock, voting together as a single class.

The amendment proposal requires for its approval the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and the holders of a majority of the outstanding shares of Class B Common Stock, each voting separately as a single class.

The reclassification proposal requires for its approval the affirmative vote of the holders of more than two-thirds of the outstanding shares of Class B Common Stock.

The say on compensation proposal requires for its approval the affirmative vote of a majority of all votes cast by the holders of shares of Class B Common Stock.

Any adjournment proposal requires for its approval the affirmative vote of a majority of all votes cast by the holders of Class B Common Stock.

If you mark “abstain” or attend the Special Meeting and fail to vote with respect to the share issuance proposal, or if you fail to return a proxy card, it will not have the effect of a vote “FOR” or “AGAINST” the share issuance proposal. If you mark “abstain” or attend the Special Meeting and fail to vote on the amendment proposal, or you fail to return a proxy card, it will have the same effect as a vote “AGAINST” the amendment proposal. If you mark “abstain” or attend the Special Meeting and fail to vote on the reclassification proposal, or you fail to return a proxy card, it will have the same effect as a vote “AGAINST” the reclassification proposal. If you mark “abstain” or attend the Special Meeting and fail to vote with respect to the say on compensation proposal, or you fail to return a proxy card, it will not have the effect of a vote “FOR” or “AGAINST” the say on compensation proposal. If you mark “abstain” or attend the Special Meeting and fail to vote with respect to an adjournment proposal, or you fail to return a proxy card, it will not have the effect of a vote “FOR” or “AGAINST” the adjournment proposal.

If the share issuance proposal, the amendment proposal or the reclassification proposal are not approved by holders of the requisite number of shares of Class A and/or Class B Common Stock, as applicable, then the transaction will not occur.

**Recommendation of Media General's Board of Directors**

Media General's Board of Directors unanimously recommends that:

the holders of Class A Common Stock and Class B Common Stock vote "**FOR**" the share issuance proposal,

the holders of Class A Common Stock and Class B Common Stock vote "**FOR**" the amendment proposal,

the holders of Class B Common Stock vote “**FOR**” the reclassification proposal,

the holders of Class B Common Stock vote “**FOR**” the say on compensation proposal, and

the holders of Class B Common Stock vote “**FOR**” any adjournment proposal.

Additional information on the recommendation of Media General’s Board of Directors is set forth in “The Transaction – Media General’s Reasons for the Transaction and Recommendation of Media General’s Board of Directors” beginning on page 58.

Media General’s Stockholders should carefully read this proxy statement/prospectus in its entirety for additional information concerning the merger agreement and the transaction. In addition, Media General’s Stockholders are directed to the merger agreement and plan of merger, which are attached as Annexes A and B, respectively, to this proxy statement/prospectus and are incorporated by reference as exhibits to the registration statement of which this proxy statement/prospectus is a part.

### **Voting by Media General’s Directors and Executive Officers**

As of March 1, 2013, the Directors and executive officers of Media General beneficially owned, in the aggregate, 2,358,931 shares of Class A Common Stock, representing approximately 8.7% of the outstanding shares of Class A Common Stock, and 466,162 shares of Class B Common Stock, representing approximately 85% of the outstanding shares of Class B Common Stock. For additional information regarding the votes required to approve the proposals to be voted on at the Special Meeting, see “The Special Meeting – Vote Required” beginning on page 43. The Directors and executive officers of Media General have informed Media General that they currently intend to vote all of their shares of Class A Common Stock and Class B Common Stock for all of the proposals to be voted on at the Special Meeting. In addition, pursuant to a voting agreement, dated as of June 5, 2013, by and among J. Stewart Bryan, III, the Chairman of the Board of Directors of Media General, the Media Trust, of which Mr. Bryan is the sole trustee, Media General and Young, Mr. Bryan and the Media Trust, who collectively hold approximately 85% of the outstanding shares of Class B Common Stock and, as of March 1, 2013, 502,952 shares of Class A Common Stock, agreed to vote their shares in favor of the proposals being presented at the Special Meeting. For additional information regarding such voting agreement, see “The Agreements – Description of the Bryan Voting Agreement” beginning on page 115.

### **How to Vote**

After reading and carefully considering the information contained in this proxy statement/prospectus, please vote promptly. In order to ensure your vote is recorded, please submit your proxy or voting instructions as instructed below as soon as possible, even if you plan to attend the Special Meeting.

**Vote by Internet.** Use the Internet at [www.proxyvote.com](http://www.proxyvote.com) to transmit your vote up until 11:59 P.M. Eastern Time on [ ], 2013. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form. The availability of Internet voting for beneficial owners holding shares of Class A Common Stock or Class B Common Stock in street name will depend on the voting process of your broker, bank or nominee. Please follow the voting instructions in the materials you receive from your broker, bank or nominee.

**Vote by Phone.** Use any touch-tone telephone to dial 1-800-690-6903 to transmit your voting instructions up until 11:59 P.M. Eastern Time on [ ], 2013. Have your proxy card in hand when you call and then follow instructions. If you vote by telephone, do not return your proxy card. The availability of telephone voting for beneficial owners holding shares of Class A Common Stock or Class B Common Stock in street name will depend on the voting process of your broker, bank or nominee. Please follow the voting instructions in the materials you receive from your broker, bank or nominee.

**Vote by Mail.** Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 510 Mercedes Way, Edgewood, NY 11717.

### **Attending the Special Meeting**

All Media General Stockholders as of the record date may attend the Special Meeting. If you are a beneficial owner of shares of Class A Common Stock or Class B Common Stock held in street name, you must provide evidence of your ownership of such shares, which you can obtain from your broker, banker or nominee in order to attend the Special Meeting.

### **Voting of Proxies**

If you vote by Internet, by telephone or by completing, signing, dating and mailing your proxy card or voting instruction card, your shares will be voted in accordance with your instructions. If you are a Stockholder of record and you sign, date, and return your proxy card but do not indicate how you want to vote with respect to a proposal and do not indicate that you wish to abstain with respect to that proposal, your shares will be voted in favor of that proposal.

### **Voting of Media General Shares Held in Street Name**

If a bank, broker or other nominee holds your shares of Class A Common Stock or Class B Common Stock for your benefit but not in your own name, such shares are in "street name." In that case, your bank, broker or other nominee will send you a voting instruction form to use for your shares. The availability of telephone and Internet voting depends on the voting procedures of your bank, broker or other nominee. Please follow the instructions on the voting instruction form they send you. If your shares are held in the name of your bank, broker or other nominee and you wish to vote in person at the Special Meeting, you must contact your bank, broker or other nominee and request a document called a "legal proxy." You must bring this legal proxy to the Special Meeting in order to vote in person.

### **Revoking Your Proxy**

If you are a Stockholder of record you can revoke your vote at any time before your proxy is voted at the Special Meeting. You can do this in one of three ways:

you can send a signed notice of revocation to the Secretary of Media General;

you can submit a revised proxy bearing a later date by Internet, telephone or mail as described above; or

you can attend the Special Meeting and vote in person, which will automatically cancel any proxy previously given, though your attendance alone will not revoke any proxy that you have previously given.

If you choose either of the first two methods, you must submit your notice of revocation or your new proxy no later than the beginning of the Special Meeting.

If you are a beneficial owner of shares of Class A Common Stock or Class B Common Stock held in street name, you may submit new voting instructions by contacting your broker, bank or nominee. You may also vote in person at the Special Meeting if you obtain a legal proxy from your broker, bank or nominee and present it to the inspectors of election with your ballot when you vote at the Special Meeting.

### **Proxy Solicitations**

Media General is soliciting proxies for the Special Meeting from Media General Stockholders. Media General will bear the cost of soliciting proxies from Media General Stockholders, including the expenses incurred in connection with the printing and mailing of this proxy statement/prospectus. In addition to this mailing, Media General's Directors, officers and employees (who will not receive any additional compensation for such services) may solicit proxies by telephone or in-person meeting.



Media General has also engaged the services of D.F. King & Co., Inc. to assist in the distribution of the proxies. Media General estimates that it will pay D.F. King & Co., Inc. a fee of approximately \$10,000 plus reasonable out-of-pocket expenses.

Media General will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to the beneficial owners of Class A Common Stock.

### **Other Business**

Media General's Board of Directors is not aware of any other business to be acted upon at the Special Meeting.

### **Adjournments and Postponements**

Any adjournment may be made from time to time by less than a quorum until a quorum shall attend the Special Meeting. Media General is not required to notify Stockholders of any adjournment if the new date, time and place is announced at the Special Meeting before adjournment.

## **PROPOSAL NO. 1 – SHARE ISSUANCE PROPOSAL**

Media General is requesting that holders of the outstanding shares of Class A Common Stock and holders of the outstanding shares of Class B Common Stock approve the issuance of shares of common stock to the Stockholders of Media General in the reclassification and to the equityholders of Young in the business combination.

Approval of the share issuance proposal is a condition to the completion of the transaction (including the reclassification and the combination). If the share issuance proposal is not approved, the transaction will not occur.

### **Vote Required for Approval**

Approval of the share issuance proposal requires the affirmative vote of the holders of shares of a majority of all votes cast by the holders of Class A Common Stock and Class B Common Stock, voting together as a single class.

### **Recommendation of the Media General Board of Directors**

THE MEDIA GENERAL BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE CLASS A COMMON STOCKHOLDERS AND CLASS B COMMON STOCKHOLDERS VOTE “**FOR**” THE SHARE ISSUANCE PROPOSAL.

## **PROPOSAL NO. 2 – AMENDMENT PROPOSAL**

Media General is requesting that holders of the outstanding shares of Class A Common Stock and holders of the outstanding shares of Class B Common Stock approve an amendment to its Articles of Incorporation, which is attached as Annex E to this proxy statement/prospectus and is incorporated by reference as an exhibit to the registration statement of which this proxy statement/prospectus is a part. You are urged to read carefully the entire amendment to Media General’s Articles of Incorporation before voting on this proposal. The amendment proposal is intended to clarify two matters relating to the transaction.

First, the amendment is intended to clarify that only the holders of shares of Class B Common Stock of Media General are entitled to vote on the plan of merger implementing the reclassification and the related amendments to the Articles of Incorporation of Media General being effected in connection with the reclassification merger. Under Media General's current Articles of Incorporation, the entire voting power of the Media General Stockholders is "vested solely and exclusively in the holders of the shares of Class B Common Stock" except that, with respect to specified matters, including electing 30% of the Directors standing for election and approving the issuance of shares in connection with an acquisition, the holders of Class A Common Stock are entitled to vote. In light of this provision of Media General's current Articles of Incorporation and Virginia law, which does not entitle a class of shares to vote on a plan of merger, share exchange or entity conversion or any disposition of assets or dissolution, where the Articles of Incorporation provide otherwise, we believe that the proper construction of the VSCA is that only the holders of Class B Common Stock are entitled to vote in respect of the plan of merger under which the reclassification and the related amendments to the Articles of Incorporation being effected in connection with the reclassification merger are being implemented. Nonetheless, to avoid any doubt, Media General is seeking approval of the amendment proposal to clarify that the holders of Class A Common Stock of Media General are not entitled to vote on a plan of merger (such as a plan of merger implementing the proposed reclassification, including any amendment to the Articles of Incorporation of Media General included in such plan of merger), share exchange or entity conversion or any disposition of assets or dissolution of Media General. Absent approval of this amendment proposal, notwithstanding our view to the contrary, the plan of merger implementing the proposed reclassification might be interpreted to require the affirmative vote of the holders of more than two-thirds of the outstanding shares of Class A Common Stock, voting as a separate class. The amendment proposal, by contrast, requires the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock, voting as a separate class.

Second, the amendment proposal is intended to clarify that Berkshire Hathaway may be issued Non-Voting Common Stock in the reclassification so that it will not have an “attributable interest” in the combined company under the rules of the FCC. The shares of Voting Common Stock of the combined company that other Media General Stockholders receive in the reclassification may be converted, at the option of the holder, into an equal number of shares of Non-Voting Common Stock of the combined company.

Approval of the amendment proposal is a condition to the completion of the transaction. If the amendment proposal is not approved, the transaction will not occur.

Following the transaction, holders of the combined company’s Voting Common Stock will generally be entitled to vote on all matters requiring a vote of the combined company’s Stockholders, including mergers and acquisitions.

#### **Vote Required for Approval**

Approval of the amendment proposal requires the affirmative vote of the holders of at least a majority of the outstanding shares of Class A Common Stock and the holders of at least a majority of the outstanding shares of Class B Common Stock, each voting separately as a single class, and is the sole proposal to be considered at the Special Meeting that requires the approval of holders of Class A Common Stock voting as a separate class.

#### **Recommendation of the Media General Board of Directors**

THE MEDIA GENERAL BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE CLASS A COMMON STOCKHOLDERS AND CLASS B COMMON STOCKHOLDERS VOTE “**FOR**” THE AMENDMENT PROPOSAL.

#### **PROPOSAL NO. 3 – THE RECLASSIFICATION PROPOSAL**

Media General is requesting that holders of outstanding shares of Class B Common Stock approve the plan of merger pursuant to which the reclassification and various amendments to the Articles of Incorporation of Media General will be effected. The plan of merger is attached as Annex B to this proxy statement/prospectus and is incorporated by reference as an exhibit to the registration statement of which this proxy statement/prospectus is a part. Please see the sections entitled “The Agreements – Description of the Merger Agreement” beginning on page 99 for additional information and a summary of certain terms of the merger agreement and plan of merger, “Description of Combined Company Capital Stock” on page 175 and “Directors and Executive Officers of the Combined Company” on page 168 for additional information and a summary of certain terms of the merger agreement and plan of merger. You are urged to read carefully the entire merger agreement and plan of merger before voting on this proposal.

Approval of the reclassification proposal is a condition to the completion of the transaction. If the reclassification proposal is not approved, the transaction will not occur.

### **Vote Required for Approval**

Approval of the reclassification proposal requires the affirmative vote of the holders of more than two-thirds of the outstanding shares of Class B Common Stock.

## **Recommendation of the Media General Board of Directors**

THE MEDIA GENERAL BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE CLASS B COMMON STOCKHOLDERS VOTE “**FOR**” THE RECLASSIFICATION PROPOSAL.

## **PROPOSAL NO. 4 – SAY ON COMPENSATION PROPOSAL**

As required under Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Rule 14a-21(c) under the Securities Exchange Act of 1934, as amended, which we refer to as the “Exchange Act,” Media General is requesting that the holders of its outstanding shares of Class B Common Stock approve, on a non-binding advisory basis, a proposal to adopt the following resolution:

“RESOLVED, that the compensation that may be paid or become payable to the Media General named executive officers in connection with the transaction, as disclosed in the section entitled “The Transaction– Interests of Media General Directors and Officers in the Transaction– Potential Change in Control and Termination Payments” beginning on page 89 pursuant to Item 402(t) of the Regulation S-K and the agreements or understandings pursuant to which such compensation may be paid or become payable, are hereby **APPROVED**.”

The vote on this Proposal No. 4 is a vote separate and apart from the vote on Proposal Nos. 1 through 3. Accordingly, you may vote not to approve this Proposal No. 4 and to approve Proposal Nos. 1 through 3. Because the vote regarding this proposal is advisory in nature only, it will not be binding on Media General, regardless of whether the transaction is approved. Accordingly, as the compensation to be paid in connection with the transaction is provided for in contracts, without regard to the outcome of this advisory vote, such compensation will be payable, subject only to the conditions applicable thereto, if the transaction is approved.

## **Vote Required for Approval**

The say on compensation proposal requires the affirmative vote of the holders of a majority of all votes cast by the holders of shares of Class B Common Stock. Approval of the say on compensation proposal is not a condition to the completion of the transaction. If the say on compensation proposal is not approved, the transaction may still occur.

**Recommendation of the Media General Board of Directors**

THE MEDIA GENERAL BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE CLASS B COMMON STOCKHOLDERS VOTE “**FOR**” THE SAY ON COMPENSATION PROPOSAL.

**PROPOSAL NO. 5 – ANY ADJOURNMENT PROPOSAL**

Media General is requesting that holders of the outstanding shares of Class B Common Stock approve any proposed adjournment of the Special Meeting of Stockholders of Media General. Such an adjournment may include an adjournment for the purposes of soliciting additional votes for the approval of proposals 1, 2 and 3.

In addition, if the share issuance proposal and the amendment proposal are each approved, prior to the taking of the vote on the reclassification proposal, the Special Meeting may be adjourned, if the chairman of the Special Meeting deems it appropriate, until the time that the amendment to the Articles of Incorporation that is contemplated by the amendment proposal has been filed with the State Corporation Commission of the Commonwealth of Virginia and has become effective. Once the amendment has been filed and becomes effective, Media General would reconvene the Special Meeting to consider and vote on the remaining proposal(s), including the reclassification proposal.

**Vote Required for Approval**

Approval of an adjournment proposal requires the affirmative vote of a majority of all votes cast by the holders of shares of Class B Common Stock.

**Recommendation of the Media General Board of Directors**

THE MEDIA GENERAL BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE CLASS B COMMON STOCKHOLDERS VOTE “**FOR**” ANY ADJOURNMENT PROPOSAL.



## THE TRANSACTION

The following is a description of certain material aspects of the transaction. While we believe that the following description covers the material terms of the transaction, the description may not contain all of the information that may be important to you. The discussion of the transaction in this proxy statement/prospectus is qualified in its entirety by reference to the merger agreement, which is attached to this proxy statement/prospectus as Annex A, the plan of merger, which is attached to this proxy statement/prospectus as Annex B, the combined company's Articles of Incorporation, the form of which is attached to this proxy statement/prospectus as Annex C, the By-laws of the combined company, the form of which is attached to this proxy statement/prospectus as Annex D, the amendment to the Articles of Incorporation of Media General, the form of which is attached to this proxy statement/prospectus as Annex E, and the standstill and lockup agreement, the registration rights agreement, and the voting agreements, each of which is filed as an exhibit to the registration statement on Form S-4 to which this proxy statement/prospectus relates. We encourage you to read carefully this entire proxy statement/prospectus, including the Annexes, and the exhibits to the registration statement on Form S-4 to which this proxy statement/prospectus relates, for a more complete understanding of the transaction.

### General Description of the Transaction

On June 5, 2013, Media General entered into the merger agreement with Young, Merger Sub 1, Merger Sub 2 and Merger Sub 3. The merger agreement provides for a business combination of Media General and Young pursuant to which the current equityholders of Young will become Stockholders of Media General.

Under the plan of merger adopted by Media General's Board of Directors in connection with the merger agreement, Media General will reclassify the outstanding shares of its Class A Common Stock and Class B Common Stock into shares of a newly-created class of Voting Common Stock by means of the reclassification merger. Berkshire Hathaway, a holder of approximately 17% of Media General's currently outstanding shares of Class A Common Stock, will receive shares of Non-Voting Common Stock of the combined company in the reclassification to the extent necessary to ensure that, following the closing, it will not own more than 4.99% of the Voting Common Stock of the combined company. Under the Articles of Incorporation of the combined company, Media General Stockholders will have the ability to convert their shares of Voting Common Stock of the combined company into an equal number of shares of Non-Voting Common Stock of the combined company, subject to the limitations set forth in the Articles of Incorporation of the combined company. See "Description of Combined Company Capital Stock" beginning on page 175.

The combination of Media General and Young will be effected by means of the combination merger. In this merger, Merger Sub 2, a wholly owned subsidiary of Media General, will merge with and into Young, and Media General will issue approximately 60.2 million shares of its Voting Common Stock to Young's equityholders (at an exchange ratio of 730.6171 shares of Media General's common stock for each outstanding Young share resulting in an implied exchange

ratio of one share of the combined company's Voting Common Stock or Non-Voting Common Stock, as the case may be, for each outstanding share of Media General's Class A Common Stock in connection with the combination merger). Each of Young's equityholders will be entitled to receive shares of Media General's Voting Common Stock in the transaction, but will have the option to elect to instead receive an equal number of shares of Media General's Non-Voting Common Stock or a combination of shares of Voting Common Stock and Non-Voting Common Stock. Immediately after the combination merger, Young will consummate the conversion merger by merging with and into Merger Sub 3, with Merger Sub 3 surviving as a wholly owned subsidiary of Media General. **As described in "Material U.S. Federal Income Tax Consequences" beginning on page 96, the parties have structured the transaction to include both the second-step combination merger as well as the third-step conversion merger to provide further assurance that the business combination of Media General and Young will not be taxable to Media General or Young.**

Media General and Young chose not to structure the transaction as a merger of Young directly into Media General for a number of reasons, including in order to comply with the respective covenants of each of Young's and Media General's credit facilities, to keep the assets and liabilities of Young, on the one hand, and the assets and liabilities of Media General, on the other hand, in separate legal entities following completion of the transaction in the event that the combined company could not refinance those facilities in connection with the closing.

Holders in the aggregate of approximately 85% of the outstanding shares of Media General's Class B Common Stock have entered into a voting agreement with Young pursuant to which, subject to the terms and limitations set forth in such agreement, they have agreed to vote their shares in favor of the merger agreement and the transaction at the Special Meeting. Holders of approximately 94.5% of the outstanding equity of Young in the aggregate have executed a written consent pursuant to which they have approved the merger agreement and the transaction.

Standard General has entered into a standstill and lock-up agreement with Media General that provides, among other things, that Standard General and certain related parties will not acquire, in the aggregate, more than 40% of the outstanding shares of Voting Common Stock after the closing of the transaction until the termination of the standstill and lock-up agreement, including upon a change of control of the combined company or at the time Standard General and such related parties cease to beneficially own, in the aggregate, 5% of the outstanding shares of the combined company's common stock. Standard General holds a majority of the voting power of Young and will receive in the transaction shares of Voting Common Stock representing approximately 28% of the shares of common stock of the combined company that will be outstanding immediately after the completion of the transaction.

In addition, certain Young equityholders have entered into a registration rights agreement with Media General that provides, among other things, that such Young equityholders will have the right to demand registration of the shares of the combined company's common stock received by them in connection with the transaction, and to participate in registered underwritten offerings of securities conducted by the combined company.

Media General and Young have entered into agreements that provide that, in the event that their debt is not refinanced in connection with the closing of the transaction, Media General's existing credit agreement and Young's existing credit agreement will remain in effect (in each case as amended). Media General and its subsidiaries (other than Young and its subsidiaries) will continue to be subject to the covenants of Media General's existing credit agreement. Young and its subsidiaries will continue to be subject to the covenants of Young's existing credit agreement, and will be required to comply with certain covenants in Media General's existing credit agreement. Media General and its subsidiaries (other than Young and its subsidiaries), on the one hand, and Young and its subsidiaries, on the other hand, will also be required to transact with each other on a basis that is both fair and arm's length.

The combined company Voting Common Stock is expected to be listed on the NYSE under the symbol "MEG." For additional information explaining the material differences between the current rights of Media General's Stockholders and the rights of the combined company's Stockholders, see "Comparison of Stockholder Rights" beginning on page 180.

### **Background of the Transaction**

During the third and fourth quarters of 2012, Media General disposed of all of its newspaper assets. Media General also disposed of its advertising services businesses in 2012 and early 2013 and discontinued the operations of its broadcast equipment company. With these transactions completed, Media General had transformed itself into a pure-play television broadcast and digital media company. The television broadcast business had higher margins in recent years than Media General's newspaper business as a result of factors that included the impact of the Internet.

In the third quarter of 2012, Media General was approached by an investor that indicated potential interest in exploring an acquisition of the Company at a price of approximately \$7.50 per share. J. Stewart Bryan III, Chairman of Media General and the sole trustee of the Media Trust, which holds 85% of the outstanding shares of Media General's Class B Common Stock, indicated that the Media Trust did not favor such a transaction. In light of Mr. Bryan's view and the fact that the Media Trust's approval would be required to complete any such transaction, discussions were not pursued with the investor.

Over the course of September and October of 2012, members of Media General's management held several discussions with representatives of RBC Capital Markets regarding developments and potential consolidation in the television

broadcast industry and potential merger and acquisition opportunities for Media General, as well as opportunities relating to the refinancing of Media General's outstanding debt. As part of these discussions, representatives of RBC Capital Markets raised with management the possibility of approaching Young regarding a potential business combination of Media General and Young, and provided management with an overview of Young's business based on publicly available information.

After these discussions, at Media General's request, representatives of RBC Capital Markets approached Soohyung Kim, a Director of Young and Chief Executive Officer and Chief Investment Officer of Standard General, a significant equityholder of Young, to ascertain the potential interest of Young in exploring a transaction with Media General.

On November 15, 2012, Marshall Morton, then President and Chief Executive Officer of Media General, George Mahoney, then Vice President and Chief Operating Officer of Media General, and James Woodward, Vice President and Chief Financial Officer of Media General, met with Mr. Kim in Richmond, Virginia for an introductory meeting. During this meeting, the parties discussed on a preliminary basis the possibility of a business combination transaction between Media General and Young. At that meeting, Media General and Young agreed to continue their exploratory discussions regarding a transaction.

On November 21, 2012, Media General and Young entered into a confidentiality agreement.

On December 4 and December 19, 2012, Mr. Woodward, Mr. Kim and Deborah McDermott, Chief Executive Officer of Young, met in New York to discuss the businesses of Media General and Young and the potential benefits of a possible transaction.

On January 1, 2013, Mr. Mahoney became Media General's President and Chief Executive Officer and Mr. Morton retired as President and Chief Executive Officer of Media General. Mr. Morton remained a Director and Vice Chairman of the Board of Directors of Media General.

Early in January of 2013, Media General and Young provided one another with preliminary financial projections (and other information) for due diligence purposes.

On January 31, 2013, during Media General's conference call with analysts relating to its 2012 results, Mr. Mario Gabelli, Chairman and Chief Executive Officer of Gamco Investors, Inc., which, together with its affiliates, beneficially owns approximately 32% of the outstanding shares of Media General's Class A Common Stock, suggested that Media General consider unwinding its dual-class voting structure. Other Stockholders of Media General occasionally have made similar suggestions to Media General.

During January, February and March of 2013, Messrs. Mahoney, Morton, and Woodward, on the one hand, and Mr. Kim, on the other hand, met at various times to discuss their views of the broadcast industry, the potential benefits that could be realized through a combination of Media General and Young and potential terms of a possible transaction. Among the terms discussed were the respective percentages of outstanding shares of a combined company that would be owned by Young's equityholders and pre-transaction Stockholders of Media General, and proposed management of the combined company. Mr. Kim expressed Young's view that any transaction would require an unwinding of Media General's dual-class voting structure.

On March 29, 2013, the executive committee of Media General's Board of Directors held a meeting. At the meeting, Media General's management discussed with the Directors the preliminary discussions that had occurred regarding a possible business combination transaction between Media General and Young, including discussions regarding the preliminary terms of such a transaction. The Executive Committee voted to recommend to Media General's full Board of Directors that it authorize Media General's management to pursue a possible transaction with Young. At that meeting, the Executive Committee authorized the retention of RBC Capital Markets to serve as Media General's financial advisor for the transaction and Fried Frank to serve as legal counsel to Media General in connection with the transaction.

After this meeting, Mr. Bryan requested that the holders of shares of Media General's Class B Common Stock be provided with additional consideration in any transaction involving an unwinding of Media General's dual-class voting structure in light of the fact that the holders of Class B Common Stock would be relinquishing their current right to elect approximately 70% of Media General's Directors.

On April 2, 2013, the Board of Directors of Media General held a special meeting. At the meeting, Mr. Morton reported to the Directors that the Executive Committee had voted to recommend to Media General's full Board of Directors that it authorize Media General's management to pursue a possible transaction with Young. Mr. Morton also provided the Directors with a brief overview of the negotiations with Young and a summary of the expected benefits of the transaction. Members of management provided the Board of Directors with an overview of Young's business, the expected structure of the transaction and certain of the expected financial benefits of the transaction. Members of management also explained that the transaction would require an unwinding of Media General's dual-class share structure. Andrew C. Carington, Vice President, General Counsel and Secretary of Media General, explained the process for unwinding Media General's dual-class stock structure, and that Mr. Bryan had requested additional consideration for the holders of Media General's Class B Common Stock in consideration of the loss of certain rights of such holders of Class B Common Stock in connection with the unwinding transaction, including the loss of the right to elect approximately 70% of the Directors. Mr. Carington discussed with the Directors their legal duties in connection with considering any transaction and Mr. Bryan's request for additional consideration. Based on the presentations from Mr. Morton and Media General's management, the Board of Directors voted to authorize Media General's management to proceed with exploring a possible transaction with Young and to commence due diligence. The Board of Directors also voted to establish a special committee of the Board of Directors consisting of Mrs. Diana F. Cantor and Messrs. Rodney A. Smolla, Carl S. Thigpen and Coleman Wortham III to review and evaluate Mr. Bryan's request for additional consideration for the holders of Class B Common Stock and certain related matters.

On April 2, 2013, the special committee held a meeting at which it decided to engage Stephens as the special committee's independent financial advisor and Gibson, Dunn & Crutcher LLP, which we refer to as "Gibson Dunn," as the special committee's independent legal advisor.

During April 2013, Mr. Woodward and Mr. Kim spoke by telephone on several occasions to discuss potential transaction terms.

On April 3 and April 11, 2013, Mr. Woodward and Mr. Kim met and discussed governance and other potential terms of a transaction. The parties also agreed that Media General should prepare a non-binding term sheet outlining potential terms of the transaction, including the structure of the transaction, the method for determining the number of shares of Media General to be issued to the Young equityholders in a transaction, and the governance of the combined company.

On April 12, 2013, Mr. Kim met with Mr. Bryan in Richmond, Virginia. Various members of Media General's management participated in the meeting.

On April 12, 2013, the special committee held a meeting. Representatives of Gibson Dunn and Stephens were in attendance. At the meeting, representatives of Gibson Dunn reported to the committee that Mr. Bryan's counsel had communicated to them Mr. Bryan's request that the holders of Media General's Class B Common Stock receive a

20-30% premium for their shares of Class B Common Stock and that he receive a consulting agreement with the combined company under which he would maintain his current compensation arrangement with Media General for a period after closing.

On April 23, 2013, Mr. Woodward sent Mr. Kim a draft term sheet regarding the transaction based on the parties' prior discussions. The term sheet reflected that Media General would reclassify its dual-class share structure in connection with the transaction. The term sheet also provided that the percentages of the shares of common stock of the combined company to be held immediately after the transaction by the Young equityholders, on the one hand, and Media General's pre-transaction Stockholders, on the other hand, would be based on a negotiated implied equity value of each company. The term sheet also provided that (a) a portion of the shares issued to Young's equityholders would be held in escrow to secure indemnification obligations of such equityholders arising from breaches of Young's representations, warranties and covenants contained in the transaction agreements, (b) the Board of Directors of the combined company would initially consist of 14 members, and that, in connection with the 2014 Annual Meeting of Stockholders, the Board of Directors would be reduced in size to 11 members, with five members designated by Young, five members selected from only Media General's Directors by the combined company's Nominating Committee (including the Chairman of the Board of Media General, the Vice Chairman of the Board of Media General and the Chief Executive Officer of Media General), and one other member selected by the combined company's Nominating Committee, (c) the combined company's Board of Directors would have a Nominating Committee consisting of five members, with three members designated by Young and two members designated by Media General (we refer to the foregoing provisions relating to board composition and the Nominating Committee as the "governance arrangements"), and (d) Media General's senior management, along with Ms. McDermott, would be the senior management of the combined company. The term sheet also provided that Young's equityholders would enter into a standstill agreement that would restrict them from acquiring any additional securities of the combined company (except that Standard General could acquire up to 40% of the combined company's common stock without violating the standstill), and from engaging in open market sales of common stock of the combined company until their interest fell below a specified threshold. The Young equityholders would also receive registration rights with respect to the shares of the combined company's common stock received by them in connection with the transaction.



On April 23, 2013, Mr. Bryan informed Media General's management that he would, at the upcoming meeting of the Board of Directors, withdraw his request that holders of Class B Common Stock receive additional consideration for their shares in the transaction. He also indicated that entering into a consulting agreement was not a prerequisite to a transaction. A representative of Fried Frank communicated Mr. Bryan's withdrawal of his prior request to representatives of Gibson Dunn.

On April 24, 2013, the special committee held a meeting. Representatives of Gibson Dunn and Stephens were in attendance. At the meeting, a representative of Gibson Dunn reported that Mr. Bryan intended to withdraw his request that the holders of Class B Common Stock receive additional consideration for their shares and that his entering into a consulting agreement was not a prerequisite to his support for a transaction. The special committee discussed the role of the independent Directors in connection with the transaction in light of the withdrawal of Mr. Bryan's request. Representatives of Stephens provided an update to the special committee regarding Stephens' due diligence investigation and discussed preliminary financial information regarding the transaction. Subsequently, in light of Mr. Bryan's withdrawal of his requests that the holders of Class B Common Stock receive a premium and that he receive a consulting agreement, Media General's Board of Directors dissolved the special committee. The independent members of Media General's Board of Directors (Mrs. Cantor, Miss Robertson and Messrs. FitzSimons, Smolla, Thigpen and Wortham) determined to maintain Stephens and Gibson Dunn as their independent advisors in connection with the proposed transaction.

Also on April 24, 2013, the members of Media General's Board of Directors met for an informational session to discuss the progress of the negotiation of the transaction. Members of Media General's management and representatives from Fried Frank and RBC Capital Markets attended the meeting. Mr. Bryan informed the Board of Directors that he had withdrawn his request that holders of Class B Common Stock receive additional consideration for their shares in the transaction. He also indicated that his entering into a consulting agreement was not a prerequisite to his support for a transaction. At the meeting, members of management and the representatives of Fried Frank and RBC Capital Markets discussed with the Board of Directors the proposed terms reflected in the most recent term sheet, the status of Media General's due diligence review of Young and potential next steps in the transaction.

On April 25, 2013, Media General's Board of Directors held a regularly scheduled meeting. At the meeting, members of management briefly reviewed some of the matters discussed at the informational session the prior day.

Also on April 25, 2013, Mr. Woodward and Mr. Kim met in New York to discuss the term sheet.

Subsequently, on May 1, 2013, Mr. Kim sent a revised term sheet to Mr. Woodward. Among other things, the term sheet provided that the Young equityholders would not provide indemnification to Media General, that the merger agreement would contain a "force the vote" provision preventing Media General or Young from terminating the merger agreement to accept a superior proposal and that Standard General and Mr. Bryan would enter into voting agreements at signing which would require them not to vote in favor of alternative transactions for 12 months following the

termination of the merger agreement. The term sheet also provided that the combined company would be required to file a shelf registration statement for the benefit of the Young equityholders following the closing, and that the combined company would conduct a registered underwritten offering of the common stock received by the Young equityholders in the transaction promptly after closing (for Young equityholders interested in selling shares). The term sheet also provided that the Young equityholders would only be restricted from selling shares of common stock in open market transactions for six months following the closing. In addition, only Standard General (and no other Young equityholder) would enter into the proposed standstill agreement, which would prohibit Standard General from acquiring beneficial ownership of greater than 40% of the combined company's common stock for 12 months.

On May 2, 2013, Debevoise sent to Fried Frank a revised term sheet with terms substantially similar to those described in the immediately prior paragraph. The revised term sheet also specified that the termination fee, payable if the Board of Directors of Media General or Young withdrew its recommendation in favor of the transaction and other customary circumstances in the event of a superior proposal, would be \$25 million.

On May 7, 2013, Mr. Woodward sent to Mr. Kim a revised term sheet. Among other things, the revised term sheet provided that Standard General (and no other Young equityholder) would enter into a standstill agreement, which would prohibit Standard General from acquiring greater than 40% of the combined company's common stock for as long as Standard General is a Stockholder of the combined company. The revised term sheet also provided that the Young equityholders would be prohibited from transferring shares of the combined company's common stock to a transferee that would beneficially own more than 15% of the combined company's common stock after such transfer. The revised term sheet removed the "force the vote" requirement and \$25 million termination fee previously proposed by Young. In addition, the term sheet provided that Mr. Bryan's voting agreement would terminate simultaneously with the merger agreement, and not 12 months following the termination of the merger agreement. The term sheet also provided that Young's equityholders would agree to execute consents sufficient to approve the transaction immediately after the execution of the merger agreement, thereby eliminating the possibility that Young could terminate the merger agreement to enter into an alternative transaction.

Over the course of May 1 to May 23, 2013, Mr. Woodward and Mr. Kim met several times by telephone to discuss various matters regarding the transaction, including the possibility of Media General and Young entering into a mutual exclusivity agreement with respect to their negotiation of a potential transaction.

On May 8 and May 9, 2013, members of the Board of Directors of Media General met for informational sessions regarding the transaction. Members of Media General's management and representatives of Fried Frank, RBC Capital Markets, Gibson Dunn and Stephens were in attendance. At these meetings, RBC Capital Markets discussed with the Directors the current status of the television broadcast industry, potential strategic alternatives to the transaction with Young (including a sale of Media General for cash and the refinancing of Media General's outstanding debt on a standalone basis), preliminary financial information relating to the transaction with Young and certain benefits expected by Media General's management to be realized by Media General from such transaction. Management provided the Directors with an update on the discussions with Young and their due diligence of Young.

Also on May 8, 2013, the independent members of Media General's Board of Directors held a meeting. Representatives of Gibson Dunn and Stephens were in attendance. At the meeting, the independent Directors discussed with Gibson Dunn the proposed mutual exclusivity agreement with Young, along with other means by which Media General could consider alternative transactions and related matters, including the termination fee.

On May 8, 2013, Debevoise sent to Fried Frank a revised draft of the term sheet. Among other things, the term sheet included a termination fee payable to Young of \$25 million in the event of a termination under certain circumstances.

On May 9, 2013, the Compensation Committee of Media General's Board of Directors met to discuss the potential terms of employment agreements for members of Media General's management, as well as Ms. McDermott and Robert Peterson, Vice President – Station Operations of Young, and decided to engage a compensation consultant to advise the Compensation Committee with respect to such agreements.

On May 11, 2013, Fried Frank sent to Debevoise a revised term sheet which, among other things, provided that the parties would agree to the size of the termination fee at a later date.

On May 14 and May 15, 2013, members of the Board of Directors of Media General met for informational sessions regarding the transaction. Members of Media General's management and representatives of Fried Frank, RBC Capital Markets, Gibson Dunn and Stephens were in attendance. At the sessions, members of management updated the Directors on the status of the negotiations and the due diligence investigation of Young. Management also discussed the term sheet and the terms of a potential mutual exclusivity agreement with Young.

On May 15, 2013, the independent members (other than Mr. FitzSimons) of Media General's Board of Directors held a meeting. Representatives of Gibson Dunn and Stephens were in attendance. At the meeting, representatives of Gibson Dunn discussed with the independent Directors the terms reflected in the term sheet and the exclusivity agreement.

Also on May 15, 2013, Debevoise sent to Fried Frank a revised term sheet that, among other things, reflected a termination fee of \$12 million. **The term sheet contemplated that:**

Media General's two-class stock structure would be unwound and, prior to the combination, reclassified into Voting Common Stock and Non-Voting Common Stock;

the post-closing ownership of the combined company would be based on a negotiated implied equity value of each of Media General and Young;

Standard General would enter into a standstill agreement, which would prohibit Standard General from acquiring greater than 40% of the combined company's common stock;

Young's equityholders would receive registration rights with respect to the shares of the combined company's common stock received by them in connection with the transaction;

Young's equityholders would agree to execute consents sufficient to approve the transaction following the execution of the merger agreement; and

Media General would be required to pay a termination fee of \$12 million in the event it terminates the merger agreement to enter into a superior proposal.

On May 16, 2013, the Board of Directors of Media General held a Special Meeting. Members of Media General's management and representatives of Fried Frank, RBC Capital Markets, Gibson Dunn and Stephens were in attendance. At the meeting, Media General's management gave a presentation regarding the term sheet and the exclusivity agreement. The Board of Directors voted to authorize Media General's management to proceed with the preparation of the transaction documents consistent with the term sheet and to enter into the exclusivity agreement with Young.

Also on May 16, 2013, Media General and Young entered into a 30-day mutual exclusivity agreement.

On May 17, 2013, the Compensation Committee of Media General's Board of Directors met and agreed to retain Pearl Meyer & Partners LLC, which we refer to as "Pearl Meyer," as its compensation consultant.

On May 18, 2013, Fried Frank sent to Debevoise an initial draft of the merger agreement.

On May 21, 2013, the Compensation Committee of Media General's Board of Directors met to discuss the potential terms of the employment agreements and received draft term sheets from Media General for each agreement.

On May 23, 2013, the parties held a meeting in New York to conduct management presentations. Members of Media General's and Young's respective management teams, and representatives of RBC Capital Markets, Stephens and Young's financial advisor, Wells Fargo Securities, LLC, were in attendance. At the meeting, Media General's management gave a presentation regarding Media General's business and financial condition, and Young's management gave a presentation regarding Young's business and financial condition.

On May 28, 2013, members of the Board of Directors of Media General met for an informational meeting to discuss the transaction. Members of Media General's management and representatives of Fried Frank, RBC Capital Markets, Gibson Dunn and Stephens were in attendance. At the meeting, a representative of Fried Frank gave a presentation to the Directors regarding the proposed terms of the transaction agreements. As part of its presentation, Fried Frank reviewed the transaction structure, the material terms of the merger agreement, including the required Stockholder approvals, the closing conditions to the transaction and the ability of Media General to respond to superior offers, the terms of the governance arrangements, the terms of Standard General's voting agreement and standstill agreement, and the terms of the Young equityholders' registration rights. Representatives of Fried Frank and Mr. Carington also updated the Directors regarding the results of the legal due diligence investigation of Young, including that the legal due diligence review of Young was substantially complete and that no significant issues were identified. Members of management presented to the Directors the results of Media General's operational and financial due diligence of Young, which were consistent with the description of Young's business and financial condition described below under "Business of Young" beginning on page 131 and "Young Management's Discussion & Analysis of Financial Condition and Results of Operations" beginning on page 142.

Also on May 28, 2013, the Compensation Committee of Media General's Board of Directors met to discuss the potential terms of the employment agreements. Representatives from Mercer LLC, Media General's compensation consultant, which we refer to as "Mercer," and Pearl Meyer were in attendance. At the meeting, Mercer and Pearl Meyer advised the committee members with respect to the potential terms of the employment agreements.

On May 29, 2013, the independent members of Media General's Board of Directors held a meeting. Representatives of Gibson Dunn and Stephens were in attendance. At the meeting, representatives of Gibson Dunn provided an update regarding the negotiation of the transaction, including a discussion of the approvals of Media General's holders of Class A and Class B Common Stock that would be required to complete the transaction, and representatives of Stephens discussed with the independent Directors a preliminary financial analysis of the transaction including

analyses based on comparable publicly traded companies, comparable precedent transactions and discounted projected future cash flows consistent with the analysis described below under “The Transaction – Opinion of Stephens Inc., Financial Advisor to the Independent Members of Media General’s Board of Directors”, as well as the management presentations that occurred on May 23, 2013.

On May 30, 2013, the Board of Directors of Media General held a Special Meeting. Members of Media General management and representatives of Fried Frank, RBC Capital Markets, Gibson Dunn and Stephens were in attendance. A representative of Fried Frank provided the Board of Directors with an update on the terms of the transaction. As part of its presentation, Fried Frank reviewed the transaction structure, the material terms of the merger agreement, including the required Stockholder approvals, the closing conditions to the transaction and the ability of Media General to respond to superior offers, the terms of the governance arrangements, the terms of Standard General’s voting agreement and standstill agreement, and the terms of the Young equityholders’ registration rights. Media General’s management gave a presentation to the Directors regarding its due diligence review of Young.

Also on May 30, 2013, the Compensation Committee of Media General’s Board of Directors met to review changes to the potential terms of the employment agreements in response to comments from Young. Representatives from Mercer and Pearl Meyer also were in attendance.

On May 31, 2013, Mr. Woodward and Mr. Kim agreed upon the final allocation of the equity of the combined company between the equityholders of Young and the Stockholders of Media General under which former Young equityholders would own approximately 67.5% of the fully diluted shares of the combined company and the Stockholders and other equityholders of Media General immediately prior to the transaction would own approximately 32.5% of the fully diluted shares of the combined company.

Also on May 31, 2013, the Compensation Committee of Media General's Board of Directors held a meeting. Representatives from Mercer and Pearl Meyer were in attendance. Mercer and Pearl Meyer recommended the terms of the employment agreements to the committee members. The committee members determined to recommend the terms of the employment agreements to Media General's full Board of Directors.

Throughout May and early June 2013, Media General and Young, including their respective legal and financial advisors, held several meetings, including by telephone, to discuss open items. In addition, Fried Frank and Debevoise negotiated the merger agreement and the other transaction documents. Fried Frank and Debevoise negotiated provisions related to the ability of Media General to contact third parties making an acquisition proposal, and the circumstances under which the termination fee would be payable by Media General in connection with a termination of the merger agreement to enter into a superior proposal.

On June 4, 2013, the independent members of Media General's Board of Directors held a meeting. Representatives of Gibson Dunn and Stephens were in attendance. Representatives of Gibson Dunn updated the independent Directors regarding Media General's negotiations with Young. Mr. Wortham updated the independent Directors on the Compensation Committee's review of the employment agreements for members of Media General's management, as well as for Ms. McDermott and Mr. Peterson, and indicated that the committee had agreed upon the terms of the employment agreements, and that such terms were also acceptable to Young. Representatives of Stephens presented to the independent Directors a written report regarding its financial analysis of the proposed transaction and discussed with the independent Directors various aspects of its financial analysis. The independent Directors also discussed their evaluation of the transaction with counsel, and determined that it was their belief that the transaction was advisable, fair to and in the best interests of Media General's Stockholders.

On June 5, 2013, the Board of Directors of Media General held a Special Meeting. Members of Media General's management and representatives of Fried Frank, RBC Capital Markets, Gibson Dunn and Stephens were in attendance. At the meeting, Media General's management and representatives of Fried Frank updated the Directors regarding the final terms of the transaction. In addition, RBC Capital Markets reviewed with the Directors its financial analysis (summarized below under the caption "— Opinion of RBC Capital Markets, LLC, Media General's Financial Advisor") of the implied Media General exchange ratio of one share of the combined company's Voting Common Stock or Non-Voting Common Stock, as the case may be, for each outstanding share of Media General's Class A Common Stock in connection with the combination merger, and delivered to Media General's Board of Directors an oral opinion, confirmed by delivery of a written opinion, dated June 5, 2013, to the effect that, as of that date and based on and subject to the matters described in the opinion, such exchange ratio was fair, from a financial point of view, to holders of Class A Common Stock collectively as a group. In addition, Stephens delivered its oral opinion to the full



Board of Directors, confirmed by delivery of a written opinion dated June 5, 2013, that, as of that date, and based upon and subject to the assumptions and qualifications in Stephens' opinion, the exchange ratio of 730.6171 shares of Media General's common stock per share of Young's common stock was fair, from a financial point of view, to the holders of Media General's Class A Common Stock. The Board of Directors then voted unanimously to approve the merger agreement and the other transaction agreements and to recommend that Media General's Stockholders vote to approve the proposals described in this proxy statement/prospectus. The Board of Directors also voted unanimously to approve the employment agreements.

On June 5, 2013, Media General and Young entered into the merger agreement. On that same day, Media General also entered into employment agreements with members of Media General's management and Mr. Peterson. Subsequent to the execution of the merger agreement, Young equityholders holding in excess of 66.6% of Young's fully diluted equity delivered their written consents to the approval of the merger agreement and the transaction.

On June 6, 2013, Media General and Young issued a press release announcing their execution of the merger agreement.

## **Media General's Reasons for the Transaction and Recommendation of Media General's**

### **Board of Directors**

In evaluating the transaction, Media General's Board of Directors consulted with Media General's management, as well as legal and financial advisors to Media General and legal and financial advisors to the independent Directors of Media General. The Board of Directors of Media General unanimously recommends that (i) holders of Class A Common Stock and Class B Common Stock vote "**FOR**" the share issuance proposal, (ii) holders of Class A Common Stock and Class B Common Stock vote "**FOR**" the amendment proposal, (iii) holders of Class B Common Stock vote "**FOR**" the reclassification proposal, (iv) holders of Class B Common Stock vote "**FOR**" the say on compensation proposal, and (v) holders of Class B Common Stock vote "**FOR**" any adjournment proposal.

Media General's Board of Directors considered various factors, discussed in more detail below, in making its determination and recommendation.

*Broader Scale.* The combined company will be one of the largest broadcast television groups in the U.S., owning or operating 31 network-affiliated television stations across 28 markets reaching 14% of U.S. TV households. The combined company's increased size is expected to enhance its ability to capture the general operating synergies of a larger company, participate in retransmission revenue growth, increase its share of national and digital advertising and obtain more favorable syndicated programming arrangements.

*Diversification.* The combined company will be more geographically diverse, will have a broader variety of network affiliates and will have a presence in more markets that generate strong political revenues than Media General on a stand-alone basis. The combined company will also have a broader advertiser base and revenue stream, all of which is expected to reduce dependence on any single region.

*Elimination of Existing Dual-Class Structure.* As part of the transaction, Media General's existing dual-class voting structure will be eliminated by means of a reclassification of the outstanding shares of Class A Common Stock and Class B Common Stock into shares of a newly-created class of Voting Common Stock of the combined company. As a result of the elimination of the existing dual-class voting structure, the holders of the combined company's voting stock will have the ability to vote with respect to the election of all of the candidates standing for election as members of the Board of Directors at each Annual Meeting of the Stockholders of the combined company and with respect to all other matters presented for a vote of Stockholders. Currently, the holders of Media General's Class A Common Stock are entitled to vote with respect to the election of 30% (or the nearest whole number, if such percentage is not a whole number) of the candidates standing for election as members of the Board of Directors at each Annual Meeting of the Stockholders of Media General and with respect to only a limited number of other matters.

*Expected Synergies.* Media General management initially expected that the combined company would be able to realize estimated operating and financing synergies of approximately \$30 million per year, including due to reduced corporate overhead and other expenses. As a result of the terms of the new credit agreement entered into by Media General on July 31, 2013, Media General management now expects the combined company will be able to realize estimated operating and financing synergies of approximately \$44 million per year.

*Enhanced Credit Profile.* The combined company will have a stronger balance sheet than Media General on a stand-alone basis and will be positioned to refinance Media General's and Young's existing debt at a lower cost of capital.

*Greater Ability to Pursue Strategic Acquisitions.* The combined company will have an enhanced financial ability to pursue and finance additional strategic acquisitions, and thereby have a greater ability to participate in ongoing industry consolidation, than Media General would have had on a stand-alone basis.

*Shared Values.* Media General and Young share common values for providing excellent local television content, news and information, operating top-ranked community-oriented TV stations, and are both committed to expanding digital and mobile content delivery.

Media General's Board of Directors considered the following additional factors as generally supporting its determination and recommendation:

its belief that the transaction is more favorable to Media General's Stockholders than the potential value that might result from Media General continuing as a stand-alone publicly held company or from other potential alternative transactions;

the scope and results of Media General's due diligence investigation of Young, which included review of historical financial results and projections, existing agreements and legal and other matters;

the unanimous recommendation of the transaction by the independent Directors of Media General, who were advised by their own financial and legal advisors;

the strong support of the transaction by J. Stewart Bryan III, chairman of Media General and the sole trustee of the Media Trust, the holder of approximately 85% of the outstanding shares of Class B Common Stock of Media General. As the holder of approximately 85% of the outstanding shares of Class B Common Stock of Media General, the Media Trust currently has the ability to elect approximately 70% of the candidates standing for election to the Board of Directors of Media General at any Annual Meeting of Stockholders. Mr. Bryan and the Media Trust will not receive any premium for their shares in connection with the relinquishment of their enhanced voting rights;

the recommendation of the transaction by the management of Media General;

the fact that following the closing of the transaction until the 2014 Annual Meeting of Stockholders, the Board of Directors of the combined company is expected to include all of the current members of the Board of Directors of Media General, and that following the 2014 Annual Meeting of the combined company's Stockholders, the Board of Directors of the combined company will include five of the current Media General Directors, thereby allowing the combined company to benefit from the experience of Media General's current Directors;

that the management team of Media General is expected to continue as the management team of the combined company (joined by key executives from Young), thereby allowing the combined company to benefit from a team of highly experienced and motivated executives;

the financial presentation and opinion, dated June 5, 2013, of RBC Capital Markets to Media General's Board of Directors as to the fairness, from a financial point of view and as of such date, of the implied Media General exchange ratio of one share of Voting Common Stock or Non-Voting Common Stock, as the case may be, for each outstanding share of Media General Class A Common Stock in connection with the combination merger, which opinion was based on and subject to the procedures followed, assumptions made, factors considered and limitations and qualifications on the review undertaken as more fully described below in "The Transaction – Opinion of RBC Capital Markets, LLC, Media General's Financial Advisor;"

the financial presentation and opinion, dated June 5, 2013, of Stephens to Media General's Board of Directors, to the effect that, as of such date and based upon and subject to the assumptions made, matters considered and limitations, qualifications and conditions of the review undertaken as set forth in the opinion, the exchange ratio of 730.6171 shares of Media General's common stock per share of Young's common stock was fair, from a financial point of view, to holders of Media General's Class A Common Stock, as more fully described below in "The Transaction – Opinion of Stephens Inc., Financial Advisor to the Independent Members of Media General's Board of Directors;"

the expectation that the reclassification merger will qualify as a reorganization within the meaning of Section 368(a) of the Code and, accordingly, that Media General Stockholders generally will not recognize gain or loss upon exchanging Media General Class A Common Stock or Media General Class B Common Stock for Media General common stock in the reclassification merger;

the fact that the lenders under Media General's and Young's credit agreements have agreed to modifications to those agreements that would allow those agreements to remain in place after closing, avoiding the need for the transaction to be subject to a financing contingency;

the Media General Board of Directors' view as to the timing and likelihood of the consummation of the transaction, in light of the required regulatory approvals and the conditions to closing contained in the merger agreement; and

certain terms of the transaction agreements, including:

- o the right of Media General to negotiate with a third party who submits an unsolicited alternative acquisition proposal that Media General's Board of Directors determines would reasonably be expected to lead to a superior offer for Media General;

- o the right of Media General to terminate the merger agreement to enter into a transaction representing a superior offer;

- o the fixed \$12 million termination fee payable by Media General to Young if Media General terminates the merger agreement for an alternative transaction representing a superior offer, which amount Media General's Board of Directors believes will not be a significant barrier to entering into such a transaction;

- o the ability of Media General's Board of Directors, under certain circumstances, to withdraw its recommendation in favor of the transaction;

- o the commitment of Young's equityholders to approve the transaction immediately after the execution of the merger agreement;

- o Young's inability to discuss or negotiate an alternative acquisition proposal or to terminate the merger agreement to enter into a competing transaction;

- o the obligation of each of Media General and Young to use its reasonable best efforts to consummate the transaction;

- o the standstill and lock-up agreement, which will preclude Standard General and certain related persons from (i) acquiring more than 40% of the outstanding shares of the combined company's common stock, and (ii) transferring the combined company's common stock to a single transferee who after giving effect to the transfer would own more than 15% of the combined company's common stock (with certain exceptions); and

- o

the registration rights agreement, which will prohibit the Young equityholders party thereto from selling shares of the combined company for six months after the closing of the transaction (except pursuant to an underwritten offering).

Media General's Board of Directors weighed the foregoing advantages and benefits against the following potentially negative factors:

the challenges inherent in the combination of two businesses, including the risk that integration of the two companies may take more time and be more costly than anticipated, and the possible diversion of management attention for an extended period of time to effect the integration;

the risk that the combined company will not be able to realize the expected operating and financing synergies or the other anticipated benefits of the combination;

the risk that Media General and Young might not meet their respective financial projections;

the risk that the combined company may be unable to complete the contemplated refinancing on terms as favorable as anticipated, or at all;

that Media General's current Stockholders will own only approximately 32.5% of the fully diluted shares combined company;

the risk that the conditions to closing will not be satisfied, including as a result of (i) Media General's Stockholders failing to grant the requisite approvals to consummate the transactions or (ii) the required regulatory approvals for the transaction failing to be obtained;

that the number of shares of Media General's common stock to be received by the Young equityholders is based on a fixed exchange ratio which will not fluctuate as a result of changes in the price of Media General's Class A Common Stock prior to the transaction, which means that the value of the shares to be received by Young's equityholders could increase prior to the closing of the transaction if the trading price of Media General's Class A Common Stock increases without Media General's Stockholders receiving any additional benefit due to such increase;

that for U.S. federal income tax purposes the transaction will result in an ownership change of Media General, and is expected to result in an ownership change of Young, and, as a result, the combined company's ability to use the net operating loss carryforwards of Media General and Young to offset future taxable income will be subject to limitation;

certain terms of the transaction agreements, including:

o the restriction on Media General's ability to solicit alternative transaction proposals;

o the termination fee of \$12 million that Media General would be required to pay if the merger agreement is terminated under certain circumstances;

o the restrictions on Media General's operations until the consummation of the transaction (or the termination of the merger agreement);

o the requirement that Media General and Young obtain the consent of the FCC to complete the transaction;

o that Media General will have no recourse for post-closing indemnification in the event of inaccuracies in the representations and warranties of Young contained in the merger agreement; and

o



that Media General will be required to conduct a registered offering of the shares of the combined company's common stock issued to the Young equityholders upon the demand of such equityholders under the terms of the registration rights agreement and to allow such equityholders to participate in registered offerings of shares of the combined company's common stock initiated by Media General;

the potential downward pressure on the share price of the combined company that may result if the Young equityholders seek to sell their combined company shares after closing; and

the risks described under "Risk Factors," beginning on page 26.

Media General's Board of Directors believed that, overall, the potential benefits of the proposed transaction to Media General and its Stockholders outweighed the risks, many of which are mentioned above. Media General's Board of Directors realized, however, that there can be no assurance about future results, including results considered or expected as described in the factors listed above. This explanation of the reasoning of Media General's Board of Directors and all other information in this section are forward-looking in nature and, therefore, should be read in light of the factors discussed under "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 40.

This discussion of the factors considered by the Media General Board of Directors in approving the merger agreement and the transaction and recommending that Stockholders approve the proposals described in this proxy statement/prospectus includes the material factors considered by the Media General Board of Directors, but it is not intended to be exhaustive and does not include all of the factors considered. In view of the variety of factors described above and the quality and amount of information considered, Media General's Board of Directors did not find it practicable to quantify or otherwise assign relative weight to, and did not make any specific assessments of, the specific factors considered in reaching its determination. Individual members of Media General's Board of Directors may have given different weights to different factors.

### **Opinion of RBC Capital Markets, LLC, Media General's Financial Advisor**

Media General has retained RBC Capital Markets to act as Media General's financial advisor in connection with the combination merger. As part of this engagement, Media General's Board of Directors requested that RBC Capital Markets evaluate the fairness, from a financial point of view, of the implied Media General exchange ratio of one share of the combined company's Voting Common Stock or Non-Voting Common Stock, as the case may be, for each outstanding share of Media General's Class A Common Stock in connection with the combination merger. At a June 5, 2013 meeting of Media General's Board of Directors held to evaluate the combination merger, RBC Capital Markets rendered to Media General's Board of Directors an oral opinion, confirmed by delivery of a written opinion dated June 5, 2013, to the effect that, as of that date and based on and subject to the matters described in such written opinion, the implied Media General exchange ratio was fair, from a financial point of view, to holders of Class A Common Stock collectively as a group in connection with the combination merger. The full text of RBC Capital Markets' written opinion, dated June 5, 2013, is attached as Annex F to this proxy statement/prospectus and is incorporated herein by reference. The written opinion sets forth, among other things, the procedures followed, assumptions made, factors considered and qualifications and limitations on the review undertaken by RBC Capital Markets in connection with its opinion. The following summary of RBC Capital Markets' opinion is qualified in its entirety by reference to the full text of the opinion. **RBC Capital Markets delivered its opinion to Media General's Board of Directors for the benefit and use of Media General's Board of Directors (in its capacity as such) in connection with and for purposes of its evaluation of the combination merger. RBC Capital Markets' opinion addressed only the Media General exchange ratio from a financial point of view and did not address any other aspect of the combination merger or any related transactions. RBC Capital Markets did not express any opinion or view as to the underlying business decision of Media General to engage in the combination merger or related transactions or the relative merits of the combination merger or related transactions compared to any alternative business strategy or transaction that might be available to Media General or in which Media General might engage. RBC Capital Markets' opinion should not be construed as creating any fiduciary duty on the part of RBC Capital Markets to any party and does not constitute a recommendation to any holder of Media General's securities as to how such holder should vote or act in connection with the combination merger, any related transactions or other matters.**

In connection with its opinion, RBC Capital Markets, among other things:

reviewed the financial terms of an execution version, dated June 5, 2013, of the merger agreement;

reviewed certain publicly available financial and other information, and certain historical operating data, with respect to Media General made available to RBC Capital Markets from published sources and internal records of Media General;

reviewed certain historical operating data with respect to Young made available to RBC Capital Markets from internal records of Young;

reviewed financial projections and estimates, including estimates of potential net operating loss carryforwards expected by the managements of Media General and Young to be utilized by Media General and Young, which we collectively refer to as “NOLs,” relating to Media General and Young prepared by the managements of Media General and Young (as adjusted, in the case of financial projections and estimates relating to Young, by the management of Media General);

conducted discussions with members of the senior managements of Media General and Young with respect to the business prospects and financial outlooks of Media General and Young as well as the strategic rationale and potential cost savings and other benefits expected by the managements of Media General and Young to be realized in the combination merger, which for purposes of this section “Opinion of RBC Capital Markets, LLC, Media General’s Financial Advisor” we collectively refer to as “synergies;”

reviewed the reported prices and trading activity for Media General’s Class A Common Stock;

compared certain financial metrics of Media General and Young with those of selected publicly traded companies;

compared certain financial terms of the combination merger with those of selected precedent transactions;

compared the relative contributions of Media General and Young to certain financial metrics of the pro forma combined company;

reviewed the potential pro forma financial impact of the combination merger on the future financial performance of the combined company relative to Media General on a stand-alone basis after taking into account potential NOLs and synergies; and

considered other information and performed other studies and analyses as RBC Capital Markets deemed appropriate.

In arriving at its opinion, RBC Capital Markets employed several analytical methodologies and no one method of analysis should be regarded as critical to the overall conclusion reached by RBC Capital Markets. Each analytical technique has inherent strengths and weaknesses, and the nature of the available information may further affect the value of particular techniques. The overall conclusion reached by RBC Capital Markets was based on all analyses and factors presented, taken as a whole, and also on application of RBC Capital Markets’ experience and judgment. Such conclusion may have involved significant elements of subjective judgment and qualitative analysis. RBC Capital Markets therefore gave no opinion as to the value or merit standing alone of any one or more portions of such analyses or factors.

In rendering its opinion, RBC Capital Markets assumed and relied upon the accuracy and completeness of all information that was reviewed by RBC Capital Markets, including all of the financial, legal, tax, accounting, operating and other information provided to or discussed with RBC Capital Markets by or on behalf of Media General or Young (including, without limitation, financial statements and related notes), and upon the assurances of the managements of Media General and Young that they were not aware of any relevant information that was omitted or that remained undisclosed to RBC Capital Markets. RBC Capital Markets did not assume responsibility for independently verifying, and it did not independently verify, such information. RBC Capital Markets assumed that the financial projections relating to Media General and Young (as adjusted, in the case of Young, by the management of Media General) and other estimates and data, including as to potential NOLs and synergies, provided to RBC Capital Markets by Media

General and Young were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments as to the future financial performance of Media General and Young and the other matters covered thereby. RBC Capital Markets expressed no opinion as to the financial projections and estimates, including as to potential NOLs and synergies, utilized in its analyses or the assumptions upon which they were based. RBC Capital Markets relied upon the assessments of the managements of Media General and Young as to (i) the potential impact of market trends and prospects relating to the telecommunications and broadcast industry, including regulatory matters with respect thereto, on Media General and Young, (ii) existing and future relationships, agreements and arrangements with, and ability to retain, key customers and employees of Media General and Young, and (iii) the ability to integrate the businesses of Media General and Young. RBC Capital Markets assumed, with the consent of Media General, that there would be no developments with respect to any of the foregoing that would be meaningful in any respect to its analyses or opinion.

In rendering its opinion, RBC Capital Markets did not assume any responsibility to perform, and did not perform, an independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of Media General, Young or any other entity, and RBC Capital Markets was not furnished with any such valuations or appraisals. RBC Capital Markets did not assume any obligation to conduct, and did not conduct, any physical inspection of the property or facilities of Media General, Young or any other entity. RBC Capital Markets assumed that the combination merger and related transactions (including the reclassification merger) would be consummated in accordance with the terms of the merger agreement and all applicable laws and other relevant documents or requirements, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the combination merger and related transactions, no delay, limitation, restriction or condition would be imposed, including any divestiture or other requirements, that would have an adverse effect on Media General, Young, the combination merger or related transactions (including the contemplated benefits thereof). RBC Capital Markets further assumed that the combination merger and the reclassification merger would qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. In addition, RBC Capital Markets assumed that the executed version of the merger agreement would not differ, in any respect meaningful to its analyses or opinion, from the execution version of the merger agreement.

RBC Capital Markets' opinion spoke only as of the date of its opinion, was based on conditions as they existed and information which RBC Capital Markets was supplied as of the date of its opinion, and was without regard to any market, economic, financial, legal or other circumstances or events of any kind or nature which may exist or occur after such date. RBC Capital Markets did not undertake to reaffirm or revise its opinion or otherwise comment upon events occurring after the date of its opinion and did not have an obligation to update, revise or reaffirm its opinion. RBC Capital Markets' opinion related to the relative values of Media General and Young. RBC Capital Markets did not express any opinion as to what the value of the combined company's Voting Common Stock and Non-Voting Common Stock actually would be when issued in connection with the combination merger or the price or range of prices at which any securities of Media General or the combined company (whether prior to or following the combination merger and related transactions) would trade at any time.

RBC Capital Markets' opinion addressed only the fairness, from a financial point of view and as of the date of its opinion, of the Media General exchange ratio to holders of Class A Common Stock collectively as a group without regard to individual circumstances of specific holders with respect to control, voting or other rights or aspects which may distinguish such holders or the securities of Media General held by such holders and its analyses and opinion did not address, take into consideration or give effect to, any rights, preferences, restrictions or limitations that may be attributable to such securities. RBC Capital Markets' opinion did not in any way address any other terms, conditions, implications or other aspects of the combination merger or any of the related transactions or the merger agreement or any related documents, including, without limitation, the reclassification merger, the conversion merger or the financial or other terms of any voting, registration rights or other agreement, arrangement or understanding to be entered into in connection with or contemplated by the combination merger, any related transactions or otherwise. RBC Capital Markets did not evaluate the solvency or fair value of Media General, Young or any other entity under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. RBC Capital Markets did not express any opinion as to any legal, regulatory, tax or accounting matters, as to which RBC Capital Markets understood that Media General obtained such advice as it deemed necessary from qualified professionals. Further, in rendering its opinion, RBC Capital Markets did not express any view on, and its opinion did not address, the fairness of the amount or nature of the compensation (if any) to any officers, Directors or employees of any party, or class of

such persons, relative to the Media General exchange ratio or otherwise.

The issuance of RBC Capital Markets' opinion was approved by RBC Capital Markets' fairness opinion committee. Except as described in this summary, Media General imposed no other instructions or limitations on the investigations made or procedures followed by RBC Capital Markets in rendering its opinion.

In preparing its opinion to Media General's Board of Directors, RBC Capital Markets performed various financial and comparative analyses, including those described below. The summary below of RBC Capital Markets' material financial analyses provided to Media General's Board of Directors in connection with RBC Capital Markets' opinion is not a comprehensive description of all analyses undertaken or factors considered by RBC Capital Markets in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description.

In performing its analyses, RBC Capital Markets considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of Media General and Young. The estimates of the future performance of Media General and Young in or underlying RBC Capital Markets' analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by RBC Capital Markets' analyses. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or acquired or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described below are inherently subject to substantial uncertainty and should not be taken as RBC Capital Markets' view of the actual value of Media General or Young.

The Media General exchange ratio provided for in the combination merger was determined through negotiations between Media General and Young and was approved by Media General's Board of Directors. The decision to enter into the Merger Agreement was solely that of Media General's Board of Directors. RBC Capital Markets' opinion and analyses were only one of many factors considered by Media General's Board of Directors in its evaluation of the combination merger and should not be viewed as determinative of the views of Media General's Board of Directors, management or any other party with respect to the combination merger or the Media General exchange ratio.

The following is a brief summary of the material financial analyses provided by RBC Capital Markets to Media General's Board of Directors in connection with RBC Capital Markets' opinion, dated June 5, 2013. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by RBC Capital Markets, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Selecting portions of RBC Capital Markets' financial analyses or factors considered or focusing on the data set forth in the tables below without considering all analyses or factors or the full narrative description of such analyses or factors, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of RBC Capital Markets' financial analyses.**

*Introduction.* In its analysis of the Media General exchange ratio from a financial point of view, RBC Capital Markets performed various financial analyses, as more fully described below, from which RBC Capital Markets derived implied equity value reference ranges for each of Media General and Young. These implied equity values were used to derive pro forma equity ownership percentages for Media General Stockholders in the combined company from



which implied exchange ratios were derived by multiplying such pro forma equity ownership percentages by the total number of diluted shares of the combined company on a pro forma basis as of May 31, 2013 and dividing by the total number of Media General's diluted shares as of May 31, 2013. RBC Capital Markets calculated implied exchange ratio reference ranges by (i) comparing the low-end of the implied per share equity value reference ranges for Media General to the high-end of the implied aggregate equity value reference ranges for Young in order to derive the low-end of the implied exchange ratio reference ranges and (ii) comparing the high-end of the implied per share equity value reference ranges for Media General to the low-end of the implied aggregate equity value reference ranges for Young in order to derive the high-end of the implied exchange ratio reference ranges. These implied exchange ratio reference ranges were then used to demonstrate the implied results of the analyses as compared to the Media General exchange ratio provided for in the combination merger.

*Media General Selected Public Companies Analysis Relative to Young Selected Public Companies Analysis.* RBC Capital Markets performed a selected public companies analysis of Media General and Young in which RBC Capital Markets reviewed certain financial information of Young and certain financial and stock market information of Media General and the following five selected publicly traded pure-play television broadcast companies, which we refer to as the “selected companies:”

Sinclair Broadcast Group, Inc.  
 Belo Corporation  
 LIN TV Corp.  
 Nexstar Broadcasting Group, Inc.  
 Gray Television, Inc.

Financial data for the selected companies was based on publicly available research analysts’ estimates, public filings and other publicly available information. Financial data for Media General was based on public filings, internal financial forecasts and other estimates of the management of Media General as adjusted for non-recurring items, and financial data for Young was based on internal financial forecasts and other estimates of the management of Young as adjusted for non-recurring items and for pro forma adjustments for recent acquisitions and as further adjusted downward by the management of Media General. RBC Capital Markets reviewed, among other things, enterprise values of the selected companies, calculated as equity values based on closing stock prices on June 4, 2013 plus debt, less cash and cash equivalents, as a multiple of the average of calendar year 2012 actual and calendar year 2013 estimated earnings before interest, taxes, depreciation and amortization, which, for purposes of RBC Capital Markets’ analyses, we refer to as “EBITDA.” RBC Capital Markets also reviewed enterprise values, taking into account after-tax underfunded pension liabilities as debt, of the selected companies as a multiple of EBITDA plus pension expenses (excluding service costs) which we refer to as “EBITDAP.” RBC Capital Markets also reviewed EBITDA of the selected companies, less expenditures, working capital, cash interest expense, pension contributions and cash taxes, which, for purposes of RBC Capital Markets’ analyses, we refer to as “free cash flow” (or “FCF”) as a percentage of equity values (or “FCF yield”). The overall observed low, mean and high average calendar year 2012 actual and calendar year 2013 estimated EBITDA and EBITDAP multiples and FCF yields for the selected companies were as follows:

	Low	Mean	High
Average Calendar Year 2012 Actual and Calendar Year 2013 Estimated EBITDA Multiples	7.0x	8.1x	8.6x
Average Calendar Year 2012 Actual and Calendar Year 2013 Estimated EBITDAP Multiples	7.0x	8.1x	8.6x
Average Calendar Year 2012 Actual and Calendar Year 2013 Estimated FCF Yields	10.1 %	15.0 %	20.7 %

Based on RBC Capital Markets’ professional judgment and taking into account the mean observed multiples of the selected companies, in deriving an implied per share equity value reference range for Media General, RBC Capital

Markets applied selected ranges of average calendar year 2012 actual and calendar year 2013 estimated EBITDA and EBITDAP multiples and FCF yields derived from the selected companies of 7.5x to 8.5x, 7.5x to 8.5x and 10.0% to 20.0%, respectively, to corresponding data of Media General. This analysis indicated approximate implied equity value reference ranges for Media General based on average calendar year 2012 actual and calendar year 2013 estimated EBITDA and EBITDAP multiples and FCF yields of \$4.96 to \$8.30 per share, \$0.72 to \$4.23 per share and \$3.62 to \$7.25 per share, respectively.

Based on RBC Capital Markets' professional judgment and generally taking into account, among other factors, business, financial and operational characteristics of Media General and Young, in deriving an implied aggregate equity value reference range for Young from the selected public companies analysis described above, RBC Capital Markets' applied the same selected ranges of average calendar year 2012 actual and calendar year 2013 estimated EBITDA and EBITDAP multiples and FCF yields derived from the selected companies of 7.5x to 8.5x, 7.5x to 8.5x and 10.0% to 20.0%, respectively, that were applied to Media General as described above to corresponding data of Young. This analysis indicated approximate implied aggregate equity value reference ranges for Young based on average calendar year 2012 actual and calendar year 2013 estimated EBITDA and EBITDAP multiples and FCF yields of \$456 to \$538 million, \$452 to \$534 million and \$297 to \$594 million, respectively.

Based on the approximate implied per share equity value reference ranges derived for Media General and approximate implied aggregate equity value reference ranges derived for Young described above, RBC Capital Markets calculated the following implied exchange ratio reference ranges, as compared to the Media General exchange ratio:

Implied Exchange Ratio Reference Ranges			
Based On:			Media General
EBITDA	EBITDAP	FCF Yield	Exchange Ratio
0.65x – 1.06x	0.12x – 0.66x	0.46x – 1.28x	1.00x

No company used in these analyses is identical to Media General or Young. Accordingly, an evaluation of the results of these analyses is not entirely mathematical. Rather, these analyses involve complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies to which Media General and Young were compared.

*Media General Selected Precedent Transactions Analysis Relative to Young Selected Public Companies Analysis.* RBC Capital Markets performed a selected precedent transaction analysis of Media General in which RBC Capital Markets reviewed, to the extent publicly available, certain financial information relating to the following 11 selected transactions announced from September 8, 2011 through April 24, 2013 involving companies in the television broadcast industry, which, for purposes of RBC Capital Markets' analyses, we refer to as the "selected transactions:"

Announcement Date	Acquiror	Target
April 24, 2013	Nexstar Broadcasting Group, Inc.	Communications Corporation of America
April 11, 2013	Sinclair Broadcast Group Inc.	Fisher Communications, Inc.
February 28, 2013	Sinclair Broadcast Group Inc.	Barrington Broadcasting Group, LLC
February 25, 2013	Sinclair Broadcast Group Inc.	Cox Media Group, Inc. (sale of certain assets)
September 4, 2012	Journal Communications, Inc.	Landmark Media Enterprises, LLC (sale of certain assets)
July 19, 2012	Sinclair Broadcast Group Inc.	Newport Television, LLC (sale of certain assets)
July 19, 2012	Nexstar Broadcasting Group, Inc.	Newport Television, LLC (sale of certain assets)

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May 4, 2012	LIN TV Corp.	New Vision Television, LLC
November 1, 2011	Sinclair Broadcast Group Inc.	Freedom Communications, Inc. (broadcast assets)
October 3, 2011	The E.W. Scripps Company	McGraw-Hill Broadcasting Company, Inc.
September 8, 2011	Sinclair Broadcast Group Inc.	Four Points Media Group LLC

Financial data for the selected transactions was based on publicly available research analysts' estimates, public filings and other publicly available information. Financial data for Media General was based on public filings and internal financial forecasts and other estimates of the management of Media General as adjusted for non-recurring items. RBC Capital Markets reviewed transaction values, based on reported purchase prices or calculated as equity values of the target companies based on the purchase prices paid in the selected transactions plus debt, less cash and cash equivalents, as a multiple of the average of such target companies' prior two calendar years or, to the extent publicly available, the average of such target companies' current and most recent prior calendar years, EBITDA as of announcement of such transaction. EBITDA multiples were publicly available for four selected transactions: the Sinclair Broadcast Group Inc./Fisher Communications, Inc. transaction, the Sinclair Broadcast Group Inc./Barrington Broadcasting Group, LLC transaction, the Journal Communications, Inc./Landmark Media Enterprises, LLC transaction and LIN TV Corp./New Vision Television, LLC transaction. The overall low to high EBITDA multiples observed for these selected transactions were 7.8x to 10.2x (with a mean of 9.2x and a median of 9.7x), excluding the multiple of 12.4x observed for the Sinclair Broadcast Group Inc./Fisher Communications, Inc. transaction, which was considered an outlier. Based on RBC Capital Markets' professional judgment and taking into account the mean observed multiples of the selected transactions, RBC Capital Markets then applied a selected range of EBITDA multiples derived from the selected transactions of 8.5x to 10.0x to the average of Media General's calendar year 2012 actual and calendar year 2013 estimated EDITDA and EBITDAP. This analysis indicated approximate implied equity value reference ranges for Media General of \$8.30 to \$13.33 per share and \$4.23 to \$9.50 per share, respectively.

Based on the approximate implied per share equity value reference ranges derived for Media General described above and approximate implied aggregate equity value reference ranges derived for Young from the “Media General Selected Public Companies Analysis Relative to Young Selected Public Companies Analysis” described above, RBC Capital Markets calculated the following implied exchange ratio reference ranges, as compared to the Media General exchange ratio:

Implied Exchange Ratio	Media General	
Reference Ranges Based On:		
EBITDA	EBITDAP	Exchange Ratio
0.95x – 1.41x	0.57x – 1.16x	1.00x

No company or transaction used in these analyses is identical to Media General, Young or the combination merger. Accordingly, an evaluation of the results of these analyses is not entirely mathematical. Rather, these analyses involve complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies or transactions to which Media General, Young and the combination merger were compared.

*Media General Discounted Cash Flow Analysis Relative to Young Discounted Cash Flow Analysis.* RBC Capital Markets performed separate discounted cash flow analyses of Media General and Young by calculating the estimated present value of the stand-alone unlevered, after-tax free cash flows that Media General and Young each were forecasted to generate during the second quarter of the calendar year ending December 31, 2013 through the full calendar year ending December 31, 2017 based on internal financial forecasts and other estimates of the managements of Media General and Young (as adjusted, in the case of internal financial forecasts and other estimates of Young, by the management of Media General). RBC Capital Markets calculated terminal values for Media General and Young by applying to Media General’s and Young’s respective terminal year estimated unlevered, after-tax free cash flows (based on the respective average estimated unlevered, after-tax free cash flows of Media General and Young for calendar years 2016 and 2017) a range of perpetuity growth rates of 1.50% to 2.50%. The unlevered, after-tax free cash flows and terminal values were then discounted to present value (as of March 31, 2013) using discount rates ranging from 10.5% to 11.5%. For purposes of such analysis, the amount of Media General’s and Young’s after-tax unfunded pension obligations as of December 31, 2012 and the estimated present value of NOLs that Media General’s and Young’s managements anticipated could be utilized to reduce future federal income taxes payable by Media General and Young were taken into account. This analysis indicated an approximate implied equity value reference range for Media General of \$6.17 to \$11.59 per share and an approximate implied aggregate equity value for Young of \$535 to \$667 million.

Based on the approximate implied per share equity value reference range derived for Media General and approximate implied aggregate equity value reference range of Young described above, RBC Capital Markets calculated the following implied exchange ratio reference range, as compared to the Media General exchange ratio:

Implied Exchange Ratio	Media General
<u>Reference Range</u>	<u>Exchange Ratio</u>
0.65x – 1.19x	1.00x

*Relative Contribution Analysis.* RBC Capital Markets reviewed the relative financial contributions of Media General and Young to the combined company without giving effect to potential synergies anticipated by the management of Media General to result from the combination merger, based on the average of Media General's and Young's respective calendar years 2011 and 2012 actual, calendar year 2012 actual and calendar year 2013 estimated, and calendar years 2013 and 2014 estimated (i) EBITDA, (ii) EBITDAP, (iii) FCF and (iv) broadcast cash flow plus pension expense. Financial data for Media General was based on public filings and internal financial forecasts and other estimates of the management of Media General, and financial data for Young was based on internal financial forecasts and other estimates of the management of Young as adjusted for non-recurring items and for pro forma adjustments for recent acquisitions and as further adjusted downward by the management of Media General. RBC Capital Markets calculated overall aggregate equity ownership percentages of Media General and Young in the combined company based on these relative contributions and the respective debt, cash and cash equivalents and after-tax underfunded pension obligations of Media General and Young, as applicable, which indicated an approximate implied overall contribution percentage reference range for Media General of 14.7% to 29.4% as compared to the aggregate pro forma equity ownership percentage of Media General's Stockholders in the combined company, based on the Media General exchange ratio, of approximately 32.4% immediately upon consummation of the combination merger. Based on the approximate implied overall contribution percentage reference range for Media General of 14.7% to 29.4% described above, RBC Capital Markets calculated the following implied exchange ratio reference range, as compared to the Media General exchange ratio:

Implied Exchange Ratio Media General	
<u>Reference Range</u>	<u>Exchange Ratio</u>
0.45x – 0.91x	1.00x

*Other Factors.* RBC Capital Markets observed certain additional factors that were not considered part of RBC Capital Markets' financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things, the following:

historical trading performance of Media General's Class A Common Stock during the 52-week period ended June 4, 2013, which reflected low to high closing prices for Media General's Class A Common Stock during such period of \$3.49 to \$9.98 per share; and

potential pro forma financial effects of the combination merger, after giving effect to potential synergies and potential refinancing of certain outstanding indebtedness of Media General, on, among other things, Media General's calendar year 2012 actual and calendar years 2013, 2014 and 2015 estimated FCF per share based on internal financial forecasts and other estimates of the management of Media General and internal financial forecasts and other estimates of the management of Young as adjusted for non-recurring items and for pro forma adjustments for recent acquisitions and as further adjusted downward by the management of Media General, which indicated that the combination merger could be accretive to Media General's average calendar year 2012 actual and calendar year 2013 estimated FCF per share, average calendar years 2013 and 2014 estimated FCF per share, and average calendar years 2014 and 2015 estimated FCF per share, by approximately \$0.48, \$0.49 and \$0.72, respectively. The actual results achieved by the combined company may vary from forecasted results and the variations may be material.

### *Miscellaneous*

In connection with RBC Capital Markets' services as Media General's financial advisor, Media General has agreed to pay RBC Capital Markets an aggregate fee of \$8.0 million, a portion of which was payable upon delivery of the opinion and \$7.0 million of which is contingent upon consummation of the combination merger. Media General also has agreed to reimburse RBC Capital Markets for its expenses, including fees and expenses of RBC Capital Markets' legal counsel, incurred in connection with RBC Capital Markets' engagement and to indemnify RBC Capital Markets and related persons against liabilities, including liabilities under the federal securities laws, arising out of RBC Capital Markets' engagement.

RBC Capital Markets and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking and financial advisory services to Media General and Young, for which RBC Capital Markets and such affiliates have received and may receive customary compensation, including acting as joint lead arranger for, and as a lender under, an existing senior credit facility of Young. RBC Capital Markets and certain of its affiliates also expect to act as a joint book-running manager and joint lead arranger for the contemplated refinancing in connection with the combination merger and related transactions of the outstanding credit facilities of Media General



and Young, for which services RBC Capital Markets and such affiliates will receive customary compensation. From January 1, 2011 through May 31, 2013, RBC Capital Markets and its affiliates received aggregate fees of less than \$500,000 from Young for investment banking and commercial banking services unrelated to the merger.

RBC Capital Markets, as part of its investment banking services, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, corporate restructurings, underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. In the ordinary course of business, RBC Capital Markets or one or more of its affiliates may act as a market maker and broker in the publicly traded securities of Media General and/or any other company that may be involved in the combination merger and related transactions and receive customary compensation in connection therewith, and may also actively trade securities of Media General, any other company that may be involved in the combination merger and related transactions or their respective affiliates for RBC Capital Markets' or its affiliates' account and the accounts of RBC Capital Markets or its affiliates' customers and, accordingly RBC Capital Markets and its affiliates may hold a long or short position in such securities.

RBC Capital Markets is an internationally recognized investment banking firm which is regularly engaged in providing financial advisory services in connection with mergers and acquisitions. Media General selected RBC Capital Markets to act as its financial advisor in connection with the combination merger on the basis of RBC Capital Markets' experience in similar transactions and its reputation in the investment community.

**Opinion of Stephens Inc., Financial Advisor to the Independent Members of Media General's Board of Directors**

Stephens acted as a financial advisor to the independent members of Media General's Board of Directors in connection with the transaction. At the June 5, 2013 meeting of Media General's Board of Directors, Stephens delivered to Media General's full Board of Directors its opinion to the effect that, as of such date and based upon and subject to the assumptions made, matters considered and limitations, qualifications and conditions of the review undertaken as set forth in the opinion, the exchange ratio of 730.6171 shares of Media General's common stock per share of Young's common stock was fair, from a financial point of view, to the holders of Media General's Class A Common Stock.

**The full text of Stephens' opinion, dated June 5, 2013, which sets forth the assumptions made, matters considered and limitations, qualifications and conditions of the review undertaken by Stephens in rendering its opinion, is attached as Annex G to this proxy statement/prospectus. Stephens provided its opinion for the information and assistance of Media General's Board of Directors in connection with its consideration of the transaction. The Stephens opinion did not address any other aspect of the transaction and Stephens expressed no opinion as to the merits of the underlying decision by Media General to engage in the transaction or the relative merits of the transaction as compared to any alternatives potentially available to Media General or the relative effects of any alternative transaction in which Media General might engage. Stephens expressed no opinion or recommendation as to how any holder of Media General's Class A Common Stock should vote with respect to matters pertaining to the transaction. All summaries of the opinion of Stephens set forth in this proxy statement/prospectus are qualified in their entirety by reference to the full text of such opinion.**

In connection with Stephens' role as financial advisor to Media General's independent Directors, and in arriving at its opinion, Stephens:

Discussed with management of Media General and Young the operations of, and future business prospects for, Media General and Young, respectively, and the anticipated financial consequences of the transaction to Media General and Young, respectively;

Reviewed certain publicly available financial statements and reports regarding Media General;

Reviewed certain internal financial statements and other financial and operating data (including financial projections) prepared by management of Media General and Young concerning Media General and Young, respectively;

Compared the financial performance of Media General and Young with that of certain other publicly-traded companies that Stephens deemed relevant to its analysis of the transaction;

Reviewed the financial terms, to the extent publicly available, of certain other merger or acquisition transactions that Stephens deemed relevant to its analysis of the transaction;

Reviewed drafts of the merger agreement that were provided to Stephens;

Assisted in the deliberations of the independent Directors of Media General regarding the material terms of the transaction and made a presentation to Media General's Board of Directors regarding the basis for its opinion; and

Performed such other reviews and analyses and provided such other services as Stephens deemed appropriate.

Stephens relied on the accuracy and completeness of the information and financial data provided to it by Media General and Young and of the other information reviewed by Stephens in connection with the preparation of its opinion. Stephens' opinion was based upon such information. Stephens did not assume any responsibility for independent verification of the accuracy and completeness of any such information or financial data. The management of Media General assured Stephens that they were not aware of any relevant material information that was omitted or remained undisclosed to Stephens. Stephens did not assume any responsibility for making or undertaking any independent evaluation or appraisal of any of the assets or liabilities of Media General or Young, nor did Stephens evaluate the solvency or fair value of Media General or Young under any laws relating to bankruptcy, insolvency or similar matters. Nor was Stephens furnished with any such evaluation or appraisals. Stephens did not assume any obligation to conduct any physical inspection of the properties or facilities of Media General or Young. With respect to the forecasts prepared by the management of Media General and Young (in the case of the Young projections, as adjusted downward by Media General management), Stephens assumed that they had been reasonably prepared and reflect the best currently available estimates and judgments of the respective managements of Media General and Young as to the future financial performance of Media General and Young, respectively, and that the financial results reflected by such projections will be realized as predicted. Stephens also assumed that the representations and warranties in the merger agreement and all related documents are true, correct and complete in all material respects.

For purposes of rendering its opinion, Stephens assumed that the transaction would be consummated in accordance with the terms of the merger agreement, without any material waiver or modification. Stephens also assumed that in the course of obtaining any necessary regulatory or other consents or approvals (contractual or otherwise) for the transaction, no restrictions, including any divestiture requirements or amendments or modifications of the merger agreement, will be imposed that have a material adverse effect on the contemplated benefits of the transaction to the combined company. Stephens is not a legal, regulatory, tax or accounting expert and has relied, without independent verification, on the assessments made by Media General and its other advisors with respect to such matters. Stephens assumed, with the permission of the Media General Board of Directors, that the transaction and related transactions will not result in any materially adverse legal, regulatory, accounting or tax consequences for Media General.

**The Stephens opinion was approved by a fairness opinion committee and was for the use and benefit of Media General's Board of Directors. The Stephens opinion was limited to the fairness, from a financial point of view, of the exchange ratio of 730.6171 shares of Media General common stock per share of Young common stock to the holders of Media General's Class A Common Stock, was subject to the assumptions, limitations, qualifications and other conditions contained therein and was necessarily based on the market, economic and other conditions (both generally and those specific to Media General's and Young's businesses), and information made available to Stephens, as of the date of its opinion. Stephens was not asked to, and the Stephens opinion did not, address the fairness of the transaction, or any consideration received in connection therewith, to the holders of any other class of securities (including the holders of Media General's Class B Common Stock), creditors or other constituencies of Media General or Young. Stephens noted that subsequent developments may affect its opinion and expressly disclaimed any obligation to update, revise or reaffirm its opinion. In addition, Stephens did not express any opinion as to the fairness of the amount or nature of any compensation to any of Media General's or Young's officers, Directors or employees, or any group of such persons whether relative to the consideration to be paid pursuant to the merger agreement or otherwise. The Stephens opinion did not in any manner address the price at which Media General's common stock will trade following the announcement or consummation of the transaction.**

The following is a brief summary of the material financial analyses provided by Stephens to Media General's Board of Directors in connection with Stephens' opinion, dated June 5, 2013. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by Stephens, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Selecting portions of Stephens' financial analyses or factors considered or focusing on the data set forth in the tables below without considering all analyses or the full narrative description of the analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Stephens' financial analyses.**

### *Transaction Overview*

The exchange ratio of 730.6171 shares of Media General's common stock per share of Young common stock results in pro forma combined company equity ownership (assuming the transaction was effective as of June 4, 2013) of approximately 32.5% and 67.5% by the Media General and Young equityholders, respectively, based on Media General's diluted common equity assuming a 20-day volume weighted average closing price for Media General's Class A Common Stock for the period ended June 4, 2013.

### *Media General Stand-Alone Analysis*

#### *Selected Public Companies Analysis*

Stephens compared selected financial and stock market information of Media General with similar information of the following five selected publicly traded companies whose primary business is television broadcasting services:

Sinclair Broadcast Group Inc.  
Belo Corp.  
LIN TV Corp.  
Nexstar Broadcasting Group, Inc.  
Gray Television Inc.

Stephens reviewed, among other things, total enterprise value (which we refer to as "EV") of each of the selected companies (calculated as market value of the relevant company's diluted common equity based on its closing stock price on June 4, 2013, plus preferred stock, plus, as of the relevant company's most recently reported quarter end, short-term and long-term debt (including, as appropriate, pro forma adjustments for acquisitions or other material corporate events occurring since the relevant company's most recently reported quarter end), less cash and cash equivalents, plus book value of non-controlling interests, plus the amount of any underfunded pension benefit obligations (as disclosed in the most recently available SEC filing of the relevant company, tax-effected assuming a 35% marginal tax rate)) as a multiple, to the extent information was publicly available, of each of (i) the relevant company's 2-year average broadcasting cash flow (which we refer to as "BCF") defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation expense (where applicable), non-cash gains/losses, and other non-cash, non-recurring items (which, for purposes of Stephens' analyses, we refer to as "EBITDA"), plus corporate expenses, as reported and estimated for calendar years 2012 and 2013 (which we refer to as "2012A-2013E") and as estimated for calendar years 2013 and 2014 (which we refer to as "2013E-2014E"); and (ii) the relevant company's 2-year average EBITDA, for the 2012A-2013E and 2013E-2014E periods. In addition, Stephens reviewed, among other things, total equity value (which we refer to as "Equity Value") of each of the selected companies (calculated as market value of the relevant company's diluted common equity based on its closing stock price on June

4, 2013, plus preferred stock) as a multiple, to the extent information was publicly available, of the relevant company's 2-year average free cash flow (which, for purposes of Stephens' analyses, we refer to as "FCF") defined as EBITDA less cash interest expense, cash taxes and capital expenditures for the 2012A-2013E and 2013E-2014E periods. Financial data for the selected companies were based on publicly available research analysts' estimates, public filings and other publicly available information and included, as appropriate, pro forma adjustments for acquisitions or other material corporate events occurring since the relevant company's most recently reported quarter end. Financial data for Media General were based on financial statements and forecasts and other information and data provided by Media General's management.

The following table summarizes the high, mean, median and low multiples for the results of the analyses of the selected companies. Based on its analysis of the selected companies and its qualitative judgments, Stephens developed a range of selected multiples derived from the selected companies as detailed below:

Metric	High	Low	Median	Mean	Range Applied	
					Low	High
EV / 2012A-2013E Average BCF	9.9x	6.9x	7.4x	7.8x	7.5x to	8.5x
EV / 2012A-2013E Average EBITDA	11.4x	7.8x	8.1x	8.7x	8.5x to	9.5x
Equity Value / 2012A-2013E Average FCF	11.3x	5.8x	6.8x	7.4x	6.5x to	8.5x
EV / 2013E-2014E Average BCF	8.1x	5.9x	7.4x	7.3x	7.0x to	8.0x
EV / 2013E-2014E Average EBITDA	9.1x	6.5x	8.4x	8.2x	8.0x to	9.0x
Equity Value / 2013E-2014E Average FCF	10.1x	4.8x	5.2x	6.7x	6.0x to	8.0x

Stephens applied these multiples to corresponding financial data of Media General to calculate Media General's implied EV, which was adjusted for Media General's net debt, estimated costs to redeem Media General's outstanding 11.75% Senior Notes in February 2014 and after-tax underfunded pension liabilities, to calculate an implied equity value reference range detailed below, rounded to the nearest whole number, both with and without the midpoint of the net present value range that Stephens calculated for Media General's NOLs (which in this trading value-based analysis are assumed not to be subject to any limitation under Section 382 of the Code, which we refer to as "Section 382"):

#### Without NOLs

Metric	High	Midpoint	Low
EV / 2012A-2013E Average BCF	\$303	\$ 240	178
EV / 2012A-2013E Average EBITDA	207	156	106
Equity Value / 2012A-2013E Average FCF	147	130	113
EV / 2013E-2014E Average BCF	259	195	132
EV / 2013E-2014E Average EBITDA	162	111	60
Equity Value / 2013E-2014E Average FCF	199	174	150

#### With NOLs

Metric	High	Midpoint	Low
EV / 2012A-2013E Average BCF	\$348	\$ 286	\$223
EV / 2012A-2013E Average EBITDA	253	202	151
Equity Value / 2012A-2013E Average FCF	193	175	158
EV / 2013E-2014E Average BCF	304	241	177
EV / 2013E-2014E Average EBITDA	208	157	106
Equity Value / 2013E-2014E Average FCF	245	220	195



*Selected Transactions Analysis*

Stephens reviewed financial information for the following selected transactions in the television broadcasting services industry since September 2011 involving targets whose primary business is television broadcasting services:

<b>Announcement Date</b>	<b>Acquiror</b>	<b>Target</b>
April 24, 2013	Nexstar Broadcasting Group, Inc.	Communications Corporation of America
April 11, 2013	Sinclair Broadcast Group Inc.	Fisher Communications, Inc.
February 28, 2013	Sinclair Broadcast Group Inc.	Barrington Broadcasting Group, LLC
February 25, 2013	Sinclair Broadcast Group Inc.	Cox Media Group, Inc. (sale of certain assets)
October 3, 2012	Shield Media Lansing LLC / Young Broadcasting LLC	Sinclair Broadcast Group Inc. (sale of certain assets)
September 4, 2012	Journal Communications, Inc.	Landmark Media Enterprises, LLC (sale of certain assets)
July 27, 2012	Shield Media LLC / Young Broadcasting LLC	Newport Television, LLC (sale of certain assets)
July 19, 2012	Sinclair Broadcast Group Inc.	Newport Television, LLC (sale of certain assets)
July 19, 2012	Nexstar Broadcasting Group, Inc.	Newport Television, LLC (sale of certain assets)
July 19, 2012	Cox Media Group, Inc.	Newport Television, LLC (sale of certain assets)
May 4, 2012	LIN TV Corp.	New Vision Television, LLC
November 1, 2011	Sinclair Broadcast Group Inc.	Freedom Communications, Inc. (broadcast assets)
October 3, 2011	The E.W. Scripps Company	McGraw-Hill Broadcasting Company, Inc.
September 8, 2011	Sinclair Broadcast Group Inc.	Four Points Media Group LLC

Stephens noted that all of the selected acquisitions involved asset sales, except the Sinclair/Cox transaction, which involved the sale of both stock and assets, and the E.W. Scripps/McGraw-Hill transaction, which involved a stock sale but provided the acquiror with substantial tax benefits through asset purchase tax treatment. Stephens reviewed, among other things, the average of the total EVs of the target companies in the selected transactions as a multiple, to the extent information was publicly available, of the average of the target's BCF and EBITDA for the prior reported full calendar year and the current full calendar year (except that (i) for the Sinclair Broadcast Group's acquisitions of Barrington Broadcasting and five stations of Cox Media Group, the multiples were based on the prior two reported full calendar years and (ii) for the Sinclair Broadcast Group's acquisition of broadcast assets of Freedom Communications and the E.W. Scripps Company's acquisition of McGraw-Hill Broadcasting, the multiples were based on the current full calendar year and the next full calendar year, each as of the date of the transaction). Financial data for each relevant transaction were based on publicly available information at the time of announcement of the relevant transaction.

The following table summarizes the high, mean, median and low multiples for the results of the analyses of the selected transactions:

<b>Metric</b>	<b>High</b>	<b>Low</b>	<b>Median</b>	<b>Mean</b>
EV / Average BCF	10.6x	6.2x	8.9x	8.7x
EV / Average EBITDA	12.4x	7.8x	9.7x	9.6x

Based on the foregoing selected transactions analysis and its qualitative judgments, Stephens then derived a range of selected multiples from the selected transactions that it determined were appropriate to apply to the applicable metrics of Media General, as detailed below. Based on its analysis of and qualitative judgments regarding Media General's and Young's respective businesses and financial characteristics, and their respective markets, stations, network affiliations, revenue and profitability sustainability and growth potential, Stephens determined to apply multiples to Media General that were 0.5x higher than it applied to Young as described below under "Young Stand-Alone Analysis – Selected Transactions Analysis."

<b>Metric</b>	<b>Range Applied</b>	
	<b>Low</b>	<b>High</b>
2011A-2012A Average BCF	8.5x to	9.5x
2011A-2012A Average EBITDA	9.5x to	10.5x
2012A-2013E Average BCF	8.0x to	9.0x
2012A-2013E Average EBITDA	9.0x to	10.0x

Stephens applied these multiples to corresponding financial data of Media General to calculate Media General's implied EV, which was adjusted for Media General's net debt, estimated costs to redeem Media General's outstanding 11.75% Senior Notes in February 2014 and after-tax underfunded pension liabilities, to calculate an implied equity value reference range detailed below, rounded to the nearest whole number, both with and without the midpoint of the net present value range that Stephens calculated for Media General's NOLs. In this transactions-based analysis, Media General's NOLs were assumed to be limited pursuant to Section 382. Financial data for Media General were based on financial statements and forecasts and other information and data provided by Media General's management.

#### **Without NOLs**

<b>Metric</b>	<b>High</b>	<b>Midpoint</b>	<b>Low</b>
2011A-2012A Average BCF	\$348	\$ 290	\$232
2011A-2012A Average EBITDA	241	194	146
2012A-2013E Average BCF	365	303	240
2012A-2013E Average EBITDA	258	207	156

#### **With NOLs**

<b>Metric</b>	<b>High</b>	<b>Midpoint</b>	<b>Low</b>
2011A-2012A Average BCF	\$368	\$ 310	\$252
2011A-2012A Average EBITDA	261	214	166
2012A-2013E Average BCF	385	323	260
2012A-2013E Average EBITDA	278	227	177

#### *Discounted Cash Flow Analysis*

Stephens performed a discounted cash flow (which, for purposes of Stephens' analyses, we refer to as "DCF") analysis of Media General using financial forecasts and other information and data provided by Media General's management to calculate the present value of the estimated future unlevered free cash flows projected to be generated by Media General. In performing the DCF analysis of Media General, Stephens utilized a range of discount rates of 9.5% to 10.5% (based on the weighted average cost of capital calculated for Media General, assuming refinancing of Media General's outstanding 11.75% Senior Notes) to calculate the estimated present values as of December 31, 2013 of (i) Media General's estimated after-tax unlevered free cash flows for 2013 through year-end 2017 and (ii) estimated terminal values derived by applying a range of exit multiples of 7.75x to 8.25x to Media General's estimated average 2016 and 2017 BCF. For purposes of Stephens' opinion, (i) "free cash flow" refers to Media General's EBITDA less cash taxes, changes in net working capital, capital expenditures and pension contributions, (ii) "present value" refers to the current value of future free cash flows and is obtained by discounting those future free cash flows back to the present using a discount rate and (iii) "terminal value," as used above, refers to the present value of all free cash flows for periods beyond the final forecast period. As indicated above, based on its analysis of and qualitative judgments regarding Media General's and Young's respective businesses and financial characteristics, Stephens determined to apply exit multiples to Media General that were 0.5x higher than it applied to Young as described below under "Young Standalone Analysis – Discounted Cash Flow Analysis."

The DCF analysis resulted in a calculation of Media General's implied EV, which was adjusted for Media General's projected net debt balance (which was assumed to be the amount estimated by Media General's management to be outstanding as of December 31, 2013) and options proceeds (which represents the aggregate exercise price of all outstanding options) to calculate the following implied equity value reference range, rounded to the nearest whole number.

<b>High</b>	<b>Midpoint</b>	<b>Low</b>
\$657	\$ 611	\$565

The midpoint of Media General's stand-alone equity value implied by the DCF analysis was \$610.6 million. The impact of Media General's NOLs is reflected in the projected free cash flows and accordingly was not required to be separately added to the equity values calculated in the DCF analysis.

*Premiums Paid Analysis*

Stephens performed a premiums paid analysis based upon the premiums paid in 77 precedent public merger and acquisition transactions. The transactions utilized within the analysis were completed or announced between January 1, 2011 and May 10, 2013 and involved U.S. targets with enterprise values between \$500 million and \$1.5 billion. The analysis excluded targets in the oil and gas and financial industries.

In the premiums paid analysis, Stephens analyzed the premiums paid based on the closing stock price of the target one day prior to announcement of the transaction. The results of the premiums paid based on comparing the per share acquisition price in each transaction to the closing stock price one day prior to announcement for each of the relevant transactions were as follows:

<b>Metric</b>	<b>Percentiles</b>					
	<b>25th</b>	<b>40th</b>	<b>60th</b>	<b>75th</b>	<b>Median</b>	<b>Mean</b>
Premium to 1-Day Prior Stock Price	16.0%	26.2%	28.6%	38.0%	33.5%	46.9%

Based on the foregoing, Stephens applied the 25<sup>th</sup> and 75<sup>th</sup> percentile premiums for closing stock prices one day prior to announcement to the per share price of Media General's Class A Common Stock for June 4, 2013 to calculate an implied equity value reference range described below, rounded to the nearest whole number, both with and without the midpoint of the net present value range that Stephens calculated for Media General's NOLs, which were assumed in this transaction-based analysis to be limited pursuant to Section 382:

**Without NOLs**

<b>Metric</b>	<b>High</b>	<b>Midpoint</b>	<b>Low</b>
Premium to 1-Day Prior Stock Price	\$298	\$ 267	\$235

**With NOLs**

<b>Metric</b>	<b>High</b>	<b>Midpoint</b>	<b>Low</b>
Premium to 1-Day Prior Stock Price	\$318	\$ 287	\$255

*Young Stand-Alone Analysis*

*Selected Public Companies Analysis*

Stephens compared selected financial information of Young with similar information of the following five selected publicly traded companies whose primary business is television broadcasting services:

Sinclair Broadcast Group Inc.  
Belo Corp.  
LIN TV Corp.  
Nexstar Broadcasting Group, Inc.  
Gray Television Inc.

Stephens reviewed, among other things, total EV of each of the selected companies (calculated as market value of the relevant company's diluted common equity based on its closing stock price on June 4, 2013, plus preferred stock, plus, as of the relevant company's most recently reported quarter end, short-term and long-term debt (including, as appropriate, pro forma adjustments for acquisitions or other material corporate events occurring since the relevant company's most recently reported quarter end), less cash and cash equivalents, plus book value of non-controlling interests, plus the amount of any underfunded pension benefit obligations (as disclosed in the most recently available SEC filing of the relevant company, tax-effected assuming a 35 percent marginal tax rate) as a multiple, to the extent information was publicly available, of each of (i) the relevant company's 2-year average BCF, as reported for the 2012A-2013E and 2013E-2014E periods and (ii) the relevant company's 2-year average EBITDA, for the 2012A-2013E and 2013E-2014E periods. In addition, Stephens reviewed, among other things, total Equity Value of the selected companies (calculated as market value of the relevant company's diluted common equity based on its closing stock price on June 4, 2013, plus preferred stock) as a multiple, to the extent information was publicly available, of the relevant company's 2-year average FCF for the 2012A-2013E and 2013E-2014E periods. Financial data for the selected companies were based on publicly available research analysts' estimates, public filings and other publicly available information and included, as appropriate, pro forma adjustments for acquisitions or other material corporate events occurring since the relevant company's most recently reported quarter end. Financial data for Young were based on financial statements and forecasts and other information prepared by management of Young and adjusted downward (in the case of such projected data for years 2014E-2017E) by management of Media General.

The following table summarizes the high, mean, median and low multiples for the results of the analyses of the selected companies. Based on its analysis of the selected companies and its qualitative judgments, Stephens developed a range of selected multiples derived from the selected companies as detailed below. As indicated above, based on its analysis of and qualitative judgments regarding Media General's and Young's respective businesses and financial characteristics, Stephens determined to apply multiples to Young that were 0.5x lower than it applied to Media General.

Metric	High	Low	Median	Mean	Range Applied	
					Low	High
EV / 2012A-2013E Average BCF	9.9x	6.9x	7.4x	7.8x	7.0x to	8.0x
EV / 2012A-2013E Average EBITDA	11.4x	7.8x	8.1x	8.7x	8.0x to	9.0x
Equity Value / 2012A-2013E Average FCF	11.3x	5.8x	6.8x	7.4x	6.0x to	8.0x
EV / 2013E-2014E Average BCF	8.1x	5.9x	7.4x	7.3x	6.5x to	7.5x
EV / 2013E-2014E Average EBITDA	9.1x	6.5x	8.4x	8.2x	7.5x to	8.5x
Equity Value / 2013E-2014E Average FCF	10.1x	4.8x	5.2x	6.7x	5.5x to	7.5x

Stephens applied these multiples to corresponding financial data of Young, as adjusted downward (in the case of such projected data for years 2014E-2017E) by Media General's management, to calculate Young's implied EV, which was adjusted for Young's net debt and after-tax underfunded pension liabilities to calculate an implied equity value reference range detailed below, rounded to the nearest whole number, both with and without the midpoint of the net present value range Stephens calculated for Young's NOLs (which are already subject to limitation as a result of Young Broadcasting Inc.'s bankruptcy cases):

**Without NOLs**

<b>Metric</b>	<b>High</b>	<b>Midpoint</b>	<b>Low</b>
EV / 2012A-2013E Average BCF	\$551	\$ 507	\$462
EV / 2012A-2013E Average EBITDA	574	533	492
Equity Value / 2012A-2013E Average FCF	519	454	389
EV / 2013E-2014E Average BCF	497	453	409
EV / 2013E-2014E Average EBITDA	518	478	438
Equity Value / 2013E-2014E Average FCF	496	430	364



**With NOLs**

<b>Metric</b>	<b>High</b>	<b>Midpoint</b>	<b>Low</b>
EV / 2012A-2013E Average BCF	\$592	\$ 548	\$503
EV / 2012A-2013E Average EBITDA	616	575	534
Equity Value / 2012A-2013E Average FCF	560	495	430
EV / 2013E-2014E Average BCF	538	494	450
EV / 2013E-2014E Average EBITDA	559	519	479
Equity Value / 2013E-2014E Average FCF	538	471	405

*Selected Transactions Analysis*

Stephens reviewed financial information for the following selected transactions in the television broadcasting services industry since September 2011 involving targets whose primary business is television broadcasting services:

<b>Announcement Date</b>	<b>Acquiror</b>	<b>Target</b>
April 24, 2013	Nexstar Broadcasting Group, Inc.	Communications Corporation of America
April 11, 2013	Sinclair Broadcast Group Inc.	Fisher Communications, Inc.
February 28, 2013	Sinclair Broadcast Group Inc.	Barrington Broadcasting Group, LLC
February 25, 2013	Sinclair Broadcast Group Inc.	Cox Media Group, Inc. (sale of certain assets)
October 3, 2012	Shield Media Lansing LLC / Young Broadcasting LLC	Sinclair Broadcast Group Inc. (sale of certain assets)
September 4, 2012	Journal Communications, Inc.	Landmark Media Enterprises, LLC (sale of certain assets)
July 27, 2012	Shield Media LLC / Young Broadcasting LLC	Newport Television, LLC (sale of certain assets)
July 19, 2012	Sinclair Broadcast Group Inc.	Newport Television, LLC (sale of certain assets)
July 19, 2012	Nexstar Broadcasting Group, Inc.	Newport Television, LLC (sale of certain assets)
July 19, 2012	Cox Media Group, Inc.	Newport Television, LLC (sale of certain assets)
May 4, 2012	LIN TV Corp.	New Vision Television, LLC
November 1, 2011	Sinclair Broadcast Group Inc.	Freedom Communications, Inc. (broadcast assets)
October 3, 2011	The E.W. Scripps Company	McGraw-Hill Broadcasting Company, Inc.
September 8, 2011	Sinclair Broadcast Group Inc.	Four Points Media Group LLC

Stephens noted that all of the selected acquisitions involved asset sales, except the Sinclair/Cox transaction, which involved the sale of both stock and assets, and the E.W. Scripps/McGraw-Hill transaction, which involved a stock sale but provided the acquiror with substantial tax benefits through asset purchase tax treatment. Stephens reviewed,

among other things, the average of the total EVs of the target companies in the selected transactions as a multiple, to the extent information was publicly available, of the average of the target's BCF and EBITDA for the prior reported full calendar year and the current full calendar year (except that (i) for the Sinclair Broadcast Group's acquisitions of Barrington Broadcasting and five stations of Cox Media Group, the multiples were based on the prior two reported full calendar years and (ii) for the Sinclair Broadcast Group's acquisition of broadcast assets of Freedom Communications and the E.W. Scripps Company's acquisition of McGraw-Hill Broadcasting, the multiples were based on the current full calendar year and the next full calendar year, each as of the date of the transaction). Financial data for each relevant transaction were based on publicly available information at the time of announcement of the relevant transaction. The following table summarizes the high, mean, median and low multiples for the results of the analyses of the selected transactions:

<b>Metric</b>	<b>High</b>	<b>Low</b>	<b>Median</b>	<b>Mean</b>
EV / Average BCF	10.6x	6.2x	8.9x	8.7x
EV / Average EBITDA	12.4x	7.8x	9.7x	9.6x

Based on the foregoing selected transactions analysis and its qualitative judgments, Stephens then applied a range of selected multiples derived from the selected transactions, listed below, to corresponding financial data of Young. Financial data for Young were based on financial statements and forecasts and other information prepared by management of Young and adjusted downward (in the case of such projected data for years 2014E-2017E) by management of Media General. As indicated above, based on its analysis of and qualitative judgments regarding Media General's and Young's respective businesses and financial characteristics, Stephens determined to apply multiples to Young that were 0.5x lower than it applied to Media General as described above under "Media General Stand-Alone Analysis – Selected Transaction Analysis."

<b>Metric</b>	<b>Range Applied</b>	
	<b>Low</b>	<b>High</b>
2011A-2012A Average BCF	8.0x	9.0x
2011A-2012A Average EBITDA	9.0x	10.0x
2012A-2013E Average BCF	7.5x	8.5x
2012A-2013E Average EBITDA	8.5x	9.5x

Stephens applied these multiples to corresponding financial data of Young, as adjusted downward (in the case of such projected data for years 2014E-2017E) by Media General's management, to calculate Young's implied EV, which was adjusted for Young's net debt and after-tax underfunded pension liabilities to calculate an implied equity value reference range detailed below, rounded to the nearest whole number, both with and without the midpoint of the net present value range Stephens calculated for Young's NOLs (which are already subject to limitation as a result of Young Broadcasting Inc.'s bankruptcy cases):

#### **Without NOLs**

<b>Metric</b>	<b>High</b>	<b>Midpoint</b>	<b>Low</b>
2011A-2012A Average BCF	\$588	\$ 547	\$505
2011A-2012A Average EBITDA	603	564	526
2012A-2013E Average BCF	596	551	507
2012A-2013E Average EBITDA	615	574	533

#### **With NOLs**

<b>Metric</b>	<b>High</b>	<b>Midpoint</b>	<b>Low</b>
2011A-2012A Average BCF	\$630	\$ 588	\$546
2011A-2012A Average EBITDA	644	606	568
2012A-2013E Average BCF	637	592	548
2012A-2013E Average EBITDA	657	616	575

#### *Discounted Cash Flow Analysis*

Stephens performed a DCF analysis of Young using financial forecasts and other information and data provided by Young's management and adjusted downward (in the case of such projected data for years 2014E-2017E) by Media General's management to calculate the present value of the estimated future unlevered free cash flows projected to be generated by Young. In performing the DCF analysis of Young, Stephens utilized a range of discount rates of 8.5% to 9.5% (based on the weighted average cost of capital calculated for Young, assuming a normalized capital structure for comparable companies) to calculate estimated present values as of December 31, 2013 of (i) Young's estimated unlevered free cash flows for 2013 through year-end 2017 and (ii) estimated terminal values derived by applying a range of multiples of 7.25x to 7.75x to Young's estimated average 2016 and 2017 BCF. As indicated above, based on its analysis of and qualitative judgments regarding Media General's and Young's respective businesses and financial characteristics, Stephens determined to apply exit multiples to Young that were 0.5x lower than it applied to Media General as described above under "Media General Stand-Alone Analysis – Discounted Cash Flow Analysis."

The DCF analysis resulted in a calculation of Young's EV, which was adjusted for Young's projected net debt balance (which was assumed to be the amount expected by Young's management to be outstanding as of December 31, 2013) to calculate the following implied equity value reference range, rounded to the nearest whole number.

<b>High</b>	<b>Midpoint</b>	<b>Low</b>
\$715	\$ 681	\$648

The midpoint of Young's stand-alone equity value implied by the DCF analysis was approximately \$681.1 million. The impact of Young's NOLs is reflected in the projected free cash flows and accordingly was not required to be added separately to the equity values calculated in the DCF analysis.

#### ***Accretion Dilution Analysis***

Using estimated financial data provided by the respective managements of Media General and Young (as adjusted downward by Media General management, in the case of Young data), Stephens reviewed the potential pro forma financial effect of the transaction on Media General's estimated levered free cash flows per share (which we refer to as "LFCF"). This analysis indicated that, after giving effect to estimated synergies provided by Media General management, the transaction would be accretive to Media General's LFCF for 2013E, 2014E, 2015E and 2017E. After giving effect to such synergies, the combination merger would also be accretive to Media General's LFCF for the 2-Year Average periods 2012A-2013E, 2013E-2014E and 2014E-2015E, including synergies. However, giving effect to such synergies, the combination merger would be dilutive to Media General's LFCF in 2016E and 2-Year Average periods 2015E-2016E and 2016E-2017E. The projected dilution in such periods is attributable to estimated additional cash taxes resulting from the combined company's forecast taxable income and the limited availability of Media General's and Young's legacy NOLs after the transaction. The actual results achieved by the combined company and Media General may vary from the projected results and the variations may be material.

#### ***Relative Valuation Analysis***

Based on the midpoints of the stand-alone equity valuation reference ranges for Media General and Young implied by the selected publicly traded companies, selected precedent transactions and discounted cash flow analyses (including the midpoint of the net present value of NOLs) described above, Stephens calculated the pro forma combined company equity ownership percentage for each of the Media General and Young Stockholders implied by each such analysis (calculated by dividing the midpoint of each company's implied equity value range for a given analysis by the combined sum of the midpoints of both companies' implied equity value ranges for a given analysis), and compared such implied ownership percentages to the proposed 32.5%/67.5% equity split implied by the exchange ratio.



The pro forma combined company ownership percentages implied by the selected analyses were as follows:

<b>Metric</b>	<b>General</b>		<b>Young</b>	
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b><u>Trading Comparables:</u></b>				
EV / 2012A-2013E Average BCF	\$286	34.3%	\$548	65.7%
EV / 2012A-2013E Average EBITDA	202	26.0%	575	74.0%
Equity Value / 2012A-2013E Average FCF	175	26.2%	495	73.8%
EV / 2013E-2014E Average BCF	241	32.7%	494	67.3%
EV / 2013E-2014E Average EBITDA	157	23.2%	519	76.8%
Equity Value / 2013E-2014E Average FCF	220	31.8%	471	68.2%
<b><u>M&amp;A Comparables:</u></b>				
2011A-2012A Average BCF	\$310	34.5%	\$588	65.5%
2011A-2012A Average EBITDA	214	26.1%	606	73.9%
2012A-2013E Average BCF	323	35.3%	592	64.7%
2012A-2013E Average EBITDA	227	27.0%	616	73.0%
DCF	\$311	47.3%	\$682	52.7%

	<b>General</b>		<b>Young</b>	
Equity Ownership Implied by Exchange Ratio	32.5	%	67.5	%
25th Percentile	26.1	%	73.9	%
50th Percentile (Median)	31.8	%	68.2	%
75th Percentile	34.5	%	65.5	%

Stephens noted that the proposed combined company equity ownership percentage (32.5%) for Media General Stockholders implied by the exchange ratio was between the 25<sup>th</sup> percentile (26.1%) and 75<sup>th</sup> percentile (34.5%), and slightly above the 50<sup>th</sup> percentile or median (31.8%), of the Media General equity ownership percentages implied by the 11 relative valuation analyses above (the percentiles represent the portion of such analyses that implied Media General ownership percentages below the percentage corresponding to such percentile).

***Other Factors***

The foregoing summary describes all analyses and factors that Stephens deemed material in its presentation to the independent members of the Media General Board of Directors and the full Media General Board of Directors, but is not a comprehensive description of all analyses performed and factors considered by Stephens in connection with preparing its opinion. The preparation of a fairness opinion is a complex process involving the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to summary description. Stephens believes that its analyses must be considered as a whole and that considering any portion of such analyses and of the factors considered without considering all analyses and factors could create a misleading view of the process underlying the opinion. In arriving at its fairness determination, Stephens did not assign specific weights to any particular analyses.

In conducting its analyses and arriving at its opinion, Stephens utilized a variety of generally accepted valuation methods. The analyses were prepared solely for the purpose of enabling Stephens to provide its opinion to Media General's Board of Directors as to the fairness of the exchange ratio to the holders of Media General's Class A Common Stock and do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold, which are inherently subject to uncertainty. In connection with its analyses, Stephens made, and was provided by Media General management with, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond Media General's control. Analyses based on estimates or forecasts of future results are not necessarily indicative of actual past or future values or results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of Media General or its advisors, neither Media General nor Stephens nor any other person assumes responsibility if future results or actual values are materially different from these forecasts or assumptions.



The terms of the transaction were determined through negotiations between Media General and Young and were approved by Media General's Board of Directors. Although Stephens provided advice to the independent members of Media General's Board of Directors during the course of these negotiations, the decision to enter into the transaction was solely that of Media General's Board of Directors. As described above, the opinion of Stephens to Media General's Board of Directors was only one of a number of factors taken into consideration by Media General's Board of Directors in making its determination to approve the transaction.

### ***Additional Information***

The independent members of Media General's Board of Directors selected Stephens as a financial advisor in connection with the transaction based on Stephens' qualifications, expertise, reputation and experience in mergers and acquisitions, and its familiarity with Media General and its business. Pursuant to its engagement letter with Media General, Stephens has been paid a fee of approximately \$2.5 million for its services as financial advisor to the independent members of Media General's Board of Directors in connection with the transaction, which was payable upon delivery of its opinion. Media General also agreed to reimburse Stephens for its expenses, and to indemnify Stephens against certain potential liabilities, in connection with its engagement, including certain liabilities that could arise out of its providing this opinion letter.

Stephens, as part of its investment banking business, regularly issues fairness opinions and is continually engaged in the valuation of companies and their securities in connection with business reorganizations, private placements, negotiated underwritings, mergers and acquisitions and valuations for estate, corporate and other purposes. In the ordinary course of business, Stephens and its affiliates at any time may hold long or short positions, and may trade or otherwise effect transactions as principal or for the accounts of customers, in debt or equity securities or options on securities of the combined company, Media General or Young. Stephens has not received fees for providing investment banking services to Media General or Young unrelated to the transaction within the past two years, but Stephens may receive fees for future services. Stephens expects to pursue future investment banking services assignments from participants in the transaction.

### **Financial Projections**

Young does not as a matter of course publicly release information regarding its future performance. Media General as a matter of course publicly releases only limited information regarding its expectations of future performance. Neither Media General nor Young historically has published projections as to long-term future financial performance due to, among other things, the uncertainty of the underlying assumptions and estimates. The accompanying prospective financial information was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. However, in view of Media General's management, the prospective financial information was prepared on a reasonable basis, reflects the best then available estimates and judgments, and presents, to the best of

management's knowledge and belief, the expected course of action and the expected future financial performance of each of Media General and Young. Moreover, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this proxy statement/prospectus are cautioned not to place undue reliance on the prospective financial information. However, for internal purposes and in connection with the process leading up to entering into the merger agreement, the management of Media General prepared certain financial projections for each of Media General and Young on a stand-alone basis and, accordingly, such projections are not anticipated to be representative of the financial and operating performance of the combined company going forward, which performance may differ materially from the assumptions underlying the projections for the individual companies on a stand-alone basis. Media General management's projections for Young were prepared by Media General management by applying downward adjustments to projections for Young provided to Media General by Young management.

Below is a summary of the assumptions made by Media General's management in its preparation of the financial projections for each of Media General and Young:

local advertising sales up 3.0% in even years and 2.0% in odd years;

national advertising sales up 1.5% in even years and 1.0% in odd years;

retransmission fees consistent with contracted rates through current term, but assuming uplift consistent with market at renewal;

political sales consistent with historical trends, adjusted for one-time, market specific dynamics;

digital growth rates of 28% (2014), 24% (2015) and 20% (2016 and 2017);

core expenses growing at 2.5%;

programming costs growing at 3.5%;

general and administrative expenses (including medical) up 3.0% per year;

50% of retransmission fees paid to TV networks, except where not contractually obligated;

capital expenditures of less than \$25 million annually; and

accounting conventions consistent with those in Note 1 of Media General's financial statements included in Media General's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Media General's management provided these non-public projections relating to Media General and Young to its Board of Directors in the context of its evaluation of the potential transaction, and to RBC Capital Markets and Stephens in connection with the preparation of their respective opinions. A summary of these projections is included below in order to give Media General Stockholders access to certain non-public unaudited projections that were utilized in connection with the process leading up to entering into the merger agreement. Media General cautions that these projections are subjective in many respects and that uncertainties are inherent in prospective financial information of any kind. While the financial projections have been prepared in good faith, no assurance can be given regarding future

events. Neither Media General nor Young nor any of their respective affiliates, officers, Directors, advisors or other representatives has made or makes any representation or can give any assurance to any Media General Stockholder or any other person regarding the ultimate performance of Media General, Young or the combined company in relation to the information set forth below. In addition, Media General does not intend to update or otherwise revise the prospective financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, Media General does not intend to update or revise the prospective financial information to reflect changes in general economic or industry conditions.

The summary projections set forth below summarize the projections prepared by Media General's management prior to the execution of the merger agreement. The respective Boards of Directors of Media General and Young did not prepare these projections, and do not give any assurance that these projections will be realized. The inclusion of the following summary projected financial information in this proxy statement/prospectus should not be regarded as an indication that Media General, Young or their respective representatives considered or consider the projections to be necessarily predictive of actual future performance or events, and the summary projected financial information set forth below should not be relied upon as such, nor regarded as a representation that such performance will be achieved. The projections summarized below were prepared by the management of Media General in connection with the evaluation of the proposed transaction or for internal planning purposes only and not with a view toward public disclosure or compliance with United States generally accepted accounting principles, which we refer to as "GAAP," the guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants.

Neither Deloitte & Touche LLP nor PricewaterhouseCoopers LLP nor any other independent accountant has examined, compiled or performed any procedures with respect to the accompanying prospective financial information and, accordingly, neither Deloitte & Touche nor PricewaterhouseCoopers LLP expresses an opinion or any other form of assurance with respect to such information or its achievability, neither of them assumes any responsibility for the prospective financial information and each of them disclaim any association with the prospective financial information. The Deloitte & Touche LLP report regarding the historical financial statements of Media General included in Media General's Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated by reference into this proxy statement/prospectus, relates to Media General's historical financial information, and does not extend to the prospective financial information and should not be read to do so. The PricewaterhouseCoopers LLP report regarding the financial statements of Young as of December 31, 2012 and 2011 and for the years then ended and for the six months ended December 31, 2010, and of Young Broadcasting, Inc. for the six months ended June 30, 2010, which is included in this proxy statement/prospectus, relates to Young's historical financial information, and does not extend to the prospective financial information and should not be read to do so.

The internal financial forecasts of Media General and Young, which were used as a basis for preparing the projections, are inherently uncertain and, though considered reasonable by the management of Media General as of the date of its preparation, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information. Although the projections were prepared with numeric specificity, such projections reflect numerous and varying assumptions made by the preparing party's management, including various estimates and assumptions that may not be realized, and are subject to significant variables, uncertainties and contingencies, all of which are difficult or impossible to predict and many of which are beyond the control of the preparing party. The risk that these uncertainties and contingencies could cause the assumptions to fail to be reflective of actual results is further increased due to the length of time in the future over which these assumptions apply. The assumptions in early periods have a compounding effect on the projections shown for the later periods. Thus, any failure of an assumption to be reflective of actual results in an early period would have a greater effect on the projected results failing to be reflective of actual events in later periods. Important factors that may affect or cause the information below to materially vary from actual results include, but are not limited to, industry performance, general business, economic, political, market and financial conditions, and other matters such as those referenced in the "Cautionary Statement Regarding Forward-Looking Statements" of this proxy statement/prospectus beginning on page 40 and the "Risk Factors" in this proxy statement/prospectus beginning on page 26. These financial projections are forward-looking statements, and in light of the uncertainties inherent in forward-looking information of any kind, Media General cautions you against relying on this information. Accordingly, there can be no assurance that the assumptions made in preparing the internal financial forecasts upon which the projected financial information set forth below was based will be realized or that the prospective results are indicative of the future performance of Media General or Young or that actual results will not differ materially from those presented in the prospective financial information. Inclusion of the prospective financial information in this proxy statement/prospectus should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved.

#### **Media General Management Projected Summary Financials for Media General**

**2013E 2014E 2015E 2016E 2017E**

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<b>Net Revenue</b>	\$327.5	\$390.2	\$379.5	\$461.5	\$419.6
<b>Broadcast Cash Flow<sup>(1)</sup></b>	102.6	151.5	114.3	187.3	133.8
<b>EBITDAP<sup>(2)</sup></b>	78.2	126.0	88.1	160.7	106.6
<b>EBITDA<sup>(3)</sup></b>	73.4	121.0	83.1	155.6	101.4
<b>Interest</b>	(77.2)	(71.6)	(66.3)	(66.1)	(65.8)
<b>Taxes</b>	(23.3)	(7.4)	8.3	(12.6)	(12.6)
<b>Depreciation and Amortization</b>	(23.9)	(24.4)	(24.8)	(24.9)	(24.9)
<b>Net Income</b>	(51.0)	17.6	0.3	52.0	(1.9)
<b>Unlevered Free Cash Flow<sup>(4)</sup></b>	65.9	92.6	64.4	110.6	75.2
<b>Unlevered Free Cash Flow<sup>(5)</sup></b>	n/a	101.1	65.3	137.0	82.7

(1) “Broadcast Cash Flow” is defined as earnings before interest, taxes, depreciation, and amortization, plus corporate overhead.

This line item reflects “EBITDAP” as referred to above under “Opinion of RBC Capital Markets, LLC, Media General’s Financial Advisor” and is defined as earnings before interest, taxes, depreciation, and amortization, plus pension expense (excluding service costs). EBITDAP is calculated by subtracting corporate overhead (other than pension expenses that are not service costs) from Broadcast Cash Flow. Substantially similar figures are referred to above under “Opinion of Stephens Inc., Financial Advisor to the Independent Members of Media General’s Board of Directors” as “EBITDA.”

(2) This line item reflects “EBITDA” as referred to above under “Opinion of RBC Capital Markets, LLC, Media General’s Financial Advisor” and is defined as earnings before interest, taxes, depreciation, and amortization. These EBITDA figures are calculated by subtracting pension expenses that are not service costs from EBITDAP.

(3) This line item reflects “Unlevered Free Cash Flow” as referred to above under “Opinion of RBC Capital Markets, LLC, Media General’s Financial Advisor” and is defined as EBITDAP less cash taxes and capital expenditures, adjusted (upward or downward, as applicable) for changes in net working capital and changes in Other Assets. The Unlevered Free Cash Flow number presented for 2013 reflects estimates for the second, third and fourth quarters of 2013 only.

(4) This line item reflects “Unlevered Free Cash Flow” as referred to above under “Opinion of Stephens Inc., Financial Advisor to the Independent Members of Media General’s Board of Directors” and is defined as EBITDA (as used by Stephens) less cash taxes, capital expenditures and pension contributions, adjusted (upward or downward, as applicable) for changes in net working capital.

#### Media General Management Projected Summary Financials for Young

	2013E	2014E	2015E	2016E	2017E
<b>Net Revenue</b>	\$219.4	\$254.5	\$250.7	\$302.1	\$284.9
<b>Broadcast Cash Flow<sup>(1)</sup></b>	73.3	102.5	88.3	131.8	105.4
<b>EBITDAP<sup>(2)</sup></b>	65.5	94.5	80.2	123.5	97.0
<b>EBITDA<sup>(3)</sup></b>	61.5	94.5	80.2	123.5	97.0
<b>Interest</b>	(7.1 )	(5.9 )	(4.7 )	(2.0 )	0.4
<b>Taxes</b>	(13.0 )	(29.5 )	(25.7 )	(43.9 )	(34.6 )
<b>Depreciation and Amortization</b>	(17.7 )	(13.0 )	(9.7 )	(9.0 )	(8.8 )
<b>Net Income</b>	23.7	46.1	40.1	68.6	54.0
<b>Unlevered Free Cash Flow<sup>(4)</sup></b>	32.4	70.0	57.4	69.7	62.2
<b>Unlevered Free Cash Flow<sup>(5)</sup></b>	n/a	83.5	60.9	70.6	64.5

- (1) “Broadcast Cash Flow” is defined as earnings before interest, taxes, depreciation, and amortization, plus corporate overhead.

This line item reflects “EBITDAP” as referred to above under “Opinion of RBC Capital Markets, LLC, Media General’s Financial Advisor” and is defined as earnings before interest, taxes, depreciation, and amortization, plus pension expense (excluding service costs). EBITDAP is calculated by subtracting corporate overhead (other than

- (2) pension expenses that are not service costs) from Broadcast Cash Flow. The same figures are referred to above under “Opinion of Stephens Inc., Financial Advisor to the Independent Members of Media General’s Board of Directors” as “EBITDA.”

- (3) This line item reflects “EBITDA” as referred to above under “Opinion of RBC Capital Markets, LLC, Media General’s Financial Advisor” and is defined as earnings before interest, taxes, depreciation, and amortization. These EBITDA figures are calculated by subtracting pension expenses that are not service costs from EBITDAP.

This line item reflects “Unlevered Free Cash Flow” as referred to above under “Opinion of RBC Capital Markets, LLC, Media General’s Financial Advisor” and is defined as EBITDAP less cash taxes and capital expenditures,

- (4) adjusted (upward or downward, as applicable) for changes in net working capital and changes in Other Assets. The Unlevered Free Cash Flow number presented for 2013 reflects estimates for the second, third and fourth quarters of 2013 only.

This line item reflects “Unlevered Free Cash Flow” as referred to above under “Opinion of Stephens Inc., Financial Advisor to the Independent Members of Media General’s Board of Directors” and is defined as EBITDA (as used by

- (5) Stephens) less cash taxes, capital expenditures and pension contributions, adjusted (upward or downward, as applicable) for changes in net working capital.

**MEDIA GENERAL HAS NOT UPDATED OR REVISED, NOR DOES IT INTEND TO UPDATE OR REVISE, THE FINANCIAL PROJECTIONS TO REFLECT CIRCUMSTANCES EXISTING SINCE THEIR PREPARATION OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS EVEN IN THE EVENT THAT ANY OR ALL OF THE UNDERLYING ASSUMPTIONS ARE SHOWN TO BE IN ERROR, EXCEPT TO THE EXTENT REQUIRED BY LAW.**

### **Interests of Media General Directors and Officers in the Transaction**

Certain of Media General’s Directors and officers may be deemed to have interests in the transaction that are different from or in addition to the interests of Media General’s Stockholders. On June 5, 2013, Media General entered into employment agreements with each of George L. Mahoney, James F. Woodward, James R. Conschafter, John R. Cottingham and Andrew C. Carington to serve after the closing of the transaction in the positions of President and Chief Executive Officer; Senior Vice President and Chief Financial Officer; Vice President, Broadcast Markets; Vice President, Broadcast Markets; and Vice President, General Counsel and Secretary, respectively, of the combined company. The employment agreements will become effective upon the closing of the transaction, and generally provide for similar terms for each of the officers, as more fully described below. Except as described below, the closing of the transaction will not trigger any payments or accelerated vesting pursuant to our existing and currently effective arrangements with our Directors and officers.





As of March 1, 2013, the Directors and executive officers of Media General owned, in the aggregate, 2,358,931 shares of Class A Common Stock (or approximately 8.7%) and 466,162 shares of Class B Common Stock (or approximately 85%) of Media General, which will be treated in the same manner as all other shares of Class A Common Stock and Class B Common Stock, as applicable, in the transaction. In addition, it is expected that the current Directors of Media General will serve on the Board of Directors of the combined company following the transaction, as further described in “Directors and Executive Officers of the Combined Company – Directors of the Combined Company” beginning on page 168.

### *Individual Agreements with Certain Officers*

The employment agreements each provide for a two-year term (three-year term for Mr. Mahoney) commencing upon the closing of the transaction. Under the employment agreements, Messrs. Mahoney, Woodward, Conschafter, Cottingham and Carington are entitled to annual base salary in the amount of \$625,000, \$500,000, \$450,000, \$430,000, and \$400,000 respectively, and are eligible to earn a target annual bonus (as a percentage of base salary) in amounts equal to 75% of base salary for Mr. Mahoney, 45% of base salary for Mr. Woodward, and 36% of base salary for each of Messrs. Conschafter, Cottingham and Carington. Each of the officers is entitled to participate in employee benefit plans and programs on the same basis as other senior executives, and certain other additional benefits. These additional benefits include, for Mr. Mahoney, company-paid club membership and company-paid home security services, for Messrs. Woodward and Carington, company-paid club membership, and for Messrs. Conschafter and Cottingham, participation in the combined company’s automobile program.

Each of the aforementioned officers (other than Mr. Mahoney) is entitled to receive, upon the closing of the transaction and subject to the officer’s employment with the combined company as of such date, a number of stock units equal to the amount determined by dividing the officer’s base salary by the closing per share price (\$9.76) of Class A Common Stock on the date of the public announcement of the transaction, June 6, 2013. One-half of the stock units granted to the officer shall vest on each of the first and second anniversaries of the closing of the transaction, subject to the officer’s employment with the combined company through each such anniversary. The vested stock units will be settled within 30 days following the vesting date. Each vested stock unit will entitle the officer to a payment in cash on the settlement date in an amount equal to the closing price per share of the combined company common stock on the date of vesting.

In the event the officer is terminated during the employment term by the combined company other than for cause or disability, or by the officer for good reason, which we refer to as a “qualifying termination,” the officer will be entitled to payment of:

1.5 times (2 times for Mr. Mahoney) the sum of (x) his base salary at the rate in effect immediately prior to termination plus (y) the target annual bonus opportunity for the year of such termination, which we refer to as the “severance payment;”

continuation of medical, dental, disability, and life insurance benefits for 12 months following the termination date; and

accelerated vesting of any equity or equity-based compensation held by the officer as of the termination date (other than with respect to the stock units described above).

In the event a qualifying termination occurs during the employment term following a change in control (as such term is defined in the employment agreements), the officer would be entitled to the payments and benefits as provided in the event of a qualifying termination, except the multiple in calculating the severance payment will be 2 times (3 times, for Mr. Mahoney). For purposes of the employment agreements, the closing of the transaction will not constitute a change in control.

Additionally, for Messrs. Conschafter and Cottingham, the employment agreements provide that each is entitled to payment of a transaction bonus in the amount of \$75,000, payable within 30 days following the closing of the transaction, subject to his continued employment through the closing date.

The employment agreements also provide that following the termination of the officer's employment for any reason during the employment term, he will be bound by noncompete and nonsolicitation covenants for a period of 12 months following such termination. The terms of the employment agreements were recommended by the Compensation Committee and approved by the disinterested members of Media General's Board of Directors in the same manner as provided in Section 13.1-691 of the VSCA.

### ***Indemnification of Directors and Officers***

Under the merger agreement, the combined company will indemnify and hold harmless all past and present Directors and officers of Media General and Young following the closing of the transaction to the fullest extent permitted under applicable law in connection with any actual or threatened claim, suit, or other action and any losses, claims, damages, costs, judgments, fines, penalties and other amounts paid in settlement in connection with any such claim, suit, or other action, whether instituted by Media General or Young, a government entity or any other person, for acts or omissions occurring at or prior to such closing (including in connection with the approval of the merger agreement and the closing of the transaction), and advance such person his or her legal and other expenses, subject to an undertaking by such person to reimburse such expenses in the event that it is ultimately determined that such person is not entitled to be indemnified.

In addition, the combined company's amended and restated Articles of Incorporation will provide that it shall indemnify (a) any person who was or is a party to any proceeding, including a proceeding brought by a Stockholder in the right of the combined company or brought by or on behalf of Stockholders of the combined company, by reason of the fact that he or she is or was a Director or officer of the combined company, except for liability resulting from such person having engaged in willful misconduct or a knowing violation of the criminal law, or (b) any Director or officer who is or was serving at the request of the combined company as a Director, trustee, partner or officer of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability incurred by him in connection with such proceeding unless he or she is engaged in willful misconduct or a known violation of criminal law. The combined company is also expressly required to pay or reimburse the reasonable expenses, including attorneys' fees, incurred by any applicant, Director or officer who is a party to a proceeding in advance of the final disposition of the proceeding. The advancement and reimbursement obligations of the combined company are subject to a written undertaking by the person to reimburse such expenses in the event that it is ultimately determined that the person is not entitled to indemnification due to an ultimate determination that such person's conduct failed to meet the required standard of conduct.

### ***Potential Change in Control and Termination Payments***

The named executive officers included in the table below are those who were reported in Media General's summary compensation table with respect to the fiscal year ended December 31, 2012, other than Marshall N. Morton (former President and Chief Executive Officer) and John A. Schauss (former Vice President of Market Operations), who retired on December 31, 2012 and June 29, 2012, respectively.

The table below sets forth an estimate of the total payments and benefits our named executive officers may become entitled to receive in the event the transaction is consummated, in each case assuming the applicable triggering event (*i.e.*, the closing of the transaction or the named executive officer's termination of employment in certain circumstances) occurred on August 23, 2013. All payments set forth below, other than the payment of the transaction bonuses to Messrs. Conschafter and Cottingham, and the awards of the stock units, are considered double-trigger benefits, meaning that such payments or benefits would be made only upon the named executive officer's termination of employment in certain circumstances.

Name	Cash	Stock Units (1)	Other Equity Compensation (2)	Benefits (3)	Other	Total
George L. Mahoney	\$2,187,500(4)	--	\$ 970,669	(5)	\$12,000 --	\$3,170,169
James F. Woodward	\$1,087,500(6)	\$500,000	\$ 384,789	(7)	\$12,000 --	\$1,984,289
James R. Conschafter	\$918,000 (8)	\$450,000	\$ 271,525	(9)	\$12,000 \$75,000(10)	\$1,726,525
John R. Cottingham	\$877,200 (11)	\$430,000	\$ 257,174	(12)	\$12,000 \$75,000(10)	\$1,651,374

The amounts in this column represent the value of the stock units to be awarded on the closing of the transaction. The number of stock units to which the applicable named executive officer is entitled will be calculated by dividing the executive's base salary (as set forth in the respective employment agreement) by \$9.76, which was the closing price of Class A Common Stock on the date of the public announcement of the transaction. The actual amount payable upon vesting of the stock units will be based on the fair market value of the combined company on the vesting date. The stock units will be granted on the closing of the transaction and, accordingly, are considered single-trigger payments. However, the named executive officer's entitlement to payments with respect to the stock units will be subject to his continued employment through the applicable vesting dates.

Amounts in this column represent the value of the full acceleration of the options to purchase shares of Media General common stock and the performance accelerated restricted stock which were unvested and outstanding immediately prior to the named executive officer's qualifying termination (which is defined above in the sub-section entitled "Individual Agreements with Certain Officers"). The value is based on a price of \$9.22 per share of Media General common stock (the average closing market price of Class A Common Stock on the NYSE over the first five business days following the first public announcement of the transaction on June 6, 2013).

The amounts in this column represent the estimated value of the continuation on the same terms as an active employee of medical, dental, disability and life insurance benefits for a period of 12 months, in accordance with assumptions under GAAP.

This amount represents the cash severance to which the executive would be entitled upon a qualifying termination, which equals (i) 2 times base salary, \$1,250,000 and (ii) 2 times his target annual bonus opportunity, \$937,500.

Mr. Mahoney's outstanding in-the-money equity holdings include: (i) 4,133 options at an exercise price of \$5.20, (ii) 12,066 options at an exercise price of \$4.98, (iii) 50,000 options at an exercise price of \$4.26 and (iv) 71,000 shares of performance accelerated restricted stock.

This amount represents the cash severance to which the executive would be entitled upon a qualifying termination, which equals (i) 1.5 times base salary, \$750,000 and (ii) 1.5 times his target annual bonus opportunity, \$337,500.

Mr. Woodward's outstanding in-the-money equity holdings include: (i) 1,633 options at an exercise price of \$5.20, (ii) 7,400 options at an exercise price of \$4.98, (iii) 16,000 options at an exercise price of \$4.26 and (iv) 29,000 shares of performance accelerated restricted stock.

(8) This amount represents the cash severance to which the executive would be entitled upon a qualifying termination, which equals (i) 1.5 times base salary, \$675,000 and (ii) 1.5 times his target annual bonus opportunity, \$243,000.

Mr. Conschafter's outstanding in-the-money equity holdings include: (i) 2,033 options at an exercise price of \$5.20, (9)(ii) 5,333 options at an exercise price of \$4.98, (iii) 10,600 options at an exercise price of \$4.26 and (iv) 20,400 shares of performance accelerated restricted stock.

This amount represents the transaction bonus payment amount of \$75,000, payable within 30 days following the (10)closing of the transaction. The transaction bonus payment is not conditioned upon a termination of the executive's employment and is therefore considered to be a single-trigger payment.

- (11) This amount represents an amount, payable in lump sum, equal to (i) 1.5 times base salary, \$645,000 and (ii) 1.5 times his target annual bonus opportunity, \$232,200.

Mr. Cottingham's outstanding in-the-money equity holdings include: (i) 1,867 options at an exercise price of (12) \$5.20, (ii) 4,866 options at an exercise price of \$4.98, (iii) 10,100 options at an exercise price of \$4.26 and (iv) 19,400 shares of performance accelerated restricted stock.

### **Employment Agreements with Certain Executive Officers of Young**

Media General has entered into employment agreements with each of Deborah A. McDermott and Robert Peterson to serve after the closing of the transaction in the positions within the combined company of Senior Vice President, Broadcast Markets, and Vice President, Broadcast Markets, respectively. The employment agreements will become effective upon the closing of the transaction, and generally provide for similar terms for each of the officers, as more fully described below.

The employment agreements provide for a three-year term for Ms. McDermott and a two-year term for Mr. Peterson, in each case commencing upon the closing of the transaction. Under the employment agreements, Ms. McDermott and Mr. Peterson are entitled to an annual base salary in the amount of \$575,000 and \$375,000, respectively, and are eligible to receive an annual bonus (as a percentage of base salary) in an amount equal to 45% of base salary for Ms. McDermott and 36% of base salary for Mr. Peterson. Each of the officers is entitled to participate in employee benefit plans and programs on the same basis as other senior executives, and certain other additional benefits. These additional benefits include, for Ms. McDermott, relocation benefits, and for both Ms. McDermott and Mr. Peterson, participation in the combined company's automobile program.

Each of the officers is entitled to receive, upon the closing of the transaction and subject to the officer's employment with the combined company as of such date, a number of stock units equal to the amount determined by dividing the officer's base salary by the closing per share price (\$9.76) of Class A Common Stock on the date of the public announcement of the transaction, June 6, 2013. One-half of the stock units granted to the officer shall vest on each of the first and second anniversaries of the closing of the transaction, subject to the officer's employment with the combined company through each such anniversary. The vested stock units will be settled within 30 days following the vesting date. Each vested stock unit will entitle the officer to a payment in cash on the settlement date in an amount equal to the closing price per share of the combined company common stock on the date of vesting.

In the event the officer is terminated during the employment term by the combined company other than for cause or disability, or by the officer for good reason, which we refer to as a "qualifying termination," the officer will be entitled to payment of:



1.5 times the sum of (x) his or her base salary at the rate in effect immediately prior to termination plus (y) the target annual bonus opportunity for the year of such termination, which we refer to in this proxy statement/prospectus as the severance payment;

continuation of medical, dental, disability, and life insurance benefits for 12 months following the termination date; and

accelerated vesting of any equity or equity-based compensation held by the officer as of the termination date (other than with respect to the stock units described above).

In the event a qualifying termination occurs during the employment term following a change in control (as such term is defined in the employment agreements), the officer would be entitled to the payments and benefits as provided in the event of a qualifying termination, except the multiple in calculating the severance payment will be 2 times. For purposes of the employment agreements, the closing of the transaction will not constitute a change in control.

The employment agreements also provide that following the termination of the officer's employment for any reason during the employment term, he or she will be bound by noncompete and nonsolicitation covenants for a period of 12 months following such termination.

### **Accounting Treatment of the Transaction**

The transaction will be accounted for using the purchase method of accounting in accordance with FASB Accounting Standards Codification Topic 805 (ASC 805), *Business Combination*. Media General management has evaluated the guidance contained in ASC 805 with respect to the identification of the acquirer in this business combination and concluded, based on a consideration of the pertinent facts and circumstances, that Media General will be the acquirer for financial accounting purposes. This means that Media General will allocate the value of the consideration to be paid to the Young equityholders based on the fair value of Young's assets and liabilities at the closing date, with the excess consideration to be recorded as goodwill. While the former Young equityholders will own approximately 67.5% of the fully-diluted common stock at consummation of the business combination, the following pertinent facts and circumstances support the conclusion that Media General will be the acquirer for financial accounting purposes:

Media General will issue shares to Young equityholders to effectuate the transaction.

Media General is approximately 50% larger than Young on the basis of revenue, assets, stations, employees and adjusted EBITDA.

The current President and Chief Executive Officer and Chief Financial Officer of Media General will serve as President and Chief Executive Officer and Chief Financial Officer of the combined company. All but two of the remaining officers of the combined company will be current Media General officers.

Additional considerations in reaching the determination that Media General is the acquirer included that Media General initiated the discussions relating to the transaction and that the combined company will retain the name Media General and be headquartered in Richmond, Virginia.

### **Listing of Combined Company Common Stock**

The combined company expects to obtain approval to list on the NYSE the shares of Voting Common Stock to be issued pursuant to the merger agreement, which approval is a condition to the closing of the transaction. The combined company Voting Common Stock is expected to be listed under the symbol "MEG." It is not expected that the combined company Non-Voting Common Stock will be listed on the NYSE or any other securities exchange.

### **Delisting and Deregistration of Class A Common Stock**

Upon completion of the transaction, the Class A Common Stock currently listed on the NYSE will cease to be listed on the NYSE and there will be no longer be a trading market for such stock. In addition, promptly following the closing, the Class A Common Stock will be deregistered under the Exchange Act and Media General will no longer file periodic reports with the SEC with respect to the Class A Common Stock. However, following the completion of the transaction, the combined company will file periodic reports with the SEC with respect to the Voting Common Stock.

### **Regulatory Approvals**

*Antitrust Authorities.* Under the HSR Act, and the related rules and regulations that have been issued by the U.S. Federal Trade Commission, which we refer to as the “FTC,” certain acquisition transactions may not be consummated until certain information and documentary material has been furnished for review by the FTC and the Antitrust Division of the U.S. Department of Justice, which we refer to as the “Antitrust Division,” and certain waiting period requirements have been observed. These requirements apply to the combination merger.

Under the HSR Act, the combination merger may not be completed until the expiration of a thirty-calendar day waiting period which began when Media General and Young filed a Notification and Report Form under the HSR Act with the FTC and the Antitrust Division unless extended by a Request for Additional Information. Pursuant to the terms of the merger agreement, Media General and Young filed Notification and Report Forms on June 28, 2013. On July 29, 2013 the waiting period applicable to the combination merger under the HSR act expired without a request for additional information.

At any time before or after the completion of the transaction, the Antitrust Division or the FTC could take such action under the antitrust laws as either deems necessary or desirable in the public interest, including seeking to enjoin the completion of the combination merger, seeking to unwind the combination merger or seeking the divestiture of substantial assets of Media General or Young (or their respective subsidiaries). State attorneys general may also bring legal action under both state and federal antitrust laws, as applicable. Private parties may also bring legal action under the antitrust laws under certain circumstances.

*Federal Communications Commission.* Under U.S. federal communications laws, Media General and Young may not complete the combination merger unless they have first obtained the FCC's consent. FCC approval is sought through the filing of transfer of control applications with the FCC, which are subject to public comment and objections from third parties. The FCC cannot grant the applications until they have been out on public notice for a minimum of 30 days. Media General and Young filed applications with the FCC seeking the FCC's consent on July 3, 2013. The FCC put the applications for Media General's broadcast licenses on public notice on July 9, 2013, and put the applications for Young's broadcast licenses on public notice on July 9, 2013. The timing or outcome of the FCC approval process cannot be predicted.

Media General and Young have each agreed to use reasonable best efforts to obtain as promptly as practicable any necessary consents, approvals, waivers and authorizations of any governmental entity in connection with the combination merger. For a further description, see "The Agreements – Description of the Merger Agreement – Efforts to Consummate the Transaction" beginning on page 110.

There can be no assurance that a challenge to the transaction on antitrust, FCC or other regulatory grounds will not be made or, if such a challenge is made, the result of such challenge.

### **State Takeover Statutes**

*Virginia Affiliated Transactions Statute.* Virginia law contains provisions governing "affiliated transactions." In general, these provisions prohibit any person, who without the prior approval of a Virginia public corporation's Board of Directors becomes the holder of more than 10% of any class of the corporation's outstanding voting shares, or an

interested Stockholder, for a period of three years from the time such person became an interested Stockholder, from engaging in an affiliated transaction with the corporation. See “Description of Combined Company Capital Stock – Affiliated Transactions” beginning on page 177 for a more detailed description of Virginia’s affiliated transactions statute. Media General’s Board of Directors has determined that the reclassification merger, the combination merger and the issuance of shares of common stock of the combined company in connection with the reclassification merger and the combination merger are not subject to Virginia’s affiliated transactions statute.

*Control Share Acquisitions Statute.* Virginia law contains provisions regulating certain “control share acquisitions.” In general, these provisions limit the voting rights of any person acquiring beneficial ownership of shares of a Virginia public corporation that meet or exceed certain threshold percentages. See “Description of Combined Company Capital Stock – Control Share Acquisitions” beginning on page 179 for a more detailed description of Virginia’s control share acquisitions statute. Media General’s Board of Directors has determined that the reclassification merger, the combination merger and the issuance of shares of common stock of the combined company in connection with the reclassification merger and the combination merger are not subject to Virginia’s control share acquisitions statute.

## **Appraisal Rights**

Holders of Class B Common Stock are entitled to appraisal rights under Article 15 of the VSCA in connection with the reclassification merger. Holders of Class B Common Stock are urged to consult with their legal counsel to determine the appropriate procedures for asserting appraisal rights. No further notice of the events giving rise to appraisal rights or deadlines for related actions will be provided by Media General to holders of Class B Common Stock prior to the Special Meeting. Media General's audited financial statements for the fiscal year ended December 31, 2012 are included in Media General's annual report on Form 10-K filed with the SEC on February 28, 2013, and Media General's quarterly financial statements for the period ended March 31, 2013 are included in Media General's quarterly report on Form 10-Q filed with the SEC on May 10, 2013. Such financial statements are available at the SEC's website at [www.sec.gov](http://www.sec.gov) or by requesting copies of such financial statements from Media General. Holders of Class A Common Stock are not entitled to appraisal rights under Article 15 of the VSCA.

**A vote in favor of the reclassification proposal by a holder of Class B Common Stock will result in a waiver of such holder's appraisal rights.**

The following discussion is only a summary, does not purport to be a complete statement of the law pertaining to appraisal rights under the VSCA and is qualified in its entirety by reference to Article 15 of the VSCA. Holders of Class B Common Stock are urged to read Article 15 of the VSCA, which is reprinted in its entirety as Annex H to this proxy statement/prospectus carefully and in its entirety.

Under the VSCA, holders of Class B Common Stock who follow the procedures set forth in Article 15 of the VSCA will be entitled to receive payment of the "fair value" of their shares of Class B Common Stock. Any holder of Class B Common Stock who wishes to exercise appraisal rights should review the following discussion and Annex H carefully because failure to comply in a timely and proper manner with the procedures specified may result in the loss of appraisal rights under the VSCA.

A holder of Class B Common Stock wishing to exercise appraisal rights must deliver to Media General, prior to or at the Special Meeting (but in any event before the vote on the reclassification proposal is taken), a written notice of intent to demand payment for such holder's shares of Class B Common Stock if the reclassification merger becomes effective. All notices of intent should be sent or delivered to Andrew C. Carington, Corporate Secretary, Media General, Inc., 333 E. Franklin Street, Richmond, Virginia 23219. A holder of Class B Common Stock delivering a notice of intent must not vote his or her shares of Class B Common Stock in favor of the reclassification proposal or he or she will lose his or her appraisal rights.

If the reclassification proposal is approved and the reclassification merger becomes effective, within 10 days after the effective date of the reclassification merger, the combined company will deliver an appraisal notice in writing to all holders of Class B Common Stock who correctly and timely delivered a notice of intent and also did not vote for the reclassification proposal, as described above. We refer to such holders as “dissenting Stockholders.” The appraisal notice will (i) state where the dissenting Stockholder’s payment demands should be sent and where and when stock certificates should be deposited; (ii) set a date by which the combined company must receive the payment demand; (iii) set forth the combined company’s estimate of the fair value of the Class B Common Stock; and (iv) include such other information as required by the VSCA. Under Article 15 of the VSCA, “fair value” means the value of the shares of Class B Common Stock determined immediately before the effectuation of the reclassification merger, using customary and current valuation concepts and techniques generally employed for similar businesses in the context of a merger, without discounting for lack of marketability or minority status.

A dissenting Stockholder to whom an appraisal notice is sent must demand payment within the time specified in the appraisal notice, deposit his or her stock certificates representing shares of Class B Common Stock in accordance with the terms of the appraisal notice and make certain certifications required by the VSCA. If a Stockholder is not the record holder of his or her shares of Class B Common Stock, the Stockholder must also submit to the combined company the record holder’s written consent to the assertion of appraisal rights. If a dissenting Stockholder fails to take such actions, the dissenting Stockholder loses his or her appraisal rights.

Within 30 days of the due date for receipt of payment demands, the combined company must pay each dissenting Stockholder its estimate of the fair value of each dissenting Stockholder’s shares of Class B Common Stock plus accrued interest. With any payment, the combined company must provide or make available Media General’s most recent annual and quarterly financial statements and a description of the procedure a dissenting Stockholder may follow if he or she is not satisfied with the payment.

The combined company may elect to withhold payment of its estimate of the fair value of the dissenting Stockholders' Class B Common Stock if the dissenting Stockholder acquired, or is deemed to have acquired in accordance with Article 15 of the VSCA, his or her shares of Class B Common Stock after the merger agreement was announced or publicized. In these circumstances, the combined company will estimate the fair value of the dissenting Stockholder's shares of Class B Common Stock plus accrued interest and will offer to pay this amount to each dissenting Stockholder who agrees to accept it in full satisfaction of his or her demand. With any such offer, the combined company must provide or make available Media General's most recent annual and quarterly financial statements and include a description of the procedure a dissenting Stockholder may follow if he or she is not satisfied with the offer.

A dissenting Stockholder who is not satisfied with the amount paid or offered by the combined company must notify the combined company in writing of the dissenting Stockholder's own estimate of the fair value of his or her Class B Common Stock and the amount of interest due (less any amount that may have been already received by the dissenting Stockholder from the combined company) and demand that the combined company pay this estimated amount. This notice must be given in writing within 30 days of the date that the combined company made or offered to make payment for the dissenting Stockholder's Class B Common Stock.

If a dissenting Stockholder's demand for payment remains unsettled, the combined company is obligated to commence a proceeding in a Virginia circuit court to determine the fair value of Class B Common Stock and accrued interest within 60 days of the receipt of the dissenting Stockholder's payment demand. If the combined company fails to commence such proceeding in accordance with the VSCA, the combined company must pay the dissenting Stockholder the amount demanded by the dissenting Stockholder.

Dissenting Stockholders considering seeking appraisal should be aware that the fair value of their Class B Common Stock, as determined under Article 15 of the VSCA, could be more than, the same as or less than the value of the consideration that would be paid to them pursuant to the merger agreement. The costs and expenses of any appraisal proceeding will be determined by the court and assessed against the combined company unless the court determines that the dissenting Stockholder did not act in good faith in demanding payment of the fair value of his or her Class B Common Stock, in which case such costs and expenses may be assessed against the dissenting Stockholder.

If any holder of Class B Common Stock who demands appraisal of his or her shares of Class B Common Stock under Article 15 fails to perfect his or her appraisal rights before depositing the Stockholder's stock certificates as required by the VSCA or thereafter effectively withdraws from the appraisal process, as provided in the VSCA, such Stockholder's Class B Common Stock will be converted into the right to receive the reclassification merger consideration in accordance with the merger agreement. Any Stockholder who demands appraisal of his or her shares under Article 15 or otherwise fails to perfect his or her right to appraisal, as provided in the VSCA, after the combined company pays or offers to pay its estimate of the fair value of those shares, will waive his or her right to demand further payment and will only be entitled to the payment made or offered by the combined company. Once the date set forth in the appraisal notice by which a Stockholder can withdraw his or her demand for payment has passed, a Stockholder may withdraw his or her demand only with the consent of the combined company.



The receipt of cash by dissenting Stockholders for their Class B Common Stock will be taxable to such dissenting Stockholders. Holders of Class B Common Stock that demand appraisal of their shares of Class B Common Stock should consult their tax advisors regarding the particular tax consequences to them of the transaction and the exercise of appraisal rights.

In view of the complexity of Article 15 of the VSCA, Class B Common Stockholders who may wish to pursue appraisal rights should consult their legal advisors. Media General has concluded that holders of Class A Common Stock are not entitled to appraisal rights under Article 15 of the VSCA.

## **MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

The terms and conditions of the proposed business combination of Media General and Young are contained in the merger agreement and are summarized in this proxy statement/prospectus. Under the merger agreement, Merger Sub 1, a direct wholly owned subsidiary of Media General, will merge with and into Media General, with Media General continuing as the surviving corporation. We refer to this first step of the transaction as the “reclassification merger.” Immediately after the reclassification merger becomes effective, Merger Sub 2, a direct wholly owned subsidiary of Media General, will merge with and into Young, with Young continuing as the surviving corporation and a direct wholly owned subsidiary of Media General. We refer to this second step of the transaction as the “combination merger.” Immediately after the combination merger becomes effective, Young will merge with and into Merger Sub 3, a direct wholly owned subsidiary of Media General, with Merger Sub 3 continuing as the surviving limited liability company and a direct wholly owned subsidiary of Media General. We refer to this third step of the transaction as the “conversion merger,” and we refer to the combination merger and the conversion merger together as the “combination transaction.” The parties have structured the transaction to include both the second-step combination merger as well as the third-step conversion merger to provide further assurance that the business combination of Media General and Young will not be taxable to Media General or Young.

The following is a general discussion of the material U.S. federal income tax consequences of the reclassification merger to U.S. holders (as such term is defined below) of Media General Class A Common Stock and Media General Class B Common Stock. This discussion is based on the Code, U.S. Treasury regulations, administrative rulings and judicial decisions, all as currently in effect and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. Any change could affect the accuracy of the statements and conclusions set forth in this discussion. This discussion applies only to U.S. holders that hold their Media General Class A Common Stock or Media General Class B Common Stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Further, this discussion does not address all aspects of U.S. federal taxation that may be relevant to a particular holder in light of its personal circumstances or to holders subject to special treatment under the U.S. federal income tax laws, including:

banks, insurance companies and other financial institutions;

mutual funds;

tax-exempt organizations;

non-U.S. holders;

regulated investment companies and real estate investment trusts;

holders liable for the alternative minimum tax;

holders that have a functional currency other than the U.S. dollar;

pass-through entities and investors in such entities;

dealers or brokers in securities or foreign currencies;

U.S. expatriates;

traders in securities who elect to apply a mark-to-market method of accounting;

holders that exercise appraisal rights;

holders who hold their Media General Class A Common Stock or Media General Class B Common Stock as part of a hedge, appreciated financial position, straddle, constructive sale, conversion transaction or other risk reduction transaction; and

holders who acquired their shares of Media General Class A Common Stock or Media General Class B Common Stock pursuant to the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan.

In addition, this discussion does not address any alternative minimum tax or any state, local or non-U.S. tax consequences, nor does it address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010.

For purposes of this discussion, the term “U.S. holder” means: (i) an individual who is a citizen or resident of the United States; (ii) a corporation or other entity taxable as a corporation for U.S. federal income tax purposes created or organized under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source; or (iv) a trust if it (A) is subject to the supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (B) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

This discussion does not address the tax treatment of partnerships (or entities or arrangements that are treated as partnerships for U.S. federal income tax purposes) or persons that hold their Media General Class A Common Stock or Media General Class B Common Stock through partnerships or other pass-through entities for U.S. federal income tax purposes. If a partnership, including any entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds shares of Media General Class A Common Stock or Media General Class B Common Stock, the U.S. federal income tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. Such partners and partnerships should consult their own tax advisors regarding the particular tax consequences of the transaction to them.

Tax matters can be complicated. Holders should consult their tax advisors regarding the particular tax consequences of the transaction to them, including the effects of U.S. federal, state, local, non-U.S. and other tax laws.

It is intended that, for U.S. federal income tax purposes, each of the reclassification merger and the combination transaction will qualify as a “reorganization” within the meaning of Section 368(a) of the Code. It is a condition to Media General’s obligation to complete the combination merger that Media General receive a written opinion from Fried Frank, counsel to Media General, to the effect that for U.S. federal income tax purposes the combination transaction will qualify as a “reorganization” within the meaning of Section 368(a) of the Code. It is a condition to Young’s obligation to complete the combination merger that Young receive a written opinion from Debevoise, counsel

to Young, to the effect that for U.S. federal income tax purposes the combination transaction will qualify as a “reorganization” within the meaning of Section 368(a) of the Code. In addition, in connection with the filing of the registration statement of which this proxy statement/prospectus is a part, Fried Frank will deliver a written opinion to Media General to the effect that for U.S. federal income tax purposes (i) the reclassification merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Code and (ii) no gain or loss will be recognized by either Media General or Young as a result of the combination transaction. The opinions described above are and will be based on facts, representations, assumptions and exclusions set forth or referred to in such opinions, and on representation letters. None of these opinions are binding on the IRS or the courts, and neither Media General nor Young intend to request a ruling from the IRS regarding any matter relating to the transaction. Consequently, no assurance can be given that the IRS will not assert, or that a court would not sustain a position contrary to any of those described herein. In addition, if any of the representations or assumptions upon which such opinions are based are inconsistent with the actual facts, the U.S. federal income tax consequences of the transaction could be affected.

The U.S. federal income tax consequences of the reclassification merger to U.S. holders of Media General Class A Common Stock and Media General Class B Common Stock will be as follows:

A U.S. holder will not recognize gain or loss upon exchanging Media General Class A Common Stock or Media General Class B Common Stock for Media General common stock in the reclassification merger. A U.S. holder's aggregate tax basis in the shares of Media General common stock received in the reclassification merger will equal the aggregate adjusted tax basis in the shares of Media General Class A Common Stock or Media General Class B Common Stock surrendered. A U.S. holder's holding period for the shares of Media General common stock received in the reclassification merger will include the holder's holding period for the shares of Media General Class A Common Stock or Media General Class B Common Stock surrendered.

U.S. holders who hold their Media General Class A Common Stock or Media General Class B Common Stock with differing bases or holding periods should consult their tax advisors with regard to identifying the bases or holding periods of the particular Media General common shares received in the reclassification merger.

Following the reclassification merger, a U.S. holder generally will not recognize gain or loss upon the conversion of such holder's (i) Media General Voting Common Stock into Media General Non-Voting Common Stock, or (ii) Media General Non-Voting Common Stock into Media General Voting Common Stock.

The discussion of the material U.S. federal income tax consequences set forth above is not a complete description of all of the consequences of the transaction. Holders should consult their tax advisors regarding the particular tax consequences of the transaction to them, including the effects of U.S. federal, state, local, non-U.S. and other tax laws.

## THE AGREEMENTS

The following summary describes certain material provisions of the merger agreement, the standstill and lock-up agreement, the registration rights agreement, the voting agreements and certain letter agreements entered into in connection with the transaction, and is qualified in its entirety by reference to those agreements. Copies of the merger agreement and the plan of merger are attached to this proxy statement/prospectus as Annexes A and B, respectively, and are incorporated by reference into this proxy statement/prospectus. The standstill and lock-up agreement, the registration rights agreement, the voting agreements and the letter agreements are each filed as an exhibit to the registration statement on Form S-4 to which this proxy statement/prospectus relates and are incorporated by reference into this proxy statement/prospectus. This summary may not contain all of the information about the agreements that may be important to you. We encourage you to carefully read each of the agreements in its entirety for a more complete understanding of the transaction.

### Description of the Merger Agreement

*This section of the proxy statement/prospectus describes certain material terms of the merger agreement. The following summary is qualified in its entirety by reference to the complete text of the merger agreement, which is incorporated by reference and attached as Annex A to this proxy statement/prospectus. We urge you to read the entire merger agreement.*

*The merger agreement and the discussion under the heading “Description of the Merger Agreement” have been included to provide you with information regarding the terms of the merger agreement. They are not intended to provide any other factual information about Media General, Young or Merger Sub 1, Merger Sub 2 or Merger Sub 3, which we refer to as the “merger subsidiaries.” That information can be found elsewhere in this proxy statement/prospectus and in the other public filings made by Media General with the SEC, which are available without charge at [www.sec.gov](http://www.sec.gov). See “Where You Can Find More Information” beginning on page 189.*

On June 5, 2013, Media General entered into the merger agreement with Young and the merger subsidiaries. The merger agreement provides, among other things, for the following:

the reclassification of Media General’s existing Class A Common Stock and Class B Common Stock into shares of a new class of Voting Common Stock (and, with respect to one Stockholder of Media General, shares of a new class of Non-Voting Common Stock) through the reclassification merger of Merger Sub 1 with and into Media General, with Media General surviving the merger;

the combination merger of Merger Sub 2 with and into Young, with Young surviving the merger as a wholly owned subsidiary of Media General and the issuance to Young equityholders of shares of Voting Common Stock (and, to the extent elected by Young equityholders, shares of a new class of Non-Voting Common Stock) in that merger;

the conversion merger of Young with and into Merger Sub 3, with Merger Sub 3 surviving the merger as a wholly owned subsidiary of Media General.

***Closing and Effective Times of the Mergers***

The closing of the transaction will take place at 10:00 a.m. local time, in New York City, on the second business day after the satisfaction or waiver of the conditions set forth in the merger agreement (other than those conditions that are to be satisfied or waived at the closing, but subject to such satisfaction or waiver), unless another time or date is agreed to by Media General and Young.

***Articles of Incorporation and Bylaws of Media General***

At the effective time of the reclassification merger, Media General's Articles of Incorporation will be amended in their entirety to be in the form attached to this proxy statement/prospectus as Annex C, which is incorporated by reference. In addition, in connection with the reclassification merger, the Board of Directors of Media General will amend the By-laws of Media General to be in the form attached to this proxy statement/prospectus as Annex D, which is incorporated by reference. Descriptions of certain key provisions of the Articles of Incorporation and By-laws as so amended, which will be the Articles of Incorporation and By-laws of the combined company after the closing, are included under "Description of Combined Company Capital Stock" beginning on page 175, and "Comparison of Stockholders Rights" beginning on page 180.



### ***Directors and Officers of the Combined Company***

Pursuant to the merger agreement, prior to the consummation of the reclassification merger the Board of Directors of Media General is required to fix the size of Media General's Board of Directors at 14 members and to appoint the five current Directors of Young, H.C. Charles Diao, Soohyung Kim, Howard Schrott, Kevin Shea and Thomas J. Sullivan, to the Board of Directors effective as of the combination merger. In the event that any of the foregoing individuals becomes unable or unwilling to serve as a member of the combined company's Board of Directors, then the board will appoint a replacement designee selected by Young; provided, that at least four of the individuals to be added to the board qualify as independent Directors. These five Directors will join the Directors of the Media General serving immediately before closing to serve as the initial members of the Board of Directors of the combined company.

Pursuant to the merger agreement, the officers of Media General serving immediately prior to closing will continue as the officers of the combined company. In addition, the Board of Directors of the combined company will appoint Deborah McDermott, the current President and Chief Executive Officer of Young, as the combined company's Senior Vice President of Broadcast Stations, and Robert Peterson, the current Vice President – Station Operations of Young, as a Vice President, Broadcast Markets of the combined company, in each case, effective as of the combination merger.

For a further description of the governance of the combined company following the closing of the transaction, see "Description of Combined Company Capital Stock" beginning on page 175 and "Comparison of Stockholders Rights" beginning on page 180.

### ***Headquarters***

Following the closing of the transaction, the headquarters and principal executive offices of the combined company will continue to be located in Richmond, Virginia.

### ***Consideration in the Reclassification Merger***

In the reclassification merger, each outstanding share of Class A Common Stock and Class B Common Stock will be automatically converted on a one-for-one basis into one share of a newly-created class of Voting Common Stock, except that shares of Class A Common Stock held by Berkshire Hathaway and its affiliates will be converted on a one-for-one basis into shares of a newly-created class of Non-Voting Common Stock to the extent (but only to such extent) necessary to ensure that immediately following the combination merger, Berkshire Hathaway or any of its

affiliates will hold no more than 4.99% of the outstanding shares of the Voting Common Stock of the combined company.

The shares of Media General's common stock to be issued in the reclassification merger will represent approximately 32.5% of the fully diluted shares of outstanding common stock of the combined company after giving effect to the transaction.

### ***Appraisal Rights***

Shares of Class B Common Stock in respect of which the holders thereof perfect appraisal rights under Virginia law will not be converted into Voting Common Stock and such holders shall be entitled to receive payment of the appraised value of such shares of Class B Common Stock in accordance with Virginia law. For further information on appraisal rights, see "The Transaction – Appraisal Rights" beginning on page 94.

***Consideration in the Combination Merger***

At the effective time of the combination merger:

each outstanding share of Young's common stock will be converted into the right to receive 730.6171 shares of Voting Common Stock;

each issued and outstanding warrant to purchase shares of Young's class A common stock will be converted into the right to receive 730.6171 shares of Voting Common Stock for each share of Young's class A common stock subject to issuance under such warrants.

Media General expects to issue approximately 60.2 million shares of its Voting Common Stock to the Young equityholders in connection with the combination merger, representing approximately 67.5% of the fully diluted shares of outstanding common stock of the combined company after giving effect to the transaction. However, each Young equityholder will have the option to receive shares of Non-Voting Common Stock for all or a portion of the shares of Voting Common Stock that the holder was otherwise entitled to receive (substituting shares of Non-Voting Common Stock for shares of Voting Common Stock on a one-for-one basis).

The Young equityholders may seek appraisal rights under Delaware law with respect to their shares of Young's common stock and, if such rights are perfected, such equityholders will be entitled to receive payment of the appraised value of such shares in accordance with Delaware law instead of receiving shares of common stock in connection with the combination merger. However, Young equityholders holding approximately 94.5% of the outstanding equity of Young have already consented to the transaction and waived such appraisal rights in writing.

Young does not have any outstanding stock options or other stock-based awards.

***Treatment of Company Stock Options and Other Stock-Based Awards***

At the effective time of the reclassification merger, each stock option of Media General outstanding immediately prior to such time will become an option to purchase the same number of shares of Voting Common Stock equal to the number of shares of Class A Common Stock subject to such stock option, on the same terms and conditions as applied to such stock option immediately prior to the effective time of the reclassification merger (including applicable vesting, exercise and expiration provisions).

At the effective time of the reclassification merger, each share of restricted stock of Media General and other awards or benefits measured by the value of a number of shares of Class A Common Stock (including restricted stock units, phantom units, deferred stock units, stock equivalents and dividend equivalents) will become an award on the same terms and conditions applicable to such restricted stock or other award immediately prior to the effective time of reclassification merger with respect to the number of shares of Voting Common Stock that is equal to the number of shares of Class A Common Stock subject to such award.

*Certain Representations and Warranties*

The merger agreement contains customary representations and warranties made by Media General and Young to each other. The representations and warranties in the merger agreement were made as of specific dates. The assertions embodied in those representations and warranties were made solely for purposes of the contract among Media General, Young and the merger subsidiaries and may be subject to important qualifications and limitations agreed to by Media General and Young in connection with negotiating the terms of the merger agreement. Additionally, subject to certain exceptions, the representations and warranties made by Media General in the merger agreement are qualified by the information disclosed by Media General with the SEC on or after January 1, 2012 and prior to the date of the merger agreement, excluding any risk factor disclosures, disclosure of risks in any “forward-looking statements” disclaimer and any other statements that are similarly predictive or forward-looking in nature. Moreover, certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a contractual standard of materiality (including, in many cases, “material adverse effect”) different from those generally applicable to Stockholders and in some cases may be qualified by disclosures made by one party to the other in disclosure letters delivered by such party to the other, which are not necessarily reflected in the merger agreement or were used for the purpose of allocating risk between Media General and Young rather than establishing matters as facts. Finally, information concerning the subject matter of the representations and warranties in the merger agreement may have changed since the date of the merger agreement, which may or may not be fully reflected in Media General’s public disclosures. Media General will provide additional disclosure in its public reports to the extent that it is aware of the existence of any material facts that are required to be disclosed under federal securities laws and that might otherwise contradict the terms and information contained in the merger agreement, and will update such disclosure as required by federal securities laws. The representations and warranties in the merger agreement do not survive the closing of the transaction. For the foregoing reasons, you should not rely on the representations and warranties in the merger agreement as statements of factual information. Some of the more significant representations and warranties that Media General and Young each made to the other relate to:

valid existence, good standing and corporate authority to conduct business, including with respect to its subsidiaries;

corporate authority to enter into the merger agreement and other agreements contemplated by the transaction, and to consummate such transaction;

approval of the merger agreement and the transaction by its Board of Directors;

capital stock, stock options and other equity interests;

absence of conflict with or breach of organizational documents, certain agreements and applicable law resulting from the execution and delivery of the merger agreement and the consummation of the transaction;

required governmental approvals;

financial statements;

broker's fees;

absence of certain changes or events;

litigation;

taxes;

employee benefits and labor matters;

compliance with applicable laws and possession of necessary permits and licenses;

existence and validity of, and compliance with, material contracts;

absence of certain undisclosed liabilities;

interests in real property;

compliance with environmental laws and other environmental matters;

inapplicability of state anti-takeover statutes and rights agreements;

internal controls and procedures;

insurance;

intellectual property;

transactions with related parties;

information supplied for inclusion in filings and notices;

compliance with anti-bribery laws, including the Foreign Corrupt Practices Act;

the Stockholder votes required to approve the merger agreement and the transactions contemplated by the merger agreement;

matters related to multi-channel video programming distributors;

opinions of financial advisors; and

ownership of the other party's equity securities.

In addition, Media General has made representations to Young relating to its SEC filings.

For purposes of the merger agreement, a "material adverse effect" with respect to a party and its subsidiaries is defined to mean a material adverse effect on the business, financial condition or results of operations of the party and its subsidiaries taken as a whole. However, for purposes of determining whether there has been or there is reasonably likely to be a material adverse effect with respect to a party and its subsidiaries, the results of the following events or changes are not taken into account:

the failure to meet any internal or external projections, forecasts or estimates of earnings, revenues or other metrics for any period, except that any event or change causing such failure may be taken into account;

with respect to Media General, any change in the market price or trading volume of its Class A Common Stock, except that any event or change causing such failure may be taken into account;

any changes that generally affect the industries or markets in which the party and its subsidiaries operate (except to the extent that the party is materially and disproportionately affected as compared with other participants in the broadcast industry in the geographic markets in which the party operates, but only to the extent of such disproportionality);

changes generally in economic or financial markets, including changes in interest or exchange rates, regulatory or political conditions or in applicable laws or GAAP (except to the extent that the party is materially and disproportionately affected as compared with other participants in the broadcast industry in the geographic markets in which the party operates, but only to the extent of such disproportionality);

changes due to war or acts of terrorism (except to the extent that the party is materially and disproportionately affected as compared with other participants in the broadcast industry in the geographic markets in which the party operates, but only to the extent of such disproportionality);



the announcement or pendency of the merger agreement or the transaction or the identity of the other party or any of its affiliates or actions taken by the other party and the impact thereof on such party's relationships, contractual or otherwise, with agents, customers, suppliers, vendors, licensees, licensors, lenders, partners, employees or regulators, including the FCC;

the taking of any action required by, or failure to take any action prohibited by, the merger agreement or at the written request or with the prior written consent of the other party; and

earthquakes, hurricanes, floods or other natural disasters (except to the extent that the party is materially and disproportionately affected as compared with other participants in the broadcast industry in the geographic markets in which the party operates, but only to the extent of such disproportionality).

***Conduct of Media General's and Young's Businesses Pending the Transaction***

Prior to the closing of the transaction, except as expressly permitted by the merger agreement or unless otherwise consented to in writing by the other party (such consent not to be unreasonably withheld, conditioned or delayed), each of Media General and Young has agreed that it shall, and shall cause its respective subsidiaries to, conduct its business in all material respects in the ordinary course and use its reasonable best efforts to maintain its FCC licenses and rights of it and its subsidiaries thereunder and to preserve intact in all material respects its current business organization, goodwill, ongoing businesses and significant relationships with third parties.

Unless otherwise permitted under the merger agreement, or to the extent the other party otherwise consents in writing (such consent not to be unreasonably withheld, conditioned or delayed), each of Media General and Young has generally agreed that it will not:

declare or pay any dividends or make any distributions with respect to any of its capital stock or other equity securities (other than intercompany dividends and distributions);

split, recapitalize, subdivide, combine or reclassify any of its capital stock or other equity interests or issue or authorize any other securities in respect of shares of its capital stock or other equity interests;

purchase, redeem or otherwise acquire any shares of its capital stock or other equity interests (other than intercompany purchases or redemptions);

issue, deliver, sell, pledge or otherwise encumber or subject to any lien (other than certain permitted liens), any shares of its capital stock or other equity interests, or any rights, warrants, options or securities exercisable, convertible or exchangeable for, or the value of which is determined in reference to, any such shares of capital stock or other equity interests, except (i) with respect to Young, issuances of Young class A common stock pursuant to the exercise of warrants for the purchase of Young class A common stock, and (ii) with respect to Media General, grants and awards of stock options and other stock based awards as permitted by the merger agreement;

amend its organizational documents or any organizational documents of any of its subsidiaries;

(i) acquire or agree to acquire, through a merger or otherwise, any other person or entity, or (ii) outside the ordinary course of business, otherwise acquire any assets or properties, in an aggregate amount (measuring clauses (i) and (ii) collectively) in excess of \$25 million (provided that any related party transactions will require the consent of the other party);

sell, lease, license, subject to any lien (other than certain permitted liens), or otherwise dispose of any of its properties or assets (including intellectual property), other than in the ordinary course of business without material effect to the business of such party and its subsidiaries (in no event may such party or any of its subsidiaries participate in any spectrum auction involving the sale of such party's spectrum);

incur any indebtedness, except for borrowings under such party's existing credit facility in the ordinary course of business;

make any loans, advances or capital contributions to, or investments in, any person or entity other than such party or its wholly owned subsidiaries and ordinary course advances and reimbursements to employees;

change in any respect its accounting methods or principles, except as required by changes in GAAP or applicable law or change an annual accounting period;

make, change or revoke any material tax election, settle, compromise or consent to any extension or waiver of the limitation period applicable to any audit, assessment or claim for material taxes, amend any material tax return, enter into any closing agreement with any governmental entity regarding material taxes or surrender any claim for a refund of material taxes;

other than in the ordinary course of business consistent with past practice, terminate, amend, enter into or renew any material contract, or waive, release or assign any rights or claims under a material contract, except for the termination of any material contract pursuant to its terms;

modify or accede to the modification of any of its FCC licenses if doing so is reasonably likely to be materially adverse to the interests of the combined company and its subsidiaries in the operation of television broadcast stations or fail to provide the other party with a copy of (and a reasonable opportunity to review and comment on) any application to modify any of such party's FCC licenses reasonably in advance of filings with the FCC;

apply to the FCC for any construction permit that would restrict the party's stations' operations or make any material change in the assets of the party's stations that is not in the ordinary course of business, except as may be necessary or advisable to maintain effective transmission of the party's station signals within such station's service area;

make or authorize any new capital expenditures other than pursuant to the party's capital expenditure budget or any other capital expenditures to address exigent circumstances after consultation with the other party;

except to the extent required by a party's benefit plans, labor agreements or employment agreements:

grant or pay any increase in severance or termination pay, compensation or benefits of any current or former Director, officer or employee (except in the ordinary course of business and consistent with past practice to employees that are not Directors or senior managers);

grant or award any stock options or other stock-based awards (except that Media General may (i) grant options to purchase up to 225,000 shares or grant up to 57,000 shares of restricted stock in the ordinary course of business to

employees that are not Directors or senior managers and previously received such grant, and (ii) issue deferred stock units to Directors in the ordinary course);

o accelerate the payment, funding or vesting of any benefit provided to any current or former Director officer or employee; or

o enter into, waive, adopt or modify any benefit plan, labor agreement or employment agreement (except in the ordinary course of business and consistent with past practice),

provided that, if the transaction is not completed by December 1, 2013, a party may increase the base salary of its senior managers by 5% and:

o in the case of Young, grant cash-based annual incentive awards to senior managers, subject to certain limits; or

o in the case of Media General if the transaction is not completed by January 31, 2014, grant equity-based awards and cash-based annual incentive awards to senior managers, subject to certain limits;

o acquire any shares of capital stock of the other party or any other equity securities of the other party;

o adopt or enter into a plan of complete or partial liquidation, dissolution or other reorganization;

o pay, discharge or settle any litigation, arbitration, proceeding or claim which would reasonably be expected to limit or restrict the operation of its business or that of the combined company in any material respect, or would require the payment of an amount in excess of \$500,000 in the aggregate; or

o agree to take, make any commitment to take, or cause its Board of Directors to adopt any resolutions in support of, any such actions listed above.

***Restrictions on Media General's and Young's Solicitation of Acquisition Proposals***

Media General and Young are required to immediately cease all existing discussions with any other person relating to alternative acquisition proposals or acquisition inquiries. In addition, each of Media General and Young have agreed that it will not and will cause its respective subsidiaries not to and will use its reasonable best efforts to cause its and its subsidiaries' representatives not to, directly or indirectly:

o solicit, initiate, knowingly encourage or knowingly facilitate the making, submission or announcement of any acquisition proposal or acquisition inquiry with respect to such party;

o furnish any information regarding it or any of its subsidiaries to any person in connection with or in response to an acquisition proposal or acquisition inquiry with respect to such party;

o engage in discussions or negotiations with any person relating to any acquisition proposal or acquisition inquiry with respect to such party;

o approve, endorse or recommend any acquisition proposal or acquisition inquiry with respect to such party;

in the case of Young, withdraw or propose to withdraw its approval and recommendation of the merger agreement and the transaction; or

enter into any letter of intent, agreement in principle, merger, acquisition, purchase or joint venture agreement or other similar agreement (other than, in the case of Media General, a confidentiality agreement as discussed below) for any alternative transaction with respect to such party.

Notwithstanding the foregoing, if Media General receives a bona fide unsolicited written acquisition proposal, not resulting from a violation of the non-solicitation covenants in the merger agreement, prior to receiving the approval of the transaction by its Stockholders, Media General may contact the person making such proposal to clarify the terms and conditions of such proposal. In addition, Media General may (i) provide information to such person following such person's execution of a confidentiality agreement no less restrictive than the confidentiality agreement executed by Young and (ii) enter into negotiations with such person regarding such person's acquisition proposal, provided that:

such acquisition proposal did not result from a breach of Media General's non-solicitation obligations in the merger agreement;

Media General's Board of Directors determines in its good faith judgment, after consulting with outside counsel and nationally recognized third party financial advisors, that such acquisition proposal constitutes or would reasonably be expected to lead to a superior offer for Media General (assuming the support of the holders of the Class B Common Stock);

failing to take such actions would be reasonably likely to be inconsistent with the board's fiduciary duties under applicable law; and

Media General must give Young notice prior to taking any such actions and, within 48 hours, provide Young with any non-public information provided to such persons making an acquisition proposal not previously provided to Young.

Media General's Board of Directors may not (i) modify or withdraw its recommendation of the merger agreement and the transaction in a manner adverse to Young, (ii) approve or recommend, or propose publicly to approve or recommend, or take a neutral position with respect to, an alternative acquisition proposal for Media General or (iii) approve or recommend, or propose publicly to approve or recommend, or cause Media General or its subsidiaries to enter into any agreement in respect of an acquisition proposal for Media General (other than a confidentiality agreement in compliance with the merger agreement). However, the Board of Directors may change its recommendation (other than in connection with an acquisition proposal) prior to Media General receiving the approval of the transaction by its Stockholders if the Board of Directors determines in its good faith judgment, after consulting with outside counsel, that failing to take such action would be reasonably likely to be inconsistent with the board's fiduciary duties under applicable law. Media General must provide Young with three business days prior written notice of such action.

Media General and Young must each promptly advise, in the case of Media General within 48 hours, the other of any acquisition proposal or acquisition inquiry made with respect to such party, including the identity of the person making such proposal or inquiry and the terms thereof, prior to the termination of the merger agreement. In addition, Media General must keep Young informed on a current basis regarding the material developments in status and terms related to an acquisition proposal or acquisition inquiry, including whether such proposal or inquiry has been withdrawn or rejected and any material changes to the terms thereof.

An "acquisition inquiry" means an inquiry, indication of interest or request for nonpublic information from a third party that could reasonably be expected to lead to an acquisition proposal.

An "acquisition proposal" means any offer or proposal of a third party contemplating or otherwise relating to any transaction or possible transaction or series of related transactions with a person or group (as defined in the Exchange Act) concerning any:

merger, consolidation, business combination, share exchange, joint venture or similar transaction involving Media General or Young, as applicable, or any of their subsidiaries, pursuant to which such person or group would own 15% or more of the consolidated assets, revenues or net income of Media General or Young, as applicable, and its subsidiaries, taken as a whole;

sale, lease, license or other disposition of assets of Media General or Young, as applicable, (including equity interests of any of its subsidiaries) or any subsidiary of Media General or Young, as applicable, representing 15% or more of the consolidated assets, revenues or net income of Media General or Young, as applicable, and its subsidiaries, taken as a whole;

issuance or sale or other disposition of equity interests representing (i) 15% or more of the issued and outstanding equity securities of Media General or Young, as applicable, or (ii) with respect to Media General, 50% or more of the issued and outstanding Class B Common Stock;

transaction or series of transactions in which any person or group would acquire beneficial ownership or the right to acquire beneficial ownership of equity interests representing (i) 15% or more of the issued and outstanding equity securities of Media General or Young, as applicable, or (ii) with respect to Media General, 50% or more of the issued and outstanding Class B Common Stock; or

any combination of the foregoing.



A “superior offer” for Media General means a bona fide written acquisition proposal (except that references in the definition of acquisition proposal to “15%” shall be replaced by “50%”) with respect to Media General that is determined by its Board of Directors, in its good faith judgment, after consulting with a nationally recognized third party financial advisor and outside legal counsel, and after taking into account all the terms of the acquisition proposal (including, without limitation, the legal, financial and regulatory aspects of such proposal, the availability of any financing, the identity of the person making such proposal, the anticipated time of completion of the proposed transaction and the conditions for completion of such proposal) (i) to be more favorable, from a financial point of view, to Media General’s Stockholders than the transaction contemplated by the merger agreement (taking into account any revisions proposed by Young to the merger agreement and other transaction documents) and (ii) is reasonably expected to be consummated.

***Change of Recommendation by Media General’s Board of Directors in Connection with a Superior Offer***

Media General’s Board of Directors may change its recommendation in connection with a superior proposal if, prior to the approval of the transaction by Media General’s Stockholders:

Media General receives a bona fide unsolicited acquisition proposal that did not result from a violation of the restrictions described in “Restrictions on Media General’s and Young’s Solicitation of Acquisition Proposals” above;

Media General’s Board of Directors determines in its good faith judgment, after consulting with its outside legal counsel and nationally recognized third party financial advisors, that such acquisition proposal constitutes a superior offer for Media General (assuming the support of the holders of its Class B Common Stock);

Media General provides three business days prior notice to Young that it intends to take such action and the reasons for such action;

to the extent requested by Young during the applicable notice period, Media General negotiates in good faith with Young with respect to any revisions to the merger agreement or the transaction documents so that such acquisition proposal ceases to constitute a superior offer; and

Media General’s Board of Directors continues to believe, following any such negotiations with respect to revisions, in its good faith judgment, after consulting with its outside legal counsel and nationally recognized third party financial advisors, that such acquisition proposal constitutes a superior offer (assuming the support of the holders of the Class B Common Stock) and that the failure to take such action would reasonably be likely to be inconsistent with the board’s fiduciary duties under applicable law.

Young may terminate the merger agreement following a change of recommendation by Media General's Board of Directors, and in such event, Media General will be required to pay Young a termination fee of \$12 million.

***Termination by Media General in Connection with a Superior Offer***

Media General may terminate the merger agreement to enter into an agreement for a superior proposal if, prior to the approval of the transaction by Media General's Stockholders:

Media General receives a bona fide unsolicited acquisition proposal that did not result from a violation of the restrictions described in "Restrictions on Media General's and Young's Solicitation of Acquisition Proposals" above;

Media General's Board of Directors determines in its good faith judgment, after consulting with its outside counsel and nationally recognized third party financial advisors, that such acquisition proposal constitutes a superior offer for Media General;

Media General provides three business days prior notice to Young that it intends to take such action and the reasons for such action;

to the extent requested by Young during the applicable notice period, Media General negotiates in good faith with Young with respect to any revisions to the merger agreement or the transaction documents so that such acquisition proposal ceases to constitute a superior offer;

Media General's Board of Directors continues to believe, following any such negotiations with respect to revisions, in its good faith judgment, after consulting with its outside counsel and nationally recognized third party financial advisors, that such acquisition proposal constitutes a superior offer and that the failure to take such action would reasonably be likely to be inconsistent with the board's fiduciary duties under applicable law; and

Media General pays Young a termination fee of \$12 million upon termination.

***Director and Officer Indemnification and Insurance***

Media General, as the entity surviving the reclassification merger, and Merger Sub 3, as the entity surviving the conversion merger of Merger Sub 3 and Young, will indemnify and hold harmless all past and present Directors and officers of Media General and Young following the closing of the transaction to the fullest extent permitted under applicable law in connection with any actual or threatened claim, suit, or other action and any losses, claims, damages, costs, judgments, fines, penalties and other amounts paid in settlement in connection with any such claim, suit, or other action, whether instituted by Media General or Young, a government entity or any other person, for acts or omissions occurring at or prior to such closing (including in connection with the approval of the merger agreement and the closing of the transaction), and advance to such persons their legal costs and other expenses, subject to an

undertaking by any such person to reimburse such expenses in the event that it is ultimately determined that such person is not entitled to be indemnified.

Media General and Young agreed that all rights to indemnification from liabilities for acts or omissions occurring at or prior to the combination merger existing prior thereto in favor of the current or former Directors and officers of Media General and Young will survive the transaction. For six years following the closing of the transaction, the organizational documents of the combined company shall contain indemnification provisions no less favorable to the Directors and officers of Media General and Young, as applicable, than those existing prior to the closing of the transaction.

Media General and Young may each purchase a six-year period "tail" insurance policy of at least the same coverage and amounts and containing provisions no less favorable to the Directors and officers of Media General and Young, as applicable, as such company's existing insurance policy, provided that the premium for any such tail policy shall not exceed 300% of the aggregate annual amounts currently paid by Media General or Young, as applicable, for such insurance. If either Media General or Young (or both) do not purchase a tail policy prior to the closing of the transaction, the combined company will purchase a tail policy with respect to each of Media General and/or Young, provided that the premium for any such tail policy shall not exceed 300% of the aggregate annual amounts currently paid by Media General or Young, as applicable, for such insurance.

### ***Employee Benefits***

After the closing of the transaction, the employees of Media General and its subsidiaries and the employees of Young and its subsidiaries that become or that continue to be employees of the combined company and its subsidiaries will continue to participate and have coverage (or be offered participation and coverage) in Media General's and Young's respective benefits plans or in the benefit plans adopted or implemented by the combined company or its subsidiaries following closing of the transaction. For purposes of eligibility, vesting and benefit accruals, continuing Media General and Young employees enrolled in any benefit plan implemented by the combined company shall be credited service to the same extent service was credited under the analogous Media General or Young benefit plan (except such service credit shall not apply with respect to benefit accruals for defined benefit plans or plans which provide post-retirement health or welfare benefits). The combined company and its subsidiaries have agreed to honor the accrued and vested obligations of Media General and Young and their subsidiaries under such benefit plans.

To the extent that any employee of Media General becomes eligible to participate in a benefit plan of Young, or any employee of Young becomes eligible to participate in a benefit plan of Media General, the combined company shall cause each plan to waive any preexisting condition limitations to the extent that such conditions are covered under the plans of Media General or Young, as applicable, honor deductibles and co-payment expenses incurred by such employees prior to participation, and waive any waiting period limitations, to the extent that any such employee of Media General or Young had satisfied any similar limitation or requirement under an analogous medical, dental or health care insurance plan of Media General or Young, as applicable.

### ***Other Covenants and Agreements***

#### ***Stockholders Meeting***

As promptly as practicable, Media General will hold a duly called meeting of its Stockholders to consider and vote on the approval of the amendment to Media General's Articles of Incorporation, the merger agreement, and the issuance of shares of Media General's common stock in connection with the reclassification merger and the combination merger. After receiving the necessary approvals of its Stockholders with respect to the amendment to Media General's Articles of Incorporation and such issuance of shares, Media General will adjourn the meeting and file the amendment to its Articles of Incorporation with the State Corporation Commission of the Commonwealth of Virginia. Once such amendment has been filed and becomes effective, Media General will reconvene the meeting to consider and vote on the reclassification merger.

Unless the merger agreement is terminated, Media General's obligation to hold a meeting of its Stockholders will not be affected by the announcement of any acquisition inquiry or acquisition proposal for Media General, and Media

General will not submit any acquisition proposal (other than the transaction) to the vote of its Stockholders.

*Efforts to Consummate the Transaction*

Media General and Young each agreed to use reasonable best efforts, in connection with the transaction, to:

obtain as promptly as practicable any necessary consents, approvals, waivers and authorizations of any governmental entity or other third party;

make as promptly as practicable all necessary filings and submissions with any governmental entity or other third party;

avoid a suit, objection, proceeding or investigation, whether judicial or administrative and whether brought by a governmental entity or any other third party challenging the merger agreement or the transaction or that would materially impede or delay the consummation of the transaction;

avoid the entry of, or effect the dissolution of, any injunction, temporary restraining order or other order in any proceeding or investigation challenging the merger agreement or the transaction or that would materially impede or delay the consummation of the transaction;

cooperate with the other party in determining which filings are required to be made prior to the closing with, and which material consents and approvals are required to be obtained prior to the closing from, governmental entities or other third parties in connection with the merger agreement and the transaction; and

cause the conditions to the transaction to be satisfied and all actions necessary to consummate the transaction to be taken.

Notwithstanding the foregoing, the obligations of Media General and Young to use reasonable best efforts in connection with the transaction will not be construed to require Media General, Young or any of their respective affiliates to take any action, or agree to take any action, or agree to any restrictions on freedom of action with respect to the ability of such party to retain, or make changes in, any of its businesses, assets, licenses, services or operations that, individually or in the aggregate, are reasonably likely to have a material adverse effect on the financial condition, business or results of operations of the combined company.

#### *Refinancing*

Media General and Young must each use commercially reasonable efforts to obtain and consummate a refinancing of the credit facilities and certain other debt of each party and of certain third parties for whom Young provides shared services in connection with the closing of the transaction. The closing of the transaction is not conditioned upon the completion of any such refinancing.

#### *Transaction Litigation*

Media General and Young must each promptly notify the other of any actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against it or its officers or Directors in connection with the merger agreement and the transaction. Media General and Young will cooperate in the defense of such matters and not settle any such matters without the consent of the other party.

#### *Media General's 2014 Annual Meeting*

Media General may not hold its Annual Meeting for the 2014 calendar year or call a Special Meeting of its Stockholders for the purpose of electing Directors prior to either the completion of the transaction or the termination of the merger agreement.

*Advice of Changes*

Media General must promptly advise Young of any change or event that (i) could have a material adverse effect on Media General, or (ii) it believes would or would be reasonably likely to cause a material breach of any of Media General's representations and warranties or covenants contained in the merger agreement. Young must promptly advise Media General of any change or event that (i) could have a material adverse effect on Young, or (ii) it believes would or would be reasonably likely to cause a material breach of any of Young's representations and warranties or covenants contained in the merger agreement. A failure by either party to advise the other of such change or event does not affect the representations and warranties or covenants contained in the merger agreement and does not independently constitute a failure of any condition to closing under the merger agreement.

*Tax Matters*

Each of Media General and Young must use its reasonable best efforts to:

obtain from its counsel a written opinion dated as of the closing date to the effect that, for U.S. federal income tax purposes, the combination transaction will qualify as a "reorganization" within the meaning of Section 368(a) of the Code and any similar opinion to be delivered in connection with the filing of the registration statement of which this proxy statement/prospectus is a part, and deliver a tax representation letter containing representations reasonably necessary or appropriate to enable counsel to Media General and Young to render such opinions; and

cause the combination transaction to qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and not to, and not permit or cause any affiliate to, take or cause to be taken any action that would cause the combination transaction to fail to qualify as a "reorganization" within the meaning of Section 368(a) of the Code.



*Section 16 Matters*

Media General must take all steps as may be necessary to cause the transaction to be exempt under Rule 16b-3 of the Exchange Act.

*Conditions to the Transaction*

The merger agreement contains customary closing conditions, including the following conditions that apply to the obligations of both Media General and Young to consummate the transaction:

expiration or termination of the waiting period under the HSR Act;

receipt of all necessary consents from the FCC;

absence of any order in effect issued by a U.S. federal or state court of competent jurisdiction preventing the consummation of the transaction;

the SEC shall have declared the registration statement of which this proxy statement/prospectus is a part effective and no stop order suspending effectiveness shall have been issued;

the amendment to Media General's Articles of Incorporation shall have been filed, become effective, and be in full force and effect;

the shares of Voting Common Stock to be issued in connection with the transaction shall be approved for listing on the NYSE, subject to an official notice of issuance;

third-party consents under certain material contracts shall have been obtained;

the accuracy of the representations and warranties of the other party (with certain exceptions for inaccuracies that are de minimis or would not reasonably be expected to have a material adverse effect on the party making such representations and warranties) and receipt of an officer's certificate to that effect;

the performance in all material respects by the other party of its covenants in the merger agreement and receipt of an officer's certificate to that effect;

receipt of a written opinion from its legal counsel to the effect that for U.S. federal income tax purposes the combination transaction will qualify as a "reorganization" within the meaning of Section 368(a) of the Code; and

no material adverse effect on the other party shall have occurred since June 5, 2013 and the receipt of an officer's certificate to that effect.

***Termination***

The merger agreement may be terminated at any time prior to the consummation of the transaction:

by mutual consent of Media General and Young in a written instrument;

by either Media General or Young if any U.S. federal or state court of competent jurisdiction shall have issued a final and nonappealable order permanently prohibiting or making the transaction unlawful, provided that the terminating party must have complied with certain of its obligations under the merger agreement with respect to such order;

by either Media General or Young if the closing of the transaction has not occurred on or before June 5, 2014, unless the failure to close by such date is due to the failure of the terminating party to perform its covenants and agreements contained in the merger agreement;

by Media General if the closing conditions relating to the accuracy of Young's representations and warranties or fulfillment of Young's covenants cannot be satisfied due to a breach by Young of its representations and warranties or covenants contained in the merger agreement, which breach is not cured within 30 days of notice of such breach or by its nature or timing cannot be cured prior to June 5, 2014;

by Young if the closing conditions relating to the accuracy of Media General's representations and warranties or fulfillment of Media General's or the merger subsidiaries' covenants cannot be satisfied due to a breach by Media General of its representations and warranties or covenants contained in the merger agreement, which breach is not cured within 30 days of notice of such breach or by its nature or timing cannot be cured prior to June 5, 2014;

by either Media General or Young if the Special Meeting of Media General's Stockholders (including any adjournments and postponements thereof) is held and completed and all of the Stockholder approvals required with respect to the transaction were not obtained;

by Young, at any time prior to the Special Meeting of Media General's Stockholders, if Media General's Board of Directors changes its recommendation, as further described in "Change of Recommendation of Media General's Board of Directors in Connection with a Superior Offer" above, or fails to reaffirm its recommendation within 10 business days after Young's request to do so following an acquisition proposal (or an intention to make an acquisition proposal) becoming public; or

by Media General, at any time prior to the Special Meeting of Media General's Stockholders, in order to enter into a definitive agreement to accept a superior offer as further described in "Termination by Media General in Connection with a Superior Offer" above.

***Termination Fee***

Media General must pay Young a termination fee of \$12 million if:

Media General terminates the merger agreement to enter into an agreement with respect to a superior offer or Young terminates the merger agreement upon a change of recommendation by Media General's board, as described in "Termination or Change of Recommendation by Media General in Connection with a Superior Offer" above;

Young terminates the merger agreement because Media General's Board of Directors fails to reaffirm its recommendation within 10 business days after Young's request to do so following an acquisition proposal (or an intention to make an acquisition proposal) becoming public;

Media General or Young terminates the merger agreement because the transaction has not been consummated by June 5, 2014 and (i) prior to such termination an acquisition proposal with respect to Media General shall have been made (or any person shall have advised Media General of its bona fide intention to make an acquisition proposal) and (ii) on or prior to the first anniversary of such termination Media General enters into a definitive agreement with respect to, completes, or its Board of Directors recommends an acquisition transaction;

Media General or Young terminates the merger agreement because Media General's Stockholders do not approve the transaction and (i) prior to the Special Meeting of Media General's Stockholders an acquisition proposal with respect to Media General shall have been publicly made (or any person shall have publicly announced its bona fide intention to make an acquisition proposal) and such acquisition proposal or intention has not been withdrawn prior to such Special Meeting and (ii) on or prior to the first anniversary of such termination Media General enters into a definitive agreement with respect to, completes, or its Board of Directors recommends an acquisition transaction; or

Young terminates the merger agreement due to a breach by Media General of certain of its representations and warranties or covenants and (i) prior to such termination an acquisition proposal with respect to Media General shall have been made (or any person shall have advised Media General of its bona fide intention to make an acquisition proposal) and (ii) on or prior to the first anniversary of such termination Media General enters into a definitive agreement with respect to, completes, or its Board of Directors recommends an acquisition transaction.

Notwithstanding the foregoing, if an acquisition proposal referred to in the preceding three items is announced prior to the Special Meeting or made known to Media General prior to the termination of the merger agreement, and such acquisition proposal relates solely to the acquisition of 50% or more of the issued and outstanding Media General's Class B Common Stock, Media General will only be required to pay Young the termination fee if, on or prior to the first anniversary of such termination, Media General enters into a definitive agreement with respect to, completes, or its Board of Directors recommends an acquisition transaction with respect to such acquisition proposal.

### *Expenses*

Other than as described above in "Termination Fee," whether or not the transaction is consummated, all costs and expenses incurred in connection with the merger agreement and the consummation of the transaction will be borne by the party incurring such expenses, except that the fees incurred in connection with the filings made under the HSR Act and with the FCC in connection with the transaction will be borne 50% by Media General and 50% by Young.

### *Amendment*

Subject to applicable law, the merger agreement may be amended at any time by a written instrument signed on behalf of each of the parties to the merger agreement, whether before or after approval by the Stockholders of Media General or Young. Pursuant to the plan of merger, subsequent to the approval of the plan of merger by the Stockholders of Media General, the plan of merger may not be amended to change (i) the consideration to be received by the holders of Class A and Class B Common Stock in connection with the reclassification merger, (ii) the Articles of Incorporation of Media General or (iii) any other term in a manner that would adversely affect any Stockholder of Media General in any material respect.

*Extension of Time and Waiver*

At any time prior to the effective time of the combination merger, the parties may:

extend the time for the performance of any of the obligations of the other party;

waive any inaccuracies in the representations and warranties of the other party contained in the merger agreement;  
and

waive compliance with any of the agreements of the other party or conditions contained in the merger agreement.

An extension or waiver or failure to insist on strict compliance with an obligation, covenant or agreement in the merger agreement shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

### **Description of the Bryan Voting Agreement**

*This section of the proxy statement/prospectus describes certain material terms of the voting agreement entered into by certain Stockholders of Media General. The following summary is qualified in its entirety by reference to the complete text of such voting agreement, which is incorporated by reference and filed as an exhibit to the registration statement on Form S-4 to which this proxy statement/prospectus relates. We urge you to read the entire voting agreement.*

On June 5, 2013, in connection with the execution of the merger agreement, Media General, Young, the Media Trust and J. Stewart Bryan, III, who we refer to as the “Bryan stockholders,” entered into a voting agreement, which we refer to as the “Bryan voting agreement.” As of March 1, 2013, the Bryan stockholders held (in the aggregate) approximately 85% of the outstanding shares of Media General’s Class B Common Stock and approximately 1.8% of the outstanding shares of Media General’s Class A Common Stock.

Pursuant to the terms of the Bryan voting agreement, prior to the earlier of the effective time of the combination merger or the termination of the merger agreement, the Bryan stockholders agreed to vote or execute consents with respect to the shares of Media General’s Class A Common Stock and Class B Common Stock owned by them (i) in favor of the approval and adoption of the merger agreement and the transaction and (ii) against any acquisition proposal made prior to the termination of the merger agreement or transaction that would reasonably be expected to prevent, delay or adversely affect the mergers or the transaction. In addition, without the prior written consent of Young, the Bryan stockholders will not transfer any shares of Class A Common Stock or Class B Common Stock held by them prior to the earlier of the combination merger or the termination of the merger agreement. The Bryan stockholders also agreed not to (and to use reasonable best efforts to cause their respective representatives not to) prior to the earlier of the combination merger or the termination of the merger agreement, directly or indirectly: (i) solicit any acquisition inquiries or acquisition proposals for Media General, (ii) furnish information regarding Media General or any of its subsidiaries in connection with any acquisition inquiries or acquisition proposals for Media General, (iii) engage in discussions or negotiations with any person with respect to any acquisition inquiries or acquisition proposals for Media General, or (iv) enter into any agreement with respect to any acquisition inquiries or acquisition proposals for Media General. However, if Media General engages in any of the foregoing actions and the Board of Directors of Media General determines that such actions are in compliance with the merger agreement, the Bryan Stockholders and their representatives may participate in such actions.

The Bryan voting agreement automatically terminates upon the earlier of (i) the effective time of the combination merger and (ii) the termination of the merger agreement in accordance with its terms. In addition, any Bryan stockholder may terminate the Bryan voting agreement upon (a) the amendment of the merger agreement without the

Bryan stockholders' consent in a manner that adversely affects the consideration to be received by Media General's Stockholders in connection with the transaction or (b) a change of recommendation by Media General's Board of Directors with respect to the transaction in a manner adverse to Young.

### **Description of the Young Equityholders' Voting Agreement**

*This section of the proxy statement/prospectus describes certain material terms of the voting agreement entered into by certain equityholders of Young. The following summary is qualified in its entirety by reference to the complete text of such voting agreement, which is incorporated by reference and filed as an exhibit to the registration statement on Form S-4 to which this proxy statement/prospectus relates. We urge you to read the entire voting agreement.*

On June 5, 2013, in connection with the execution of the merger agreement, Media General, Young, the Secretary of Young and certain equityholders of Young party thereto entered into a voting agreement, which we refer to as the "Young voting agreement." Subsequent to such date, additional Young equityholders became a party to the Young voting agreement.



Pursuant to the terms of the Young voting agreement, Young equityholders holding approximately 94.5% of the outstanding equity of Young have executed and delivered to Young written consents with respect to the shares of Young's common stock and warrants to purchase Young's class A common stock owned by such equityholders to the approval and adoption of the merger agreement and the transaction. These Young equityholders also agreed to vote or execute consents against any acquisition proposal made prior to the termination of the merger agreement or transaction that would reasonably be expected to prevent, delay or adversely affect the mergers or the transaction. In addition, the Young equityholders agreed not to transfer any shares of Young's common stock held by them prior to the earlier of the combination merger or the termination of the merger agreement other than (i) pursuant to the merger agreement in accordance with its terms, (ii) with the prior written consent of Media General and (iii) transfers to persons agreeing to be bound by the Young voting agreement and meeting certain other requirements. The Young equityholders also agree not to (and to use reasonable best efforts to cause their respective representatives not to) prior to the earlier of the combination merger or the termination of the merger agreement, directly or indirectly: (i) solicit any acquisition inquiries or acquisition proposals for Young, (ii) furnish information regarding Young or any of its subsidiaries in connection with any acquisition inquiries or acquisition proposals for Young, (iii) engage in discussions or negotiations with any person with respect to any acquisition inquiries or acquisition proposals for Young or (iv) enter into any agreement with respect to any acquisition inquiries or acquisition proposals for Young.

These Young equityholders also agreed that, effective as of immediately prior to the effective time of the combination merger, the Lender Warrant Agreement, dated as of June 24, 2010, by and between Young and the warrant agent thereunder, will be automatically amended such that each warrant to purchase shares of Young's class A common stock will be converted in the combination merger, without any payment of the exercise price, into the right to receive common stock of Media General in accordance with the terms of the merger agreement.

These Young equityholders also consented to the amendment and restatement of the Registration Rights Agreement, dated as of June 24, 2010, by and among Young and the Young equityholders party thereto. As amended and restated, such registration rights agreement provides certain registration rights to such Young equityholders, following the closing of the transaction, with respect to the shares of Media General's common stock received by them in connection with the combination merger. See "Description of the Registration Rights Agreement" below.

The Young voting agreement automatically terminates upon the earlier of (i) the effective time of the combination merger and (ii) the termination of the merger agreement in accordance with its terms. In addition, any Young equityholder may terminate the Young voting agreement upon the amendment of the merger agreement without the consent of these Young equityholders in a manner that adversely affects the consideration to be received by them in connection with the transaction.

#### **Description of the Standstill and Lock-Up Agreement**

*This section of the proxy statement/prospectus describes certain material terms of the standstill and lock-up agreement. The following summary is qualified in its entirety by reference to the complete text of the standstill and lock-up agreement, which is incorporated by reference and filed as an exhibit to the registration statement on Form S-4 to which this proxy statement/prospectus relates. We urge you to read the entire standstill and lock-up agreement.*

On June 5, 2013, in connection with the execution of the merger agreement, Standard General Fund L.P. and Standard General Communications, LLC, which we collectively refer to as “Standard General,” and Media General entered into a standstill and lock-up agreement, which we refer to as the “standstill and lock-up agreement”.

Pursuant to the terms of the standstill and lock-up agreement, from the closing of the transaction until the six-month anniversary thereof, Standard General agreed not to (and agreed to cause certain related persons not to) transfer (or grant any option or right to purchase) any shares of the combined company’s common stock.

From and after the closing of the transaction, Standard General agreed not to (and agreed to cause certain related persons not to) transfer or grant any option or right to purchase any shares of the combined company’s common stock if, to Standard General’s knowledge (after inquiry), after giving effect to such transfer, any person or group would beneficially own 15% or more of the outstanding shares of the combined company’s common stock, except for certain transfers, including (i) after the six-month anniversary of the closing date of the transaction, transfers to underwriters in connection with a public offering pursuant to the registration rights agreement and certain brokers’ transactions, (ii) tenders into a tender or exchange offer by an unaffiliated third party or in connection with a merger, share exchange or similar transaction, in each case, on the same terms applicable to other holders of the combined company’s common stock and (iii) certain transfers to Standard General’s affiliates.

Prior to the closing of the transaction, Standard General agreed not to (and to cause certain related persons not to):

purchase or acquire shares of the capital stock of Media General;

purchase or acquire shares of the common stock or warrants to purchase common stock of Young if, after giving effect to such purchase or acquisition, Standard General and certain related persons would beneficially own, immediately following the closing, greater than 40% of the outstanding shares of the combined company's common stock; or

except in respect of transfers to certain related investment funds, transfer (or grant any option or right to purchase) any shares of Young's common stock or warrants to purchase Young's common stock if, to Standard General's knowledge (after inquiry), after giving effect to such transfer, any person or group would beneficially own 15% or more of the combined company's common stock following the combination merger.

Without the prior approval of a majority of the independent Directors of the combined company, Standard General agreed not to (and to cause certain related persons not to):

acquire, agree to acquire, propose or offer to acquire, or facilitate the acquisition or ownership of, any shares of Media General's common stock or other securities of the combined company, if, following such acquisition or other action, Standard General and certain related persons would beneficially own, in the aggregate, more than 40% of the outstanding shares of Voting Common Stock;

form, join or in any way participate in a group (as defined in the Exchange Act) with respect to any shares of the combined company's common stock or any other voting securities of the combined company;

until the date immediately following the 2017 Annual Meeting of the Stockholders of the combined company, make, or participate or engage in, any solicitation of proxies to vote or call, or seek to call, a meeting of the Stockholders of the combined company or initiate any Stockholder proposal for action by Stockholders of the combined company (provided, that these obligations will not apply in the event that the combined company does not comply with certain obligations set forth in its Articles of Incorporation); or

publicly disclose any intention or other plan prohibited by, or inconsistent with, the foregoing restrictions or knowingly assist or encourage or enter into any discussions, negotiations, agreements or arrangements with any other persons in connection with the foregoing.

In the event that, by reason of any repurchase by the combined company of shares of its common stock or otherwise, Standard General and certain related persons hold more than 40% of the ordinary voting power of all shares of the

combined company's common stock, the amount of shares representing more than 40% of such ordinary voting power shall be converted into Non-Voting Common Stock.

Media General also agreed to use its reasonable efforts to cause the 2014 Annual Meeting of the Stockholders of the combined company to be held as soon as reasonably practicable following the closing of the transaction (but not before April 30, 2014).

The standstill and lock-up agreement will continue in effect until the earliest of (i) the agreement of Standard General and a majority of the independent Directors of the combined company to terminate the standstill and lock-up agreement; (ii) a change of control of the combined company; and (iii) such time as Standard General and certain related persons cease to beneficially own, in the aggregate, at least 5% of the outstanding shares of the common stock of the combined company.

### **Description of the Registration Rights Agreement**

*This section of the proxy statement/prospectus describes certain material terms of the registration rights agreement. The following summary is qualified in its entirety by reference to the complete text of the registration rights agreement, which is incorporated by reference and filed as an exhibit to the registration statement on Form S-4 to which this proxy statement/prospectus relates. We urge you to read the entire registration rights agreement.*

On June 5, 2013, in connection with the execution of the merger agreement, Media General, Young and certain Young equityholders entered into an Amended and Restated Registration Rights Agreement, which we refer to as the “registration rights agreement”.

Pursuant to the terms of the registration rights agreement, the Young equityholders party to such agreement, which we refer to as the “registration rights parties,” will have registration rights with respect to the shares of the common stock of the combined company issued to them in connection with the transaction. Media General is required to file a shelf registration statement on Form S-3 covering shares of the Voting Common Stock of the combined company that will be issued to the registration rights parties in connection with the transactions (and shares of its Voting Common Stock issuable upon conversion of the shares of Non-Voting Common Stock that may be issued to such registration rights parties in connection with the transaction). The registration rights parties may not, except pursuant to an underwritten demand offering or piggyback offering, sell shares under the shelf registration statement during the six-month period starting on the closing date or at any time on or following the one-year anniversary of the closing date.

In addition, the registration rights parties will have the right to demand that the combined company register shares of Voting Common Stock for sale in registered underwritten offerings, subject to certain limitations, including a requirement that no such demand request will be effective if given within six months of the completion of another demand registration, and a requirement that the gross proceeds from the sale of shares in any such demand registration be at least \$75 million. The registration rights parties will also have piggyback rights to register the shares of Voting Common Stock held by them in registered underwritten offerings of equity securities conducted by the combined company.

The registration rights parties may not, except pursuant to an underwritten demand offering, sell or otherwise transfer shares of the combined company common stock without the prior written consent of the combined company during the six-month period starting from the closing. Moreover, until the closing of the transaction, the registration rights parties may not enter into swaps and certain other derivative transactions in respect of any capital stock of Media General. Any Young equityholder may opt out of the registration rights agreement at any time prior to the effective time of the combination merger.

The combined company must pay all fees and expenses related to its obligations under the registration rights agreement and the fees of one counsel selected by registration rights parties holding a majority of shares or participating in a demand offering or piggyback offering. In addition, the registration rights agreement provides that the combined company will indemnify the registration rights parties whose shares are covered by a registration statement or prospectus against losses, claims, damages, liabilities, judgments, costs and expenses arising out of any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact contained in such registration statement or prospectus or other violation of applicable laws that occurred in connection with such registration. Subject to certain caps and restrictions, the registration rights parties whose shares are covered by a registration statement or prospectus will severally indemnify the combined company against losses, claims, damages, liabilities, judgments, costs and expenses arising out of any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact contained in such registration statement or prospectus to the extent that such untrue statement was made in reliance upon information provided by such registration rights parties.

The combined company may not grant registration rights to any third party which are inconsistent with the rights granted to the registration rights parties under the registration rights agreement without the consent of the registration rights parties holding a majority of the shares subject to registration under the agreement.

The registration rights agreement will terminate on the first date on which no shares of Voting Common Stock held by the registration rights parties subject to registration remain outstanding. The registration rights agreement may not be amended or modified after the closing date without the prior written consent of the combined company and registration rights parties holding at least a majority in number of the shares then outstanding subject to registration. The shares of Voting Common Stock held by the registration rights parties cease to be subject to registration once such shares are (i) registered and sold pursuant to a registration statement, (ii) distributed to the public pursuant to Rule 144 of the Securities Act, (iii) no longer outstanding, (iv) held by the combined company or (v) sold in a private transaction without assigning such seller's rights under the registration rights agreement. In addition, shares held by a registration rights party that is not an affiliate of the combined company that represent, collectively with such registration rights party's affiliates, less than 3% of the total outstanding shares of the combined company's common stock may not be registered under the registration rights agreement following the first demand offering, or, if later, the one-year anniversary of the closing date.

### **Description of the Credit Letter Agreement**

*This section of the proxy statement/prospectus describes certain material terms of the credit letter agreement. The following summary is qualified in its entirety by reference to the complete text of the credit letter agreement, which is incorporated by reference and filed as an exhibit to the registration statement on Form S-4 to which this proxy statement/prospectus relates. We urge you to read the entire credit letter agreement.*

On June 5, 2013, in connection with the execution of the merger agreement, Media General, BH Finance LLC, which we refer to as "BH Finance," an affiliate of Berkshire Hathaway, and other lenders under Media General's credit agreement entered into a letter agreement, which we refer to as the "credit letter agreement."

Pursuant to the credit letter agreement, BH Finance agreed that (i) Media General's entering into the merger agreement will not constitute an event of default under the credit agreement, and (ii) in the event that the credit agreement is not refinanced and repaid in full prior to or upon the closing of the transaction, the credit agreement will, subject to the satisfaction of certain conditions, be amended to reflect the post-transaction structure of the combined company and its subsidiaries and to account for Young's existing secured debt facility.

For a description of Media General's current credit agreement, including a discussion of the proposed refinancing under Media General's new credit agreement, see "Description of Media General and Young Debt – Media General – Credit Agreement" beginning on page 121.

### **Description of the Berkshire Hathaway Letter Agreement**

*This section of the proxy statement/prospectus describes certain material terms of the Berkshire letter agreement. The following summary is qualified in its entirety by reference to the complete text of the Berkshire letter agreement, which is incorporated by reference and filed as an exhibit to the registration statement on Form S-4 to which this proxy statement/prospectus relates. We urge you to read the entire Berkshire letter agreement.*

On June 5, 2013, in connection with the execution of the merger agreement, Media General, Berkshire Hathaway and World Media Enterprises Inc. entered into a letter agreement, which we refer to as the "Berkshire letter agreement."



Pursuant to the terms of the Berkshire letter agreement, each of (i) the Stockholders Agreement, dated as of May 24, 2012, by and among Media General, Berkshire Hathaway, the Media Trust and J. Stewart Bryan III, and (ii) the Registration Rights Agreement, dated as of May 24, 2012, by and between Media General and Berkshire Hathaway, will terminate as of the effective time of the combination merger. The Berkshire letter agreement also amends the Noncompetition and Nonsolicitation Agreement, dated as of June 25, 2012, by and among Media General, Media General Operations, Inc. and World Media Enterprises Inc., as of the effective time of the combination merger to accommodate the transaction.

## **DESCRIPTION OF MEDIA GENERAL AND YOUNG DEBT**

The following summary describes Media General's indenture, which governs its senior secured notes, and credit agreement, as well as Young's credit agreement and certain guarantees entered into by Young relating to third party indebtedness. The summary also describes Media General's new credit agreement under which it intends to refinance its and Young's existing indebtedness. The summary is qualified in its entirety by reference to those agreements. Media General's indenture and credit agreement, Young's credit agreement and Media General's new credit agreement are each filed as an exhibit to the registration statement on Form S-4 to which this proxy statement/prospectus relates and are each incorporated by reference into this proxy statement/prospectus. This summary may not contain all of the information about the agreements that may be important to you. We encourage you to carefully read each of the agreements in its entirety for a more complete understanding of such agreements.

### ***Media General***

#### ***Senior Secured Notes***

In February 2010, Media General closed a private offering of senior secured notes due 2017. The notes were initially issued in a private offering pursuant to Rule 144A of the Securities Act of 1933, and were subsequently exchanged for identical notes that were registered under the Securities Act and were exempt from registration under state securities laws. The notes have a face value of \$300 million, an interest rate of 11 3/4% per annum and were issued at a price equal to 97.690% of their face value. The notes were issued pursuant to an indenture, dated as of February 12, 2010, by and among Media General, the guarantors of the notes and The Bank of New York Mellon, as trustee.

Prior to February 15, 2014, the notes may be redeemed at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest, plus the "applicable premium" as set forth in the indenture. Beginning on and after February 15, 2014, Media General may redeem the notes at the redemption prices set forth in the indenture, initially 105.875% of par.

The indenture contains certain restrictive covenants including, but not limited to, restrictions on incurrence of indebtedness, liens, payments, investments, mergers, consolidations, liquidations and dissolutions, sales and other dispositions of assets and affiliate transactions. These covenants are subject to a number of exceptions and limitations as described in the indenture. The indenture also includes customary events of default, including certain cross-default and cross-acceleration provisions. The notes are secured *pari passu* with Media General's credit agreement with BH Finance (described below) by liens on substantially all of Media General's assets. As of June 30, 2013, senior secured notes with a face value of \$299.8 million were outstanding. As stated above, these notes were sold at a discount and carried on Media General's balance sheet at \$296 million.

*Credit Agreement*

In May 2012, Media General entered into a credit agreement with BH Finance LLC, which provided Media General with a \$400 million term loan and a \$45 million revolving credit facility. The funding of the term loan and an initial draw of the revolving credit facility resulted in cash proceeds to Media General of \$382.5 million, which were immediately used to fully repay all amounts outstanding under Media General's existing credit facility, pay fees and expenses related to the financing and to fund working capital requirements. The term loan was issued at a discount of 11.5%, matures in May 2020 and bears interest at a fixed rate between 9% and 10.5%, depending on Media General's leverage ratio. The credit facility is secured pari passu with Media General's existing senior secured notes due 2017 by liens on substantially all of Media General's assets.

While the credit agreement with BH Finance does not contain financial covenants, there are restrictions on certain activities, including the incurrence of additional debt, repurchase of shares and the payment of dividends. The term loan may be voluntarily repaid prior to maturity, in whole or in part, at a price equal to 100% of the principal amount repaid plus accrued and unpaid interest, plus a premium, which starts at 14.5% and steps down over time, beginning in May 2016. Other factors, such as the sale of assets, may result in a mandatory prepayment or an offer to prepay a portion of the term loan without premium or penalty. Mandatory prepayments associated with Media General's sale of its newspaper business in 2012 have reduced the outstanding balance of the term loan by approximately \$98 million. The term loan and revolving credit facility mature in May 2020 and are guaranteed by Media General's subsidiaries. The revolving credit facility bears interest at a fixed rate of 10% and is subject to a 2% commitment fee on the unused commitment.

In connection with the execution of the merger agreement, Media General entered into a letter agreement with BH Finance that permits Media General to enter into the merger agreement. In addition, the letter agreement provides that, in the event Media General and Young do not refinance their credit facilities and other debt prior to the closing of the transaction, Media General's credit agreement will, subject to the satisfaction of certain conditions, be amended at the closing to permit the closing of the transaction and to reflect the post-transaction structure of the combined company. For a further description of the letter agreement, see "The Agreements – Description of the Credit Letter Agreement" beginning on page 119.

As of June 30, 2013, Media General's term loan under the credit agreement had a face value of \$301.5 million bearing interest of 10.5% (and reflected on its balance sheet at a discounted carrying value of \$260 million) and its revolving credit facility had a maximum availability of \$45 million and no outstanding balance (subject to a 2% commitment fee).

#### *Letters of Credit*

As of June 30, 2013, Media General had outstanding letters of credit of approximately \$3.4 million. Media General has posted cash collateral with the letter of credit provider to support these letters of credit.

#### *Young*

See Young's Management's Discussion & Analysis — Debt Instruments Guarantees and Related Covenants for further discussion of debt of Young.

### *Refinancing of Media General's and Young's Debt*

Under the merger agreement each of Media General and Young agreed to use commercially reasonable efforts to refinance the credit facilities and certain other debt of each party and of certain third parties for whom Young provides shared services in connection with the closing of the transaction. On July 31, 2013, Media General, with Young's consent, entered into a new credit agreement with a syndicate of lenders. The new credit agreement, the availability of which is contingent on the satisfaction of certain conditions, including the closing of the proposed transaction, provides for a \$60 million, five-year revolving credit facility and an \$885 million, seven-year term loan. The term loan may be drawn in up to three advances until July 31, 2014, subject to the satisfaction of certain conditions including, after the initial draw, the absence of defaults and accuracy of representations and warranties.

Media General expects to refinance the existing credit facilities of Media General and Young with the proceeds of the term loan under the new credit agreement in connection with the closing of the transaction. A portion of the term loan proceeds will also be used to fund a \$50 million contribution to Media General's qualified pension plan. In addition, Media General presently expects to refinance its 11 3/4% senior secured notes due 2017 using the proceeds of the term loan no later than February 2014. Media General expects that, after giving effect to the refinancing the combined company will have approximately \$917 million of outstanding indebtedness (including guarantees of third party indebtedness of approximately \$32 million under the Shield Media agreement discussed below) and \$60 million available under a revolving credit facility. The availability of the financing under the new credit agreement and the completion of the refinancing are not, however, conditions to the closing of the transaction. In connection with the refinancing, Media General expects to pay early payment premiums to its existing debt holders of approximately \$61.3 million in the aggregate in addition to other fees and expenses associated with the refinancing.

The new revolving credit facility will bear interest at LIBOR plus a margin of 2.75% and the new term loan will bear interest at LIBOR (with a LIBOR floor of 1%) plus a margin of 3.25%. The terms of the new Media General credit agreement will subject the combined company to a number of financial and operational covenants as well as compliance with a leverage ratio covenant based on debt levels and a rolling eight-quarter calculation of EBITDA, as defined in the agreement. For example, the covenants under the new credit agreement will impose restrictions on the combined company, including restrictions on its ability to incur additional indebtedness and liens, make loans and investments, make capital expenditures, sell assets, engage in mergers, acquisitions and consolidations, enter into transactions with affiliates, purchase or redeem stock, enter into sale and leaseback transactions and pay dividends. A breach of any of the covenants imposed on the combined company by the terms of the new credit agreement, including any financial or operational covenants, and certain change of control events, may result in a default or event of default under the new credit agreement. Following an event of default, the lenders would have the right to terminate their commitments to extend credit in the future to the combined company under the new credit agreement's revolving credit facility and its delayed draw feature if all of the term loan is not then drawn, and accelerate the repayment of all of the combined company's indebtedness under the new credit agreement. In such case, the combined company may not have sufficient funds to pay the total amount of accelerated obligations, and the lenders could proceed against the collateral securing the new credit agreement, which will consist of substantially all of the assets of the combined company. Any acceleration in the repayment of indebtedness or related foreclosure could have an adverse effect on the combined company.

In addition to the new Media General credit agreement described above, the Shield Media companies with which Young has shared services arrangements for WXXA and WLAJ, entered into a new credit agreement with a syndicate of lenders, dated July 31, 2013, contingent on successful completion of the merger transaction, which will refinance the amounts outstanding under the WXXA Credit Facility and the WLAJ Credit Facility (an aggregate \$32 million in term loans) under one credit agreement. See “Young Management’s Discussion & Analysis of Financial Condition and Results of Operations” beginning on page 162 — Debt Instruments, Guarantees and Related Covenants for a description of these facilities. The existing Shield Media term loans are guaranteed on a secured basis by Young, which will continue to provide its guarantee of debt under the new Shield Media credit agreement, secured by the same collateral (substantially all of the assets of Young and its subsidiaries), for the combined refinanced facility. The new Shield Media term loan has a term of five years and will bear interest at LIBOR plus a margin of 3.25%. Media General will also guarantee the new Shield Media credit agreement, contingent on successful completion of the transaction, but only if a guarantee is permitted under the terms of the senior secured notes while such notes remain outstanding.

The combined refinanced Shield Media credit agreement will contain a fixed charge coverage ratio, a financial covenant that is meant to measure whether the borrowers can satisfy their fixed charges (interest, debt payments, capital expenditures and taxes) when due by measuring the ratio of fixed charges to EBITDA, calculated on a rolling eight-quarter basis, as defined in the agreement. The agreement also has restrictions on transactions similar in nature to those in the new Media General agreement, but scaled to Shield Media’s smaller size. The agreement also has more specific covenants regarding the operation of the business and requires that each Shield Media holding company that controls a Shield Media station limit its activities to performance of its obligations under the Shield Media credit documents and activities incidental thereto including owning a Shield Media station and performance of its obligations under and activities related to the shared services agreement. Both the new Media General and the combined refinanced Shield Media credit agreements contain cross default provisions.

Notwithstanding the refinancing arrangements described above, there remains a possibility that Media General, Young and the Shield Media companies will be unable to obtain such refinancing. In the event that Media General and Young do not refinance their respective credit facilities, pursuant to Media General’s letter agreement with BH Finance discussed above, Media General’s credit agreement will, subject to the satisfaction of certain conditions, be amended at the closing of the transaction to reflect the post-transaction structure of the combined company and its subsidiaries and to account for Young’s existing secured debt facility.

Young has also entered into an amendment of its credit agreement with the administrative agent and lenders thereunder and, pursuant to such amendment, Young’s credit agreement was amended to permit the closing of the transaction.

In the event that such refinancing does not take place in connection with the closing of the transaction, Media General’s credit agreement, and Young’s credit agreement (and the other credit facilities of third parties which Young has guaranteed) will remain in effect (as amended). Young and its subsidiaries will continue to be subject to the covenants of Young’s credit agreement. In addition, the combined company will be obligated to cause Young and its subsidiaries to comply with certain covenants in Media General’s credit agreement that, as amended, will apply to the combined company and all of its subsidiaries. Media General and its subsidiaries, on the one hand, and Young and its

subsidiaries, on the other hand, will also be required to transact with each other on a basis that is both fair and arm's length.

The parties also expect to refinance Media General's 11 3/4% senior secured notes due 2017 no later than February 2014. If the senior secured notes are not refinanced concurrently with the closing of the transaction, Media General and its subsidiaries (including Young and its subsidiaries) would be subject to the covenants under the indenture governing the notes from the closing of the transaction until the notes are refinanced. There can be no assurance that refinancing of such notes will occur as currently anticipated. Further, there can be no assurance that the combined company would be able to refinance the notes in the future. If the notes are not refinanced, Media General and Young would continue to be subject to the covenants under the indenture, which would continue to restrict the operations of the combined company.

## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The unaudited pro forma condensed combined financial information presented below has been derived from the Media General historical consolidated financial statements incorporated by reference into this proxy statement/prospectus and the Young historical consolidated financial statements included in this proxy statement/prospectus. The pro forma adjustments give effect to the reclassification of outstanding shares of Class A Common Stock and Class B Common Stock into shares of the combined company's common stock, and the business combination of Media General and Young, including the merger of a wholly owned subsidiary of Media General with and into Young, with Young surviving such merger, and the issuance of shares of the combined company's common stock to the former equityholders of Young in connection with such business combination. The unaudited pro forma condensed combined financial information should be read in conjunction with (1) Media General Management's Discussion and Analysis of Financial Condition and Result of Operations and the historical consolidated financial statements of Media General and notes thereto included in Media General's Form 10-K for the year ended December 31, 2012 and Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 incorporated by reference into this proxy statement/prospectus (see "Where You Can Find More Information" beginning on page 189), and (2) "Young Management's Discussion & Analysis of Financial Condition and Results of Operations" and the historical financial statements of Young and the notes thereto included in this proxy statement/prospectus beginning on page 142.

The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2013 has been prepared as though the transaction occurred as of January 1, 2012 and the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2012 has been prepared as though the transaction occurred as of January 1, 2012. The unaudited pro forma condensed combined balance sheet information at June 30, 2013 has been prepared as though the transaction occurred on June 30, 2013. The pro forma adjustments are based on available information and assumptions that Media General and Young management believe are reasonable. Such adjustments are estimates and are subject to change.

The unaudited pro forma condensed combined financial statements are provided for informational purposes only and do not purport to represent what the actual combined results of operations or the combined financial position of the combined company had the transaction occurred on the dates assumed, nor are they necessarily indicative of future combined results of operations or combined financial position. The unaudited pro forma condensed combined financial statements do not reflect any cost savings or other synergies that the management of Media General and Young believe could have been achieved had the transaction been completed on the dates indicated. Media General's management expects that the combined company will be able to realize estimated operating and financing synergies of approximately \$44 million per year, including those based on reduced corporate overhead and expenses.

The transaction will be accounted for using the purchase method of accounting in accordance with the FASB (ASC 805). Media General's management has evaluated the guidance contained in ASC 805 with respect to the identification of the acquirer in this business combination and concluded, based on a consideration of the pertinent facts and circumstances, that Media General will be the acquirer for financial accounting purposes. See "The



Transaction-Accounting Treatment of the Transaction” beginning on page 92. Accordingly, Media General’s cost to acquire Young has been allocated to the acquired assets, liabilities and commitments based upon their estimated fair values. For purposes of the pro forma financial information contained herein, Media General’s purchase price to acquire Young was estimated based on an estimated value per share of Media General of \$10.00. The allocation of the purchase price is preliminary and is dependent upon certain valuations that have not progressed to a stage where there is sufficient information to make a final allocation. In addition, the final purchase price of Media General’s acquisition of the Young will not be known until the date of closing of the transaction and could vary materially from the preliminary purchase price. Accordingly, the final acquisition accounting adjustments may be materially different from the preliminary unaudited pro forma adjustments presented.

The actual amounts recorded as of the completion of the transaction may differ materially from the information presented in the unaudited pro forma condensed combined financial statements as a result of several factors, including the following:

changes in Young's net assets between the pro forma balance sheet date of June 30, 2013 and the closing of the transaction, which could impact the preliminary estimated purchase price or the preliminary estimated fair values as of the effective date of the transaction;

the value of the combined company as of the effective date of the transaction;

the timing of the completion of the transaction; and

other changes in net assets that may occur prior to completion of the transaction, which could cause material differences in the information presented.

The unaudited pro forma condensed combined financial statements constitute forward-looking information and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" in this proxy statement/prospectus.

### Media General, Inc.

#### Pro Forma Condensed Combined Balance Sheet as of June 30, 2013

*(Unaudited, in thousands except per share amounts)*

	<b>Media General Historical</b>	<b>Young Historical</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Combined</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 25,244	\$ 21,397	\$ (19,577 ) (a)	\$ 27,064
Accounts receivable - net	60,152	44,335	-	104,487
Current deferred tax asset	-	1,647	-	1,647
Other	11,179	4,317	1,431 (b)	16,927
Total current assets	96,575	71,696	(18,146 )	150,125
Other assets	33,961	4,320	(495 )	37,786

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				(c)	
				(d)	
Property, plant and equipment - net	162,580	103,235	(559 )	(c)	265,256
Deferred tax asset long term	-	12,578	(12,578 )	(e)	-
FCC licenses and other intangibles - net	199,372	245,848	134,273	(f)	579,493
Excess of cost over fair value of net identifiable assets of acquired businesses	247,149	54,252	235,638	(f)	537,039
Total assets	\$ 739,637	\$ 491,929	\$ 338,133		\$ 1,569,699
Current liabilities:					
Accounts payable	\$ 14,983	\$ 2,767	\$ (552 )	(b)	\$ 17,198
Accrued expenses and other liabilities	50,996	34,372	(3,943 )	(a), (b)	81,425
Current installments of long-term debt	-	17,650	-		17,650
Total current liabilities	65,979	54,789	(4,495 )		116,273
Long-term debt					
Long-term debt	296,210	138,476	3,590	(g)	438,276
Long-term debt - related party	260,445	-	-		260,445
Retirement, post-retirement and post-employment plans	236,987	6,378	-		243,365
Deferred income taxes	65,545	-	42,245	(e)	107,790
Other liabilities and deferred credits	20,842	590	-		21,432
Stockholders' deficit:					
Common stock	139,506	0.7	625,388	(h), (i)	764,895
Additional paid-in capital	23,459	132,999	(156,458 )	(h), (i)	-
Accumulated other comprehensive loss	(217,084 )	(987 )	987	(i)	(217,084 )
Retained earnings (accumulated deficit)	(152,252 )	159,995	(173,436 )	(a), (i)	(165,693 )
Total (deficit) equity	(206,371 )	292,008	296,481		382,118
Noncontrolling interest	-	(312 )	312		-
Total stockholders' (deficit) equity	(206,371 )	291,696	296,793		382,118
Total liabilities and stockholders' equity (deficit)	\$ 739,637	\$ 491,929	\$ 338,133		\$ 1,569,699

Reflects the impact of transaction-related expenses on the condensed combined financial statements of Media General and Young. As of June 30, 2013, the combined company expects to pay total transaction-related expenses of \$25.5 million. The combined company has incurred \$12.1 million of transaction-related expenses through June 30, 2013 which is reflected in the historical accumulated deficit balance. For pro forma presentation purposes, (a) accumulated deficit was increased by \$13.4 million for transaction-related costs not yet incurred, cash was decreased by \$19.6 million for transaction-related expenses which are expected but not yet paid and accrued expenses and other liabilities were decreased by \$6.2 million for transaction-related expenses incurred but not yet paid as of June 30, 2013.

(b) Reflects an adjustment to broadcast film right asset and liability balances for certain broadcast programs currently in production to make the treatment consistent with Media General's accounting policy.

- (c) Reflects the reclassification of software costs, net of accumulated amortization of \$559,000 to other assets to make the treatment consistent with Media General's accounting policy.
- (d) Reflects the elimination of Young's existing unamortized debt issuance costs of \$1.1 million in order to present the debt at fair value.
- (e) Reflects the elimination of Young's existing long-term deferred tax assets and the recording of a deferred tax liability for the difference between the book and tax basis of assets acquired as a result of purchase accounting. Reflects an adjustment to record identifiable intangible assets at their preliminary estimated fair value. The
- (f) allocation of purchase price is subject to change as the purchase price is determined, the transaction is closed, appraisals are completed, and more facts become known.
- (g) Reflects the elimination of Young's existing unamortized debt discount in order to present the debt at fair value.
- (h) Reflects the issuance of 60.2 million shares of common stock, no par value, (at a price of \$10.00 /share) to effectuate the purchase of Young.
- (i) Reflects the elimination of Young's historical stockholders' equity in connection with purchase accounting adjustments.

For purposes of these pro forma condensed combined financial statements the estimated purchase price was allocated based on preliminary estimated fair value as follows (in thousands):

Estimated purchase price	\$ 601,930
Working capital acquired	(34,347 )
Property, plant & equipment	(102,676 )
FCC licenses (indefinite lived)	(301,700 )
Network affiliations (15 year estimated useful life)	(47,146 )
Advertiser relationships (5 year estimated useful life)	(31,275 )
Other assets acquired	(3,825 )
Long-term debt assumed	159,716
Other liabilities assumed	6,968
Deferred income tax liability recorded in conjunction with acquisition	42,245
Excess of cost over fair value of net identifiable assets of acquired businesses	\$ 289,890

**Media General, Inc.**

**Pro Forma Condensed Combined Statement of Operations for the Year Ended December 31, 2012**

*(Unaudited, in thousands except per share amounts)*

<b>Media General</b>	<b>Young Historical</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma</b>
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	Historical*			Combined
Station revenues (less agency commissions)	\$ 359,722	\$ 228,183	\$ -	\$ 587,905
Operating costs:				
Station production expenses	125,996	77,921	6,757	(a) 210,674
Station selling, general and administrative expenses	88,235	55,000	(6,335)	(a) 136,900
Corporate and other expenses	31,705	23,531	1,344	(b) 56,580
Depreciation and software amortization	22,422	9,856	-	32,278
Amortization of intangible assets	2,637	6,323	3,075	(c) 12,035
Net loss (gain) related to fixed assets	2,062	59	(1,200)	(a) 921
Total operating costs	273,057	172,690	3,641	449,388
Operating income	86,665	55,493	(3,641)	) 138,517
Other income (expense):				
Interest expense	(51,566 )	(7,830 )	751	(d) (58,645 )
Interest expense - related party	(26,468 )	-	-	(26,468 )
Debt modification and extinguishment costs	(35,415 )	-	-	(35,415 )
Other, net	458	8,680	(778)	(a) 8,360
Total other expense	(112,991 )	850	(27)	) (112,168 )
Income (loss) from continuing operations before income taxes	(26,326 )	56,343	(3,668)	) 26,349
Income tax expense (benefit)	13,631	20,380	(1,467)	(e) 32,544
Income (loss) from continuing operations	\$(39,957 )	\$ 35,963	\$ (2,201)	) \$(6,195 )
Loss from continuing operations per common share (basic and assuming dilution)	\$(1.68 )			(f) \$(0.07 )
Weighted average common shares	23,744			(f) 83,937

\*Media General's fiscal year represents the period December 26, 2011 through December 31, 2012.

- (a) Reflects the reclassification of certain operating costs to make the treatment consistent with Media General's accounting policy.
- (b) Reflects the recordation of estimated expense for transaction bonuses and amortization of deferred stock units issued to certain named executive officers upon consummation of the transaction.
- (c) Reflects the increase in the amortization expense resulting from the purchase price adjustments to record intangible assets at their preliminary estimated fair value. Amortization is based on estimated remaining useful life.
- (d) Reflects the elimination of Young's existing debt issuance costs and debt discount amortization as a result of purchase accounting.
- (e) Reflects the tax effect of pro forma adjustments using a statutory rate in effect for the period presented.
- (f) Assumes that the 60.2 million shares of common stock to be issued to effectuate the purchase of Young were outstanding for the entire period.

### Media General, Inc.

#### Pro Forma Condensed Combined Statements of Operations for the Six Months Ended June 30, 2013

*(Unaudited, in thousands except per share amounts)*

	<b>Media General Historical</b>	<b>Young Historical</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Combined</b>
Station revenues (less agency commissions)	\$ 155,959	\$ 105,827	\$ -	\$ 261,786
Operating costs:				
Station production expenses	63,415	43,769	3,616 (a)	110,800
Station selling, general and administrative expenses	45,755	28,747	(3,530) (a)	70,972
Corporate and other expenses	16,788	4,084	597 (b)	21,469
Depreciation and software amortization	11,157	5,783	-	16,940
Amortization of intangible assets	882	3,352	1,347 (c)	5,581

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Net loss (gain) related to fixed assets	68	(43 )	-	25
Merger-related expenses	7,171	4,888	(12,059 )	(d) -
Total operating costs	145,236	90,580	(10,029 )	225,787
Operating income	10,723	15,247	10,029	35,999
Other income (expense):				
Interest expense	(18,821 )	(4,220 )	501	(e) (22,540 )
Interest expense - related party	(19,918 )	-	-	(19,918 )
Other, net	(174 )	(80 )	86	(a) (168 )
Total other expense	(38,913 )	(4,300 )	587	(42,626 )
Income (loss) from continuing operations before income taxes	(28,190 )	10,947	10,616	(6,627 )
Income tax expense (benefit)	5,208	4,481	4,246	(f) 13,935
Income (loss) from continuing operations	\$ (33,398 )	\$ 6,466	\$ 6,370	\$ (20,562 )
Loss from continuing operations per common share (basic and assuming dilution)	\$ (1.22 )			(g) \$ (0.23 )
Weighted average common shares	27,474			(g) 87,667

(a) Reflects the reclassification of certain operating costs to make consistent with Media General accounting policy.

(b) Reflects the recordation of estimated expense for amortization of deferred stock units issued to certain named executive officers upon consummation of the acquisition.

(c) Reflects the increase in the amortization expense resulting from purchase price adjustment of intangible assets to preliminary estimated fair value. Amortization is based on the estimated remaining useful life.

(d) Reflects the elimination of merger-related expenses incurred during the six months ended June 30, 2013, for pro forma presentation purposes.

(e) Reflects the elimination of Young's existing debt issuance and debt discount amortization as a result of purchase accounting.

(f) Reflects the tax effect of pro forma adjustments using the statutory rate in effect for the period presented.

(g) Assumes that the 60.2 million shares of common stock issued to effectuate the purchase of Young were outstanding for the entire period.

The unaudited pro forma combined condensed financial statements do not reflect certain events that have occurred or may occur after the merger. As such, the combined company's financial statements may be materially different than the pro forma financial statements presented. The following material items related to Media General and Young are not reflected in the unaudited pro forma combined condensed financial statements:

- On July 31, 2013, Media General entered into a credit agreement with a syndicate of lenders, contingent on completion of the transaction with Young, which will provide the combined company with a \$60 million revolving credit facility and an \$885 million term loan. The Shield Media companies with which Young has shared services arrangements for two stations, entered into a new credit agreement with a syndicate of lenders, dated July 31, 2013, contingent on completion of the transaction, which will refinance its outstanding aggregate \$32 million term loans under one credit agreement. Cash interest will be approximately \$39 million annually as a result of the new credit agreement, based on current LIBOR rates, a savings of \$36 million over the two companies' current standalone annual cash interest expense of approximately \$75 million.





- The operating results of WXXA and WLAJ – operated by Young under shared services arrangements -- for periods prior to December 2012 and March 2013, respectively, have not been included in the pro forma results.
2. Additionally, steps taken by Young management to improve the profitability of these stations by combining resources with other stations that they own have not been reflected.
  3. The purchase price in the pro forma financial statements was calculated using a combined company stock price of \$10.00 per share. The actual purchase price will not be known until the transaction closes. The actual purchase price could be materially higher or lower. Each \$1 change in stock price raises or lowers the purchase price by approximately \$60 million.
  4. Total transaction costs are estimated to be \$25.5 million, which is reflected on the balance sheet as adjustment (a), as required by the pro forma rules. GAAP requires these costs to be recorded as period expenses.
  5. The pro forma financial statements reflect a full tax valuation allowance for Media General and no tax valuation allowance for Young. The combined company may be able to eliminate its valuation allowance following the consummation of the transaction.
  6. The combined company intends to make a \$50 million contribution to Media General's qualified pension plan shortly after consummation of the transaction. This is expected to result in an annualized \$4 million of savings in pension expense.
  7. Following the transaction, operating synergies of approximately \$15 million are expected to be achieved.

**POST-TRANSACTION PRO FORMA SECURITY OWNERSHIP**

The following table sets forth the expected beneficial ownership of voting and Non-Voting Common Stock of the combined company immediately following completion of the transaction by the pre-transaction Stockholders of Media General and equityholders of Young who in each case are expected to beneficially own more than five percent (5.0%) of the outstanding shares of the combined company voting and non-voting common stock (on a combined basis) following the closing of the transaction. The actual number of shares of Voting Common Stock and Non-Voting Common Stock to be held by the persons set forth below immediately after the closing of the transaction will depend on the number of shares and other equity securities of Media General and Young outstanding immediately prior to the closing and the number of shares and other equity securities of Young with respect to which Young equityholders elect to receive Non-Voting Common Stock. The applicable percentage ownership is based on 88,229,671 shares of common stock (including shares of Voting Common Stock and shares of Non-Voting Common Stock) expected to be outstanding immediately after closing of the transaction.

	Number of Shares of Common Stock	Percent Ownership
Standard General (1)	24,549,465	27.9%
OppenheimerFunds (2)	11,800,197	13.4%
Mario J. Gabelli and affiliates (3)	8,989,237	10.2%
Highland (4)	8,715,531	9.9%
Warren E. Buffett and Berkshire Hathaway, Inc. (5)	4,646,220	5.3%

Following the completion of the transaction, Standard General Fund, L.P and Standard General Communications LLC are expected to directly own 3,749,527 and 20,799,938 shares of the combined company's common stock, respectively. Mr. Soohyung Kim may be deemed to share beneficial ownership of the shares of the combined company's common stock held by Standard General Fund, L.P and Standard General Communications LLC (1) through his control of the general partner of the general partner of Standard General Fund, L.P. (which is the sole member of Standard General Communications LLC) and of the entity that manages Standard General Communications LLC. Mr. Kim disclaims beneficial ownership of the shares reported herein except to the extent of his pecuniary interest in such shares.

Shares are held of record by certain investment funds managed by OppenheimerFunds, Inc. (which we refer to as "OppenheimerFunds"). OppenheimerFunds may be deemed to have voting and investment power over the shares and (2) be beneficial owners of the shares. OppenheimerFunds disclaims any beneficial ownership. The information set forth in this footnote is based on information provided to us by OppenheimerFunds.

(3) The share ownership information with respect to Mario J. Gabelli and affiliates was prepared based on a Schedule 13D filed by Mario J. Gabelli and affiliates, as amended. According to the Schedule 13D as amended, the shares of Media General Class A Common Stock listed in such schedule are beneficially owned by Mr. Gabelli or entities

under his direct or indirect control or for which he acts as Chief Investment Officer, including 5,477,828 shares beneficially owned by GAMCO Asset Management Inc. (which we refer to as “GAMCO”), 2,501,000 shares beneficially owned by Gabelli Funds, LLC (which we refer to as the “Gabelli Funds”), 1,010,029 shares beneficially owned by Teton Advisors, Inc. (which we refer to as “Teton Advisors”), and 380 shares issuable upon conversion of Media General Class B Common Stock beneficially owned by MJG Associates, Inc. (which we refer to as “MJG Associates”). According to the Schedule 13D as amended, all such shares are also beneficially owned by Mr. Gabelli and by GGCP, Inc. (which we refer to as “GGCP”) and GAMCO Investors, Inc., parent company of GAMCO and Gabelli Funds. According to the Schedule 13D as amended, each of GAMCO, Gabelli Funds, Teton Advisors, and MJG Associates has sole dispositive and voting power over all of the shares he or it beneficially owns except that (a) GAMCO does not have authority to vote 272,700 shares beneficially owned by it, and (b) with respect to 2,493,000 shares beneficially owned by Gabelli Funds and directly held by funds to which Gabelli Funds provides advisory services (which we refer to collectively as the “Funds”), the proxy voting committee of each such Fund exercises the entire voting power with respect to such shares held by such Funds. It is expected that, following closing of the transaction, GAMCO will hold a number of shares of Voting Common Stock not to exceed 4.99% of the outstanding shares of Voting Common Stock, and the remainder of the shares of common stock held by GAMCO (if any) will be shares of Non-Voting Common Stock.

The beneficial ownership with respect to Highland was prepared based on information that it provided. Highland Floating Rate Opportunities Fund (which we refer to as the “Floating Rate Fund”), a registered investment company, will beneficially own 3,776,560 shares, and NexPoint Credit Strategies Fund (which we refer to as the “NexPoint Fund”), a registered investment company, will beneficially own 4,938,971 shares. The shares to be held by the Floating Rate Fund may also be deemed to be beneficially owned by Highland Capital Management Fund Advisors, L.P. (which we refer to as “Highland Fund Advisors”), its investment adviser and Strand Advisors XVI, (4) Inc. (which we refer to as “Strand XVI”), Highland Fund Advisors’ general partner. The shares to be held by the NexPoint Fund may also be deemed to be beneficially owned by NexPoint Advisors, L.P. (which we refer to as “NexPoint Advisors”), its investment adviser, and NexPoint Advisors GP, LLC (which we refer to as “NexPoint GP”), NexPoint Advisors’s general partner. James Dondero, as president of Strand XVI, Inc. and NexPoint Advisors GP, LLC may also be deemed to beneficially own the securities held by the Floating Rate Fund and the NexPoint Fund. Each of Highland Fund Advisors, Strand XVI, NexPoint Advisors, NexPoint GP and Mr. Dondero disclaim his or its beneficial ownership except to the extent of his or its individual pecuniary interest.

The share ownership information with respect to Warren E. Buffett and Berkshire Hathaway was prepared based on a Schedule 13D filed by Warren E. Buffett and Berkshire Hathaway on June 4, 2012, as amended on September (5)24, 2012 and June 6, 2013. According to that Schedule 13D as amended, as of September 24, 2012, Mr. Buffett and Berkshire shared dispositive and voting power over 4,646,220 shares of Media General Class A Common Stock.

## BUSINESS OF YOUNG

### Overview

Young, through its direct subsidiary, Young Broadcasting, LLC, and its other indirect subsidiaries, is the operator of, or service provider to, 13 television stations in 11 geographically diverse markets across the United States, reaching approximately six percent of U.S. television households. Six of the 13 stations are affiliated with ABC, four are affiliated with CBS, one is affiliated with FOX, one is affiliated with NBC, one is affiliated with MyNetworkTV, and two of the stations also have either a CW Plus or MyNetworkTV affiliation for a multicast channel.

Young's stations are located in markets ranging from Designated Market Areas, which we refer to as "DMA," 6 to 173, as defined by Nielsen, which ranks DMAs based on the number of TV households. The Young markets are geographically diverse, including San Francisco, California; Nashville and Knoxville, Tennessee; Richmond, Virginia; Albany, New York; Green Bay, Wisconsin; Davenport, Iowa; Sioux Falls and Rapid City, South Dakota; Lansing, Michigan; and Lafayette, Louisiana.

Many of Young's stations feature award-winning local news franchises, allowing Young to gain a competitive advantage with advertisers in their markets. This local focus has led to long-standing number one and number two news rankings in six of Young's markets. Young also complements its news franchises with local websites.

### Television Stations

The following table sets forth general information based on Nielsen data as of June 2013 for each of Young's stations:

Market	DMA Rank (1)	Station	Channel	Network Affiliation	Commercial Stations in DMA (2)	Year Acquired
San Francisco, CA	6	KRON	38	MNT	14	2000
Nashville, TN	29	WKRN	27	ABC	7	1989

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Richmond, VA	57	WRIC 22	ABC	5	1994
Albany, NY	58	WTEN 26	ABC	6	1989
		WXXA 7	FOX		2012 (3)
Knoxville, TN	61	WATE 26	ABC	7	1994
Green Bay, WI	69	WBAY 23	ABC	6	1994
Davenport, IA	99	KWQC 36	NBC	5	1996
Sioux Falls, SD	112	KELO 11	CBS	5	1996
Lansing, MI	115	WLNS 36	CBS	5	1986
		WLAJ 51	ABC		2013 (4)
Lafayette, LA	124	KLFY 10	CBS	3	1988
Rapid City, SD	173	KCLO 16	CBS	4	1996

(1) Refers to the size of the television market or DMA, as defined by Nielsen.

Represents the number of television stations (“reportable stations”) designated by Nielsen as “local” to the DMA, excluding public television stations and stations which do not meet minimum Nielsen reporting standards (weekly cumulative audience of less than 2.5%) for reporting in the Sunday through Saturday, 7:00 a.m. to 1:00 a.m. period. Does not include national cable channels. The number of reportable stations may change for each reporting period.

Young entered into a joint sales agreement and a shared services agreement with WXXA effective December 13, 2012 to provide certain non-programming related sales, operational and administrative services to WXXA. See (3) “Young Management’s Discussion & Analysis of Financial Condition and Results of Operations – Overview of Young’s Business” for further discussion.

On March 1, 2013, Young entered into a joint sales agreement and shared services agreement with WLAJ-TV LLC to provide certain non-programming related sales, operational and administrative services to WLAJ. In (4) connection with this transaction, Young purchased certain non-license assets of WLAJ from WLAJ-TV LLC. See “Young Management’s Discussion & Analysis of Financial Condition and Results of Operations – Overview of Young’s Business” for further discussion.

## **Principal Sources of Revenue**

*Advertising revenues.* The principal source of revenue for Young’s stations is derived from the sale of local, regional and national advertising. Generally, each station determines the national and local advertising rates for each spot sold by Young, and the relevant station receives all of the revenues, net of agency commissions, for such spot. Advertising rates are based upon a variety of factors, including a program's popularity among the viewers an advertiser wishes to attract, the number of advertisers competing for the available time, the size and demographic makeup of the market served by the station, and the availability of alternative advertising media in the market area. Rates are also determined by a station's overall ratings and share in its market, as well as the station’s ratings and share among particular demographic groups which an advertiser may be targeting. In 2012, 84% of Young’s total revenues were derived from spot advertising.

*Retransmission consent revenues.* Young also receives retransmission consent revenue from certain satellite and cable providers in return for Young’s consent to retransmit the signals of Young’s television stations. In 2012, approximately 10% of Young’s total revenues were derived from retransmission consent agreements.

*Other revenue.* Additionally, a small percentage of revenue is derived from commercial production, digital media advertising sales, trade shows and tower space rental income.

*Barter arrangements.* Young also provides advertising airtime to certain programmers and customers in exchange for programming products or services. In 2012, approximately one percent of Young's total revenues were derived from barter programming transactions.

## **Industry**

All television stations in the country are grouped by Nielsen, a national audience measuring service, into approximately 211 DMAs that are ranked in size according to various formulae based upon actual or potential audience. Each DMA is determined as an exclusive geographic area consisting of all counties in which the home-market commercial stations receive the greatest percentage of total viewing hours. Nielsen periodically publishes data on estimated audiences for the television stations in the various television markets throughout the country. The estimates are expressed in terms of the percentage of the total potential audience in the market viewing a station, which we refer to as the station's "rating," and of the percentage of the audience actually watching television, which we refer to as the station's "share." Nielsen provides such data on the basis of total television households and selected demographic groupings in the market using three methods of determining a station's ability to attract viewers (diary markets, meter-diary adjusted markets and local people meter markets). In larger DMA, ratings are determined by a combination of meters connected directly to select television sets and weekly diaries of television viewing, while in smaller markets only weekly diaries are used to determine viewing. The San Francisco DMA is a local "people meter" market, and the Nashville, Richmond and Knoxville markets are metered markets. All other Young markets are diary markets.



Whether a station is affiliated with one of the four major networks (ABC, CBS, NBC or FOX) has a significant impact on the composition of the station's revenue, expenses and operations. A typical network affiliate receives a significant percentage of its programming each day from the network. This programming is provided to the affiliate by the network in exchange for 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 time sold during breaks in and between network programs and programs the affiliate produces or purchases from non-network sources. In addition, stations generally pay a network program fee for the right to broadcast network programs. Traditional network programming generally achieves higher audience levels than syndicated programs aired by independent stations.

In acquiring syndicated programming to supplement network programming, network affiliates compete with the other stations in their markets. Local cable systems generally do not compete with local stations for programming, but various national cable networks from time to time have acquired programs that would have otherwise been offered to local television stations. Young is unable to predict what the cost of non-network programming will be in the future.

## **Competition**

Competition in the television industry takes place on several levels: competition for audience, competition for programming (including news) and competition for advertisers. Additional factors that are material to a television station's competitive position include signal coverage and assigned frequency.

*Audience.* Stations compete for audience on the basis of program popularity, which has a direct effect on advertising rates. A significant percentage of the daily programming on Young's stations is supplied by the network with which each station is affiliated. In those periods, the stations are totally dependent upon the performance of the network programs in attracting viewers. There can be no assurance that such programming will achieve or maintain satisfactory viewership levels in the future. Non-network time periods are programmed by the station with a combination of self-produced news, public affairs and other entertainment programming, including news and syndicated programs purchased for cash, cash and barter, or barter only.

Although the commercial television broadcast industry historically has been dominated by the four major broadcast networks (ABC, CBS, NBC and FOX), stations affiliated with other national networks (e.g., The CW, MyNetworkTV and ION Television), independent stations, and other video programming delivery methods, such as cable and satellite systems, have become significant competitors for the television audience. In addition, in recent years, certain cable operators have elected to compete for a share of the local news audience with local cable news channels.

Other sources of competition include home entertainment systems (including DVDs, DVRs and video game devices), video-on-demand and pay-per-view, portable digital devices, and the Internet. In particular, networks may now

distribute programming directly to consumers via the Internet and portable digital devices such as smartphones.

Further advances in technology may increase competition for household audiences and advertisers. Video compression techniques, applicable to all video delivery systems, reduce the bandwidth required for television signal transmission and have the potential to provide vastly expanded programming to highly targeted audiences. This ability to reach very narrowly defined audiences is expected to alter the competitive dynamics for advertising expenditures. The same compression technology, however, enables local television broadcast stations to broadcast multiple digital channels of local television programming. This technology expands the capacity of local television broadcast stations to provide more programming and potentially develop new sources of revenue. Young, however, is unable to predict the effect that any of these or other technological changes in which video programming may be delivered will have on the broadcast television industry or the future results of Young's operations.

*Programming.* Competition for programming involves negotiating with national program distributors or syndicators, which sell first-run and rerun packages of programming. The stations compete against in-market broadcast station competitors for exclusive local access to off-network reruns and first-run product in their respective markets. Cable and satellite systems compete with local stations for programming to a lesser extent, and various national cable and satellite networks from time to time have acquired programs that would have otherwise been offered to local television stations. Competition for exclusive news stories and features is also endemic in the television industry.

*Advertising.* Advertising rates are based upon the size of the market in which the station operates, a program's popularity among the viewers that an advertiser wishes to attract, the number of advertisers competing for the available time, the demographic makeup of the market served by the station, the availability of alternative advertising media in the market area, aggressive and knowledgeable sales forces, and development of projects, features and programs that tie advertiser messages to programming. Advertising revenue comprises the primary source of revenue for commercial television stations. Young's stations compete for such advertising revenue with other television stations in their respective markets, as well as with other advertising media, such as newspapers, radio stations, magazines, outdoor advertising, transit advertising, direct mail, the Internet, and cable and satellite systems serving the same market. Competition for advertising dollars in the broadcasting industry occurs primarily within individual markets. Generally, a television broadcasting station in the market does not compete with stations in other market areas.

Young's television stations are located in highly competitive markets. Young is currently represented by sales teams at Telerep, L.L.C. and Harrington Righter & Parsons, LLC for national sales and WXXA is currently represented by a sales team at Katz Communications, Inc. See "Young Management's Discussion & Analysis of Financial Condition and Results of Operations," beginning on page 142 for further discussion.

### **Young's Primary Network Affiliation Agreements**

Each of Young's stations is affiliated with its network pursuant to an affiliation agreement. The following chart provides details concerning the primary affiliation of the stations and the dates of expiration of the respective affiliation agreements:

Station	Network	Affiliation Agreement
	Affiliation	Current Expiration Date
WKRN (Nashville, TN)	ABC	August 31, 2015
WTEN (Albany, NY)	ABC	August 31, 2015
WATE (Knoxville, TN)	ABC	August 31, 2015

WRIC (Richmond, VA)	ABC	August 31, 2015
WBAY (Green Bay, WI)	ABC	August 31, 2015
WLAJ (Lansing, MI)	ABC	December 31, 2015
KELO (Sioux Falls, SD)	CBS	April 2, 2015
KCLO (Rapid City, SD)	CBS	April 2, 2015
WLNS (Lansing, MI)	CBS	September 30, 2017
KLFY (Lafayette, LA)	CBS	September 30, 2017
WXXA (Albany, NY)	FOX	December 31, 2017
KRON (San Francisco, CA)	MNT	September 30, 2014
KWQC (Davenport, IA)	NBC	January 1, 2015

Young believes that syndicated programming costs are generally lower for network affiliates than for independent television stations and that prime time network programs generally achieve higher ratings than non-network programs. 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 such broadcasts. In addition, stations generally pay a network program fee for the right to broadcast network programs.

Under the affiliation agreements, the networks possess, under certain circumstances (such as a transfer of control or adverse changes in signal coverage, operating hours or other mode of operation), the right to terminate the affiliation agreement on prior written notice ranging between 15 and 45 days depending on the affiliation agreement.

## Properties

Young's principal executive offices are located at 441 Murfreesboro Road, Nashville, Tennessee. Young owns this space.

The types of properties required to support television stations include offices, studios, transmitter sites and antenna sites. A station's studios are generally housed with its offices in downtown or business districts. The transmitter sites and antenna sites are generally located in elevated areas so as to provide maximum market coverage. The following table contains certain information describing the general character of Young's properties.

Station	Metropolitan Area and Use	Owned or Leased
WKRN	<i>Nashville, TN</i>	
	Office and studio	Owned
	Land	Owned
WKRN	<i>Brentwood, TN</i>	
	Transmission tower site	Owned
WTEN	<i>Albany, NY</i>	
	Office and studio	Owned
	Land	Owned
WTEN	<i>New Scotland, NY</i>	
	Transmission tower site	
	—Land	Owned
	—Building	Owned
	DTV transmitter site	Leased(1)
WTEN	<i>Mt. Greylock, Adams, MA</i>	
	Transmission tower site	
	—Land	Leased

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	—Building	Owned
WRIC	<i>Richmond, VA</i>	
	Office and studio	
	—Building	Owned
	—Land	Owned
	<i>Chesterfield Co., VA</i>	
	Transmitter tower facility	Owned
	DTV transmitter site	Lease of space on tower
WATE	<i>Knoxville, TN</i>	
	Office and studio	Owned
	Land	Owned
	<i>Knox County, TN</i>	
	Transmission tower site	Owned

	<b>Station Metropolitan Area and Use</b>	<b>Owned or Leased</b>
	<i>House Mountain, TN</i>	
	Prospective tower site	Owned
WBAY	<i>Green Bay, WI</i>	
	Office and studio	Owned
	Land	Owned
	<i>DePere, WI</i>	
	Transmission tower site	Owned
	<i>Appleton, WI</i>	
	Office	Leased
KWQC	<i>Davenport, Iowa</i>	
	Office and studio	Owned
	Land	Owned
	<i>Bettendorf, Iowa</i>	
	Land	Owned
	Building	Owned
	Transmitter tower (structure)	Owned(1)
	<i>Orion, Illinois</i>	
	DTV transmitter site	Lease of space on tower
KELO	<i>Sioux Falls, SD</i>	
	Office and studio	Owned
	Land	Owned
	<i>Rowena, SD</i>	
	Transmission tower site	Owned(1)
	<i>Reliance, SD</i>	
	Transmission tower site	Owned
	New transmission tower site	Leased
	<i>Rapid City, SD</i>	
	Office and studio	Leased
	Transmission tower site	Owned
	<i>Murdo, SD</i>	
	Transmission tower site	Leased
	<i>Wall, SD</i>	
	Transmission tower site	Leased
	Doppler radar tower	Leased
	<i>Beresford, SD</i>	
	Transmission tower site	Leased
	Doppler radar tower site	Leased
	<i>Diamond Lake, SD</i>	
	Transmission tower site	Owned
	<i>DeSmet, SD</i>	
	Transmission tower site	Owned
	<i>Garden City, SD</i>	
	Transmission tower site	Owned
	Auxiliary transmission tower site	Owned
	<i>Mt. Vernon, SD</i>	
	Transmission tower site	Owned
	<i>New Underwood, SD</i>	
	Transmission tower site	Leased

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	<i>Huron, SD</i>	
	Doppler radar tower site	Leased
	<i>Watertown, SD</i>	
	Transmission tower site	Lease of space on tower
	<i>Aberdeen, SD</i>	
	Office and studio	Leased
WLNS	<i>Lansing, Michigan</i>	
	Office, studio and transmission tower site	Owned
	Land	Owned
	<i>Meridian, Michigan</i>	
	Transmission tower site	Owned
	<i>Watertown, Michigan,</i>	
	Doppler Radar tower site	Leased
KLFY	<i>Lafayette, LA</i>	
	Office and studio	Owned
	Land	Owned
	<i>Maxie, LA</i>	
	Transmission tower site	Leased
	<i>Acadia Parish, Louisiana</i>	
	Transmission tower site	Owned



<b>Station</b>	<b>Metropolitan Area and Use</b>	<b>Owned or Leased</b>
KRON	<i>San Francisco, CA</i>	
	Office and studio	Owned
	Land	Owned
	Transmission tower site	Leased(1)
	Transmitter site	Lease of space on tower
	<i>Sonoma County, CA</i>	
	Transmitter site	Leases of space on tower
	<i>Alameda County, CA</i>	
	Transmitter site	Lease of space on tower
	<i>Santa Clara County, CA</i>	
	Two transmitter sites	Leases of space on tower
	<i>Marin County, CA</i>	
	Transmitter site	Lease of space on tower
WXXA	<i>Contra Costa County, CA</i>	
	Transmitter site	Lease of space on tower
	<i>Albany, NY</i>	
	Office and studio	Owned
	—Land	Owned
	<i>Voorheesville, NY</i>	
	Tower site	
—Land	Owned	
—Building	Owned	
WLAJ	<i>New Scotland, NY</i>	
	DTV transmitter site	Leased(1)
	<i>Lansing, MI</i>	
	Office and studio	Owned
	Land	Owned
	<i>Onondaga, MI</i>	
	Transmitter site	Leased

(1) Ownership rights are shared by station as part of a joint venture arrangement with unrelated third parties.

### **Federal Regulation of Television Broadcasting**

The ownership, operation and sale of television stations are subject to the jurisdiction of the FCC, which acts under the authority granted by the Communications Act of 1934, as amended, which we refer to as the “Communications Act.” Among other things, the FCC assigns frequency bands for broadcasting; determines the particular frequencies, locations and operating power of stations; issues, renews, revokes and modifies station licenses; regulates equipment used by stations; adopts and implements regulations and policies that directly or indirectly affect the ownership, operation and employment practices of stations; and has the power to impose penalties for violations of the

Communications Act and its related rules and regulations.

The following is a brief summary of certain provisions of the Communications Act and specific FCC regulations and policies. Reference should be made to the Communications Act, FCC rules and the public notices and rulings of the FCC for further information concerning the nature and extent of federal regulation of broadcast stations.

***License Renewals***

Television stations operate pursuant to broadcasting licenses that are granted by the FCC for maximum terms of eight years and are subject to renewal upon application to the FCC. During certain periods when renewal applications are pending, petitions to deny license renewals can be filed by interested parties, including members of the public. In general, the Communications Act provides for the FCC to grant a renewal application if it finds:

that the station has served the public interest, convenience and necessity;

that there have been no serious violations by the licensee of the Communications Act or the rules and regulations of the FCC; and

that there have been no other violations by the licensee of the Communications Act or rules and regulations of the FCC that, when taken together, would constitute a pattern of misconduct.

Applications for renewal of Young's stations with the following expiration dates remain pending at the FCC (a station's authority to operate is automatically extended while a renewal application is on file and under review): October 1, 2012 (one station); August 1, 2013 (two stations); and October 1, 2013 (one station). Although Young has received such renewals and approvals in the past, there can be no assurance that Young will always obtain necessary renewals or that approvals in the future will contain acceptable FCC license conditions.

### *Ownership Matters*

The Communications Act prohibits the assignment or transfer of control of a broadcast license without the prior approval of the FCC. In determining whether to permit the assignment or transfer of control of, or the grant or renewal of, a broadcast license, the FCC considers a number of factors pertaining to the licensee, including compliance with various rules limiting common ownership of media properties, the "character" of the licensee and its principals, and compliance with the Communications Act's limitations on ownership by non-U.S. citizens, non-U.S. entities, or representatives of foreign persons or foreign governments (collectively, aliens). In general, aliens may not own or vote an aggregate interest of greater than 25% in an entity that controls a broadcast licensee.

FCC rules impose limits on the ownership and cross-ownership of interests in television broadcast stations and certain other media, including:

the ownership of multiple television stations in the same market;

the cross-ownership of television stations and radio broadcast stations in the same market;

the ownership of television stations and daily newspapers of general circulation in the same market; and

the national ownership of television stations, which precludes a single entity from owning television stations reaching more than 39% of the entire population of the United States.

In applying its media ownership limits, the FCC treats persons or entities holding "attributable" interests as station "owners." Subject to some exceptions, attributable media interests include the following:

the direct or indirect right to vote 5% or more of the stock of a corporation (or 20% or more of such stock in the case of insurance companies, investment companies and bank trust departments that are passive investors);

a position as an officer or Director;

a general partnership interest;

a limited partnership interest that is not “insulated” in accordance with FCC rules;

a time brokerage agreement for more than 15% of the airtime of another television station in the market; and

any combination of debt and equity amounting to more than 33% of the total asset value (debt plus equity) of a media outlet if the holder either is a major program supplier (providing more than 15% of weekly programming) or holds another attributable media interest in the same market.

Under a joint sales agreement, which we refer to as a “JSA,” one TV station in a market agrees to sell the advertising inventory of another station in the same market. Currently, TV JSAs are not an attributable interest under the FCC’s policies, although JSAs among same-market radio broadcasters are treated as attributable interests. In 2006, Young entered into a JSA pursuant to which WLNS is permitted to sell the advertising inventory of WHTV, Jackson, Michigan. Young has also entered into JSAs to sell the advertising inventory of WXXA-TV, Albany, New York, and WLAJ-TV, Lansing, Michigan.

On December 22, 2011, the FCC released a Notice of Proposed Rulemaking in its Quadrennial Review of the Multiple Ownership Rules and is considering changes to the FCC's rules regarding broadcast-newspaper cross ownership restrictions, the possible elimination of rules restricting the ownership of radio and TV stations in the same market, and the potential attribution of TV JSAs so that they would count as ownership interests in a multiple ownership analysis, as well as other changes.

In addition to the FCC, the DOJ and the Federal Trade Commission also may review matters related to the concentration of media ownership within markets.

### ***Carriage of Television Broadcast Signals over Cable and Direct Broadcast Satellite Systems***

Pursuant to FCC rules, local television stations may elect every three years to either (1) require cable and/or direct broadcast satellite operators to carry the stations' signals or (2) enter into retransmission consent agreements for carriage. Young has elected to enter into retransmission agreements with the cable and direct satellite broadcast companies serving its markets. There is no assurance, however, that Young will be able to agree on acceptable terms for retransmission agreements when existing agreements expire. The loss of favorable retransmission consent arrangements could lead to a reduction in retransmission revenue. In addition, if Young should be unable to reach retransmission consent agreements with cable and direct broadcast satellite companies for the carriage of its stations' primary signals, Young could lose revenues and audience share.

The FCC's syndicated exclusivity rules allow local broadcast television stations to demand that cable operators black out syndicated non-network programming carried on "distant signals" (i.e. signals of broadcast stations, including so-called "superstations," which serve areas substantially removed from the cable system's local community). The FCC's network non-duplication rules allow local network-affiliated broadcast stations to require that cable operators black out duplicate network programming carried on distant signals. In a number of markets in which Young owns stations affiliated with a network, however, a station that is affiliated with the same network in a nearby market is carried on cable systems in Young's markets. This is not necessarily a violation of the FCC's network non-duplication rules. Nevertheless, the carriage of two network stations on the same cable system could result in a decline of viewership, adversely affecting the revenues of Young's stations.

### ***Restrictions on Broadcast Programming***

Advertising of cigarettes and certain other tobacco products on broadcast stations has been banned for many years. Various states also restrict the advertising of alcoholic beverages and, from time to time, certain members of Congress have contemplated legislation to place restrictions on the advertisement of such alcoholic beverages. FCC rules also restrict the amount and type of advertising which can appear in a program broadcast primarily for an audience of

children 12 years of age and younger.

Under the Communications Act and FCC rules stations must provide “reasonable access” for the purchase of time by legally qualified candidates for federal office and “equal opportunities” for the purchase of equivalent amounts of comparable broadcast time by opposing candidates for the same elective office and must make favorable rates available to legally qualified candidates during the 45 days preceding a primary or primary run-off election and during the 60 days preceding a general or special election.

It is a violation of federal law and FCC regulations to broadcast indecent programming outside of “safe harbor” periods or to broadcast obscene programming at any time. FCC licensees are, in general, responsible for the content of their broadcast programming, including that supplied by television networks. Accordingly, there is a risk of being fined as a result of Young’s broadcast programming, including network programming. The maximum forfeiture amount for the broadcast of indecent material is \$325,000 for each violation, with a cap of \$3.0 million for any single act.

### ***Programming and Operations***

The Communications Act requires broadcasters to serve the “public interest.” The FCC has relaxed or eliminated many of the more formalized procedures it had developed in the past to promote the broadcast of certain types of programming responsive to the needs of a station’s community of license. FCC licensees continue to be required, however, to present programming that is responsive to the needs and interests of their communities and to maintain certain records demonstrating such responsiveness. Stations also must pay regulatory and application fees and follow various rules promulgated under the Communications Act that regulate, among other things, political advertising, sponsorship identification, obscene and indecent broadcasts, technical operations, including limits on radio frequency radiation. In addition, television licensees have obligations to create and follow employment outreach programs, provide a minimum amount of programming for children, maintain an online public inspection file, and abide by regulations specifying requirements to provide closed captions for its programming.

### ***Pending Matters***

Congress and the FCC have under consideration and in the future may consider and adopt, new laws, regulations and policies regarding a wide variety of matters that could affect, directly or indirectly, the operation, ownership and profitability of Young’s broadcast stations, result in the loss of audience share and advertising revenues for Young’s broadcast stations and affect Young’s ability to acquire additional broadcast stations or finance such acquisitions.

Congress has passed legislation providing the FCC with authority to conduct a so-called “incentive auction” to begin the process of auctioning and repurposing broadcast television spectrum for mobile broadband use. Incentive auction authority allows the FCC to share the proceeds of spectrum auctions with incumbent television station licensees who give up their licenses (or in some cases, move to a different channel) to facilitate a spectrum auction. The legislation contemplates that the FCC will encourage broadcasters to tender their licenses for auction. The FCC would then “repack” non-tendering broadcasters into the lower portions of the UHF band and auction new “flexible use” wireless licenses in the upper portion of the UHF band. The proposals for television stations to participate in the “incentive auctions” are voluntary. On September 28, 2012, the FCC voted in favor of a Notice of Proposed Rulemaking that launches the incentive auction process to clear a portion of the television band for mobile broadband use. Public comments on the FCC’s proposals were due on January 25, 2013, with reply comments due on March 12, 2013. At this time, Young cannot predict the final outcome or impact of this proceeding.

### **Environmental Regulation**

Young’s operations are subject to laws and regulations governing the environment and the health and safety of its workers. Under certain of these laws and regulations, an owner or operator of a facility can be liable for

contamination even if the contamination is the result of activities of third parties. As a result, it is possible that Young could have environmental liabilities with respect to the properties it owns or operates as a result of contamination caused by prior owners or operators or operations at neighboring properties. Although Young believes that it is in substantial compliance with environmental requirements and has not in the past been required to incur significant costs or liabilities in connection therewith, there can be no assurance that its environmental compliance costs or liabilities will not increase in the future or that it will not become subject to new governmental regulations, including those pertaining to potential climate change legislation, that may impose additional restrictions or costs on Young. Young presently believes that none of its properties has any condition that is likely to have a material adverse effect on its consolidated balance sheets, consolidated statements of operations or consolidated statements of cash flows.

## **Employees**

As of June 30, 2013, Young employed in continuing operations 945 full-time employees and 93 part-time employees, of which approximately 84 employees were represented by collective localized bargaining agreements with two different unions: the International Brotherhood of Electrical Workers and the American Federation of Television and Radio Artists. Young considers its relations with its employees to be good.



### **Seasonality**

Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions, as well as budgeting and buying patterns. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers' spending priorities. This could cause Young's revenues or operating results to decline significantly in any given period.

The advertising revenue of Young's stations are generally highest in the second and fourth quarters of each year, due in part to increases in consumer advertising in the spring and retail advertising in the period leading up to, and including, the holiday season. In addition, advertising revenue is generally higher during even numbered election years due to spending by political candidates and supporters of ballot initiatives, with spending typically being heaviest during the fourth quarter.

### **Legal Proceedings**

Young is involved in legal proceedings and litigation arising in the ordinary course of business. In Young's opinion, the outcome of such other proceedings and litigation currently pending will not materially affect Young's financial condition, cash flows or results of operations.

Young Broadcasting Inc., the predecessor to Young Broadcasting, LLC, and its subsidiaries emerged from bankruptcy protection in 2010. In March 2011, the Bankruptcy Court entered a final decree closing the bankruptcy cases of Young Broadcasting Inc. and its subsidiaries. See "Young Management's Discussion & Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Young Broadcasting Inc.'s 2010 Emergence from Bankruptcy" for further discussion.

### **Available Information**

Young is not currently subject to the reporting requirements of the Securities and Exchange Commission.



## YOUNG MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Introduction

*The following discussion and analysis should be read in conjunction with other sections of this proxy statement/prospectus, including "Selected Historical Consolidated Financial Data of Young," "Risks Related to the Business of Young," "—Cautionary Statement Regarding Forward-Looking Statements of Young," "Business of Young," and the accompanying Consolidated Financial Statements of Young and the notes thereto.*

This Management's discussion and analysis of financial condition and results of operations is organized as follows:

*Overview of Young's Business.* This section provides a general description of Young's business, as well as recent developments that have occurred during the first two quarters of 2013 and the year ended 2012 that Young believes are important in understanding the results of operations and financial condition or to anticipate future trends.

*Critical Accounting Policies and Estimates.* This section discusses accounting policies considered important to Young's financial condition and results of operations, and which require significant judgment and estimates on Young's part in application. In addition, Young's significant accounting policies, including the critical accounting policies, are summarized in Note 3 to the 2012 consolidated financial statements of Young.

*Results of Operations.* This section provides an analysis of Young's results of operations for the three and six months ended June 30, 2013 and 2012, and the three-year period ended December 31, 2012. This analysis is presented on a consolidated basis. In addition, it provides a brief description of significant transactions and events that impact the comparability of the results being analyzed.

*Liquidity and Capital Resources.* This section provides an analysis of Young's cash flows for the six months ended June 30, 2013 and 2012, and the three-year period ended December 31, 2012, as well as a discussion of Young's outstanding debt and commitments, both firm and contingent, that existed during the six months ended June 30, 2013 and the year ended December 31, 2012, as well as at December 31, 2011. Included in the discussion of outstanding debt is a discussion of the amount of financial capacity available to fund Young's future commitments, as well as a discussion of other financing arrangements.

## Overview of Young's Business

The net operating revenue of Young's television stations is derived primarily from advertising revenue and, to a much lesser extent, from retransmission rights fees paid by multi-video program distributors serving the local markets of Young's stations for rebroadcasting their signals. The stations also sell advertising on their websites, and generate other revenue from video production, tower rental and other miscellaneous sources.

Advertising is sold for placement in a station's network, syndicated, and locally originated programming. Advertising is sold in time increments and is priced primarily on the basis of a program's popularity among the specific audience an advertiser desires to reach, as measured principally by periodic audience surveys. In addition, advertising rates are affected by the number of advertisers competing for the available time, the size and demographic makeup of the market served by the station and the availability of alternative advertising media in the market area. Rates are highest during the most desirable viewing hours, with corresponding reductions during other hours. The ratings of a local station affiliated with a national television network can be affected by the ratings of the network programming.

Most advertising contracts are short-term, and generally run for only a few weeks. Approximately 53% of the gross revenues for each of the six month periods ended June 30, 2013 and June 30, 2012 was generated from local advertising, which is sold by a station's sales staff directly to local accounts. The remainder of the advertising revenue comes primarily from national and political advertising. The stations generally pay commissions to advertising agencies on local, regional and national advertising. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions, as well as budgeting and buying patterns. A decline in the economic prospects of advertisers or the economy in general often alter current or prospective advertisers' spending priorities, which results in a decline in Young's net operating revenue and operating income in any given period.

Young's business is impacted by seasonal factors. See "Business of Young—Seasonality" for a discussion of the seasonality of Young's business.

The stations' primary operating expenses are for employee compensation, news-gathering, production, programming and promotion costs. A high proportion of the operating expenses of the stations are fixed.

Effective March 1, 2013, WLAJ-TV LLC, which we refer to as "WLAJ," a wholly owned subsidiary of an unrelated party, Shield Media Lansing LLC, which we refer to as "Shield Media Lansing," entered into an asset purchase agreement to purchase certain assets (including the FCC license) of the WLAJ television station in Lansing, MI from Sinclair Broadcast Group, which we refer to as "SBG." Concurrent with entry into this agreement, Young entered into a JSA, and SSA, with WLAJ to provide certain sales, operational and administrative services to WLAJ. The initial terms of the JSA and SSA are eight years, and the agreements can be automatically renewed for successive two-year renewal terms. WLAJ paid \$14.4 million in cash to purchase the station assets which was partially financed through a \$10.0 million term loan which is jointly guaranteed by Young and Shield Media Lansing. See Note 3 of the unaudited condensed financial statements of Young for the three and six months ended June 30, 2013 for more information. The acquisition was also funded from the proceeds from an asset purchase agreement in which Young purchased certain non-license assets of the station from WLAJ for \$5.4 million. The balance of the proceeds from the term loan and the asset purchase agreement between WLAJ and Young, after SBG was paid, went toward transaction fees and working capital.

Young has determined that WLAJ is a variable interest entity, which we refer to as "VIEs," and that based on the terms of the WLAJ JSA and SSA and the guarantee of WLAJ's debt, it is the primary beneficiary of the variable interests. As a result of this determination, the financial results of WLAJ since March 1, 2013 have been consolidated by Young in accordance with the VIE accounting guidance and the initial purchase price of \$14.3 million was allocated to the acquired assets and assumed liabilities based on estimated fair values upon the effective date of the transaction. The results of operations for the six months ended June 30, 2013 include the results of WLAJ since March 1, 2013. Net operating revenues and operating income of WLAJ included in Young's consolidated statements of comprehensive income, were \$1.5 million and \$0.1 million for the six months ended June 30, 2013, respectively. Net operating revenues and operating loss of WLAJ were \$1.2 million and \$0.1 million for the three months ended June 30, 2013, respectively.

Effective December 13, 2012, WXXA-TV LLC, which we refer to as "WXXA," entered into an asset purchase agreement to purchase certain assets (including the FCC license) of the WXXA television station in Albany, New York. Concurrent with this agreement, Young entered into a JSA and SSA with WXXA to provide certain sales, operational and administrative services to WXXA. The initial terms of the WXXA JSA and SSA are eight years from their effective dates, and the agreements automatically renew for successive two-year renewal terms. WXXA paid \$19.5 million in cash to purchase the station assets, financed through a \$22.0 million credit facility, which was jointly guaranteed by Young and Shield Media LLC.

Young has determined that WXXA is a VIE and that based on the terms of the JSA and SSA and the guarantee of WXXA's debt, it is the primary beneficiary of the variable interests. As a result of this determination, the financial results of WXXA since December 13, 2012 have been consolidated by Young, and the initial purchase price of \$19.5 million was allocated to the acquired assets and assumed liabilities based on estimated fair values upon the effective date of the transaction. Net operating revenue and operating income of WXXA, included in Young's consolidated statements of comprehensive income, were \$0.5 million and less than \$0.1 million, respectively, for the period ended December 31, 2012. Net operating revenue and operating loss of WXXA, included in Young's consolidated statements of comprehensive income, were \$2.7 million and \$0.2 million, respectively, for the three months ended June 30, 2013. Net operating revenue and operating loss of WXXA, included in Young's consolidated statements of comprehensive income, were \$5.3 million and less than \$0.7 million, respectively, for the six months ended June 30, 2013. See also Note 4 to the 2012 consolidated financial statements of Young and Note 3 to the unaudited condensed consolidated financial statements of Young for the three and six months ended June 30, 2013 for more information.

During the year ended December 31, 2012, Young used funds available through the Young Senior Credit Facility to repurchase 7,199 shares of Young's Class A Common Stock and 2,011 shares of Young's Class B Common Stock. Total cash used to repurchase the stock was approximately \$145 million.

### **Critical Accounting Policies and Estimates**

The SEC considers an accounting policy to be critical if it is important to Young's financial condition and results, and if it requires significant judgment and estimates on Young's part in its application. Young has determined the development and selection of these critical accounting policies and the related disclosures have been reviewed with the Audit Committee of the Board of Directors of Young. For a summary of all of Young's significant accounting policies, see Note 3 to the 2012 consolidated financial statements of Young.

*Use of Estimates.* The preparation of financial statements in conformity with GAAP requires Young to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. The principal areas of judgment relate to the allowance for doubtful accounts, the pattern of program license rights amortization, the carrying value and the useful lives and impairment analysis of intangible assets, pension benefit obligations, tax valuation and reserves, and valuation of acquired assets and assumed liabilities and fresh-start accounting adjustments. Actual results could differ from those estimates.

*Revenue Recognition.* As discussed above, the gross operating revenue of Young's stations is derived primarily from advertising revenue, which represented approximately 77% and 83% of Young's gross operating revenues for the six months ended June 30, 2013 and 2012, respectively, and approximately 84%, 88% and 89.9% of Young's gross operating revenue for the years ended December 31, 2012, 2011 and 2010, respectively.

*Advertising Revenues*—Advertising revenues are recognized net of agency commissions and in the period in which the commercial is broadcast. Barter and trade revenues are also included in advertising revenues and are also recognized when the commercials are broadcast.

*Retransmission Consent Fees*—Young receives consideration from certain satellite and cable providers in return for consent to the retransmission of the signals of Young's television stations. In some cases, the consideration is based on the number of subscribers receiving the signals. Retransmission consent revenue is generally recognized on a per subscriber basis in accordance with the terms of each contract.

*Network Affiliation Fees*—Six of Young's 13 stations are affiliated with ABC, four are affiliated with CBS, one is affiliated with NBC, one is affiliated with FOX, and one is affiliated with MyTV. Network fees are determined based on the contractual arrangements with Young's affiliates and are recognized within operating expenses over the

term of the arrangement.

• *Other Revenue*—Young generates revenue from other sources, which include digital advertising, commercial production, trade shows, rental income from tower space and other miscellaneous revenues.

*Trade Accounts Receivable.* Trade accounts receivables are recorded at the invoice amount and do not bear interest. Credit is extended to Young's customers based upon an evaluation of the customers' financial condition and collateral is not required from such customers. The allowance for doubtful accounts is Young's estimate of the amount of probable credit losses in Young's existing accounts receivable. Young determines the allowance based on historical write-off experience, because accounts receivables are homogeneous. Young reviews its allowance for doubtful accounts quarterly. Past due balances are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and potential for recovery is considered remote. Young does not have any off-balance sheet exposure related to its customers. A 1% increase in the provision would increase bad debt expense by approximately \$13,000 based on the \$1.3 million provision as of June 30, 2013.



*Program License Rights.* Program license rights represent the right to air various forms of existing programming. Program license rights and the corresponding contractual obligations are recorded when the license period begins and the program is available for use. Program rights are carried at the lower of unamortized costs or estimated net realizable value. Young's accounting for long-lived program assets requires judgment as to the likelihood that such assets will generate sufficient revenue to cover the associated expense. Many of Young's program commitments are for syndicated shows that are produced by syndicators to be aired on a first run basis. Such shows do not generally stay in production if they do not attract a significant audience. If the syndicator cancels a show, Young's liability for future payments is extinguished. Program license rights are analyzed by Young on a quarterly basis to determine if revenues support the recorded basis of the asset. If the estimated net revenues are less than the current carrying value of the capitalized program rights, Young will reduce the program rights to equal the amount of estimated future net revenues. For the years ended December 31, 2012, 2011 and 2010, as well as the three and six months ended June 30, 2013, no write-downs of program licenses rights were recorded.

*Intangible Assets.* Intangible assets include FCC broadcast licenses, network affiliations and other intangible assets. Young tests the FCC licenses for impairment at least annually or whenever an impairment indicator exists. Young uses a "greenfield" income approach under which the FCC license is valued by analyzing the estimated after-tax discounted future cash flows of the station. The assumptions used in the discounted cash flow models reflect historical station performance, industry standards and trends in the respective markets. A downward revision in the present value of future cash flows for intangible assets could result in impairment and a non-cash charge would be required. Such a charge could have a material effect on Young's consolidated financial statements. Young's wholly owned national sales representation firm Adam Young, Inc. ceased operations during 2011 resulting in the write-off of related intangible assets totaling approximately \$1.0 million during the year ended December 31, 2011.

Broadcast licenses are reviewed annually for impairment or whenever an impairment indicator arises. Young performs its annual impairment test as of October 31. For the years ended December 31, 2012 and 2011, it was determined that the fair value of all of Young's broadcast licenses was higher than the carrying value and, as such, no impairment charge was recorded for the years ended December 31, 2012 and 2011.

Young amortizes intangible assets with determinable useful lives over their respective estimated useful lives. Network affiliation relationships are amortized over 20 years and other definite lived intangible assets are amortized over a period of 4 to 6 years. Young evaluates the remaining useful lives of its intangible assets with determinable lives each reporting period to identify whether events or circumstances warrant a revision to the remaining period of amortization and whether there are indications of impairment.

It is Young's policy to account for Network Affiliations and other definite-lived intangible assets at the lower of amortized cost or estimated fair value. As part of an ongoing review of the valuation and amortization of other intangible assets of Young and its subsidiaries, Young assesses the carrying value of Network Affiliations, other definite-lived intangible assets and other long-lived assets if facts and circumstances suggest that there may be impairment. If this review indicates that Network Affiliations and other definite-lived intangible assets will not be recoverable as determined by a non-discounted cash flow analysis of the operating assets over the remaining

amortization period, the carrying value of other intangible assets would be reduced to their estimated fair value.

*Pension Assumptions.* Pension benefit obligations and net periodic pension costs are calculated using many actuarial assumptions. The assumptions used in accounting for pension liabilities and costs include discount rates, expected rate of return on plan assets, mortality rates and other factors. In accordance with GAAP, differences between actual results and assumptions are accumulated and amortized as part of net periodic pension costs over future periods, and therefore, generally affect recognized costs and the recorded obligation in future periods. Young considers the assumptions used in its determination of its projected benefit obligations and pension costs to be reasonable.

*Gray Equity Participation Liability.* Young had a management agreement with Gray Television, Inc., which we refer to as “Gray.” The term of the Gray Management Agreement, which we refer to as the “Management Agreement,” expired on December 31, 2012. As part of the Management Agreement, if Young had been sold within the term thereof, Gray would be entitled to receive a portion of the aggregate sales price above a specified threshold. Young estimated the fair value of this liability to be \$8.0 million at December 31, 2011. Young was not sold as of December 31, 2012, and the liability was reversed. Young has included \$8.0 million in income from the reversal in Other income/ (expense), net on the consolidated statement of comprehensive income for the year ended December 31, 2012.

*Consolidation of Variable Interest Entities.* Young consolidates VIEs when it is the primary beneficiary of the entity, in accordance with the VIE accounting guidance. In determining whether Young is the primary beneficiary of a VIE for financial reporting purposes, Young considers whether it has the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and whether it has the obligation to absorb losses or the right to receive returns that would be significant to the VIE. Young’s consolidated statement of comprehensive income includes WXXA’s results since December 13, 2012 and WLAJ’s results since March 1, 2013, pursuant to the VIE accounting guidance. Management estimates the fair values of acquired assets and assumed liabilities using expected future revenue and cash flows, expected future growth rates, and estimated discount rates.

*Fresh-start reporting.* Young adopted fresh-start reporting effective June 30, 2010. Fresh-start reporting provides for, among other things, a determination of the fair value to be assigned to the new equity and debt of the emerging company as of a date selected for financial reporting purposes. An enterprise value was determined using a discounted cash flow approach, and was verified using a market approach, then was subsequently adjusted to reorganization value and allocated to Young’s assets and liabilities based on their respective fair values.

## Results of Operations

### *Components of Net Operating Revenue*

Set forth below are the principal types of revenue received by Young’s stations for the periods indicated and the percentage contribution of each to Young’s gross operating revenue, as well as agency and national sales representative commissions.

For the three months ended June 30,				For the six months ended June 30,			
2013		2012		2013		2012	
Amount	% of Gross operating	Amount	% of Gross operating	Amount	% of Gross operating	Amount	% of Gross operating

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	revenue		revenue		revenue		revenue		
<b>(Dollars in thousands)</b>									
Gross operating revenue									
Local	\$ 33,593	52.7 %	\$ 31,914	50.7 %	\$ 64,106	53.0 %	\$ 60,693	53.4 %	
National	15,540	24.3	13,450	21.3	28,454	23.5	25,488	22.4	
Political	446	0.7	5,827	9.2	818	0.7	7,891	6.9	
Retransmission	10,146	15.9	7,578	12.0	19,484	16.1	11,917	10.5	
Digital	2,021	3.2	1,313	2.1	3,662	3.0	2,462	2.2	
Production and other	1,066	1.7	2,220	3.5	2,635	2.2	3,713	3.3	
Barter	949	1.5	746	1.2	1,886	1.5	1,552	1.3	
Total	63,761	100.0	63,048	100.0	\$ 121,045	100.0	\$ 113,716	100.0	
Agency and sales representative commissions	(7,979 )	(12.5 )	(8,051 )	(12.8 )	(15,218 )	(12.6 )	(14,975 )	(13.2 )	
Net operating revenue	\$ 55,782	87.5 %	\$ 54,997	87.2 %	\$ 105,827	87.4 %	\$ 98,741	86.8 %	

	For the year ended December 31, 2012		2011		2010	
	Amount	% of Gross operating revenue	Amount	% of Gross operating revenue	Amount	% of Gross operating revenue
Gross operating revenue						
Local	\$ 121,801	45.9 %	\$ 120,880	59.9 %	\$ 112,483	52.4 %
National	51,852	19.6	49,946	24.8	51,398	24.0
Political	49,709	18.7	5,853	2.9	27,360	12.7
Retransmission	27,359	10.3	14,443	7.2	13,329	6.2
Digital	5,791	2.2	3,740	1.8	3,320	1.6
Production and other	5,477	2.1	3,835	1.9	4,215	2.0
Barter	3,123	1.2	2,973	1.5	2,388	1.1
Total	\$ 265,112	100.0	\$ 201,670	100.0	\$ 214,493	100.0
Agency and sales representative commissions	(36,929 )	(13.9 )	(27,150 )	(13.5 )	(26,999 )	(12.6 )
Net operating revenue	\$ 228,183	86.1 %	\$ 174,520	86.5 %	\$ 187,494	87.4 %

*Three Months Ended June 30, 2013 compared to Three Months Ended June 30, 2012.*

	For the three months ended June 30,		Change	% change
	2013	2012		
	<b>(Dollars in thousands)</b>			
Net operating revenue	\$ 55,782	\$ 54,997	\$ 785	1.4 %
Operating expenses, excluding depreciation expense	19,575	17,105	2,470	14.4
Amortization of program license rights	2,527	2,158	369	17.1
Selling, general and administrative expenses	14,283	13,706	577	4.2
Depreciation and amortization	4,644	4,031	613	15.2
(Gain) Loss on disposal of property and equipment, net	(43 )	9	(52 )	(577.8 )
Corporate overhead, excluding depreciation and amortization expense	6,611	3,909	2,702	69.1
Operating income	8,185	14,079	(5,894 )	(41.9 )
Interest expense	(2,080 )	(2,445 )	365	14.9
Other income/ (expense), net	21	(148 )	169	114.2
	(2,059 )	(2,593 )	534	20.6
Income before income taxes	6,126	11,486	(5,360 )	(46.7 )
Income tax provision	(2,679 )	(4,647 )	(1,968 )	(42.3 )
Net income	\$ 3,447	\$ 6,839	\$ (3,392 )	(49.6 )%
Net loss attributable to noncontrolling interests	(259 )	—	(259 )	(100 )%
Net income attributable to Young	\$ 3,706	\$ 6,839	\$ (3,133 )	(45.8 )%
Total comprehensive income attributable to Young	\$ 3,706	\$ 6,839	\$ (3,133 )	(45.8 )%



Net operating revenue for the three months ended June 30, 2013 was approximately \$55.8 million, as compared to approximately \$55.0 million for the three months ended June 30, 2012, an increase of \$0.8 million, or 1.4%. The principal components of, and changes to, gross operating revenue were as follows:

- Gross local revenues for the three months ended June 30, 2013 were approximately \$33.6 million as compared to \$31.9 million for the three months ended June 30, 2012, an increase of \$1.7 million, or 5.3%. The increase in gross local revenues was primarily due to the new shared services relationships with WXXA and WLAJ.

- Gross national revenues for the three months ended June 30, 2013 were approximately \$15.5 million as compared to \$13.5 million for the three months ended June 30, 2012, an increase of approximately \$2.0 million, or 15.5%. Gross national revenues were up at 8 of the affiliated stations, primarily due to increases in advertising revenues from the automotive, telecommunications, supermarket/grocery and banking advertising categories. In addition, WXXA and WLAJ, whose results were not included in the three months ended June 30, 2012, showed increases in revenues from their results for the three months ended June 30, 2012. The increase in gross national revenues was primarily due to the new shared services relationships with WXXA and WLAJ.

- Gross political revenues for the three months ended June 30, 2013 decreased \$5.4 million, or 92.3% for the same period in 2012. The decrease was due to an off political year as 2013 is not a presidential or congressional election year.

- Retransmission revenues were approximately \$10.1 million for the three months ended June 30, 2013 as compared to \$7.5 million for the three months ended June 30, 2012, an increase of approximately \$2.6 million, or 33.9%. This increase is primarily due to increased retransmission rates charged by the stations and revenues from WXXA and WLAJ which were not included in the three months ended June 30, 2012.

- Digital revenues for the three months ended June 30, 2012 increased \$0.7 million or 53.9%. The increase is due to Young's investment in the digital area in the way of sales offerings, new content and platforms.

The decrease in agency and sales representative commissions from the three months ended June 30, 2012 to the three months ended June 30, 2013 was primarily due to decreases in gross operating revenues excluding retransmission revenues in the three months ended June 30, 2012 compared to the three months ended June 30, 2013, as commissions are not earned on retransmission operating revenues.

Operating expenses, excluding depreciation expense, for the three months ended June 30, 2013 were \$19.6 million as compared to \$17.1 million for the three months ended June 30, 2012, an increase of \$2.5 million and a change of 14.4%. The following changes period over period were noted:

- Operating expenses increased approximately \$1.3 million due to the new shared services relationship with WXXA and WLAJ.
- Programming expenses increased approximately \$1.2 million due primarily to new CBS contracts at two of Young's stations and increased fees associated with the ABC contracts at five Young stations.

Amortization of program license rights was approximately \$2.5 million for the three months ended June 30, 2013, as compared to approximately \$2.2 million for the three months ended June 30, 2012, an increase of approximately \$0.4 million or 17.1%. The majority of the increase is due to the new shared services relationship with WXXA and WLAJ subsequent to the quarter ended June 30, 2012.



Selling, general and administrative expenses increased \$0.6 million as compared to the three month period ended June 30, 2012 due to miscellaneous increases in several categories of expense.

Depreciation and amortization was approximately \$4.6 million for the three months ended June 30, 2013 as compared to approximately \$4.0 million for the three months ended June 30, 2012, an increase of approximately \$0.6 million or 15.2%. The increase was due to the addition of new assets for HD conversion and the new shared services relationships with WXXA and WLAJ.

Corporate overhead, excluding depreciation and amortization expense, for the three months ended June 30, 2013 was \$6.6 million, compared to \$3.9 million for the three months ended June 30, 2012, an increase of \$2.7 million, or 69.1%. The major components of corporate overhead, excluding depreciation and amortization expense, were as follows:

- Professional fees increased \$4.0 million as a result of fees incurred during the three months ended June 30, 2013 related to the business combination of Media General and Young.
- The Gray management agreement expired as of December 31, 2012 and related fees are no longer being expensed. This expense totaled \$1.3 million for the three months ended June 30, 2012.

Interest expense for the three months ended June 30, 2013 was \$2.1 million as compared to \$2.4 million for the three months ended June 30, 2012, a decrease of approximately \$0.4 million or 14.9%. This decrease is due to a decline in interest rates which was partially offset by an increase in the average outstanding balance of debt outstanding.

Other income (expense), net was less than \$0.1 million for the three months ended June 30, 2013 as compared to \$(0.1) million for the three months ended June 30, 2012. This represents a change of approximately \$0.2 million for the three months ended June 30, 2013. Included in other income (expense), net is Young's equity share of its joint venture at four stations.

Young recorded an expense for income taxes provision of \$2.7 million for the three months ended June 30, 2013 and \$4.6 million for the three months ended June 30, 2012, a decrease primarily due to a decrease in pre-tax income.

As a result of the above discussed factors, the total comprehensive income attributable to Young was \$3.7 million for the three months ended June 30, 2013 compared to total comprehensive income attributable to Young of \$6.8 million for the three months ended June 30, 2012, a decrease of approximately \$3.1 million, or 45.8%.

*Six Months Ended June 30, 2013 compared to Six Months Ended June 30, 2012.*

	<b>For the six months ended June 30,</b>			
	<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>% change</b>
	<b>(Dollars in thousands)</b>			
Net operating revenue	\$ 105,827	\$ 98,741	\$ 7,086	7.2 %
Operating expenses, excluding depreciation expense	38,787	32,969	5,818	17.6
Amortization of program license rights	4,982	4,281	701	16.4
Selling, general and administrative expenses	28,747	27,091	1,656	6.1
Depreciation and amortization	9,135	7,948	1,187	14.9
(Gain) loss on disposal of property and equipment, net	(43 )	(158 )	115	(72.8 )
Corporate overhead, excluding depreciation and amortization expense	8,972	7,614	1,358	17.8
Operating income	15,247	18,996	(3,749 )	(19.7 )
Interest expense	(4,220 )	(4,260 )	40	0.9
Other income/(expense), net	(80 )	(170 )	90	52.9
	(4,300 )	(4,430 )	130	2.9
Income before income taxes	10,947	14,566	(3,619 )	(24.8 )
Income tax provision	(4,481 )	(5,893 )	(1,412 )	(24.0 )
Net income	\$ 6,466	\$ 8,673	\$ (2,207 )	(25.4 )%
Net loss attributable to noncontrolling interests	(354 )	—	(354 )	(100.0 )
Net income attributable to Young	\$ 6,820	\$ 8,673	\$ (1,853 )	(21.4 )%
Total comprehensive income attributable to Young	\$ 6,820	\$ 8,673	\$ (1,853 )	(21.4 )%

Net operating revenue for the six months ended June 30, 2013 was approximately \$105.8 million, as compared to approximately \$98.7 million for the six months ended June 30, 2012, an increase of \$7.1 million, or 7.2%. The principal components of, and changes to, gross operating revenue were as follows:

- Gross local revenues for the six months ended June 30, 2013 were approximately \$64.1 million as compared to \$60.7 million for the six months ended June 30, 2012, an increase of \$3.4 million, or 5.6%. The increase in gross local revenues was primarily due to the new shared services relationships with WXXA and WLAJ.
- Gross national revenues for the six months ended June 30, 2013 were approximately \$28.5 million as compared to \$25.5 million for the six months ended June 30, 2012, an increase of approximately \$3.0 million, or 11.6%. Gross national revenues were up at 7 of the affiliated stations, primarily due to increases in advertising revenues from the automotive, telecommunications, supermarket/grocery and banking advertising categories. In addition, WXXA and WLAJ, whose results were not included in the six months ended June 30, 2012, showed increases in revenues from their results for the six months ended June 30, 2012. The increase in gross national revenues was primarily due to the new shared services relationships with WXXA and WLAJ.
- Gross political revenues for the six months ended June 30, 2013 decreased \$7.1 million, or 89.6%. The decrease was due to an off political year as 2013 is not a presidential or congressional election year.
- Retransmission revenues were approximately \$19.5 million for the six months ended June 30, 2013 as compared to \$11.9 million for the six months ended June 30, 2012, an increase of approximately \$7.6 million, or 63.5%. This increase is primarily due to increased retransmission rates charged by the stations, along with the revenues from WXXA and WLAJ which were not included in the six months ended June 30, 2012.
- Digital revenues for the six months ended June 30, 2012 increased \$1.2 million or 48.7%. The increase is due to Young's investment in the digital area, including sales offerings, new content and platforms.

Increases in agency and sales representative commissions from the six months ended June 30, 2012 to the six months ended June 30, 2013 are due to increased revenues in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012.

Operating expenses, excluding depreciation expense, for the six months ended June 30, 2013 were \$38.8 million as compared to \$33.0 million for the six months ended June 30, 2012, an increase of \$5.8 million and a change of 17.6%. The following changes period over period were noted:

Programming expenses increased approximately \$4.4 million. Approximately \$2.4 million of this increase is due to new CBS contracts at two of Young's stations and increased fees associated with the ABC contracts at five Young stations. The remaining \$2.0 million increase in programming expenses is related to the addition of WXXA and WLAJ.

- News expense increased \$1.0 million. Of this increase, approximately \$0.6 million was due to the addition of WXXA. The remaining \$0.4 million is due to miscellaneous increases in salaries and expenses.

- The remaining \$0.4 million is due to miscellaneous increases in salaries and expenses due to the addition of WXXA and WLAJ.

Amortization of program license rights was approximately \$5.0 million for the six months ended June 30, 2013, as compared to \$4.3 million for the six months ended June 30, 2012, an increase of approximately \$0.7 million or 16.4%. The increase is primarily due to the new shared services relationships with WXXA and WLAJ subsequent to the six months ended June 30, 2012.

Selling, general and administrative expenses increased \$1.7 million as compared to the six month period ended June 30, 2012 due to miscellaneous increases in several categories of expense.

Depreciation and amortization was approximately \$9.1 million for the six months ended June 30, 2013 as compared to approximately \$7.9 million for the six months ended June 30, 2012, an increase of approximately \$1.2 million or 14.9%. The increase was due to the addition of new assets for HD conversion and the new shared services relationships with WXXA and WLAJ.

Corporate overhead, excluding depreciation and amortization expense, for the six months ended June 30, 2013 was \$9.0 million, compared to \$7.6 million for the six months ended June 30, 2012, an increase of \$1.4 million, or 17.8%. The major components of corporate overhead, excluding depreciation and amortization expense, were as follows:

- Professional fees increased \$3.2 million primarily due to fees incurred during the six months ended June 30, 2013 related to the proposed merger of Media General and Young Broadcasting.

- The Gray management agreement expired as of December 31, 2012 and related fees are no longer being expensed. This expense totaled \$2.1 million for the six months ended June 30, 2012.

- Compensation and related benefits increased \$0.8 million for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. This increase is due to increased bonus expense incurred in 2013 as well as new positions that were created subsequent to the three months ended June 30, 2012.

- Severance expenses decreased \$0.5 million for the six months ended June 30, 2013 due to the turnover in the CEO position during the six months ended June 30, 2012.

Interest expense for the six months ended June 30, 2013 was \$4.2 million as compared to \$4.3 million for the six months ended June 30, 2012, a decrease of approximately \$0.1 million or 0.1%.

Other income (expense), net decreased approximately \$0.1 million for the six months ended June 30, 2013. Included in other income (expense), net is Young's equity share of its joint venture at four stations.

Young recorded an expense for income taxes of \$4.5 million for the six months ended June 30, 2013 and \$5.9 million for the six months ended June 30, 2012, a decrease primarily due to a decrease in pre-tax income.

As a result of the above discussed factors, the total comprehensive income attributable to Young was \$6.8 million for the six months ended June 30, 2013 compared to total comprehensive income attributable to Young of \$8.7 million for the six months ended June 30, 2012, a decrease of approximately \$1.9 million, or 21.4%.

*Year Ended December 31, 2012 compared to Year Ended December 31, 2011.*

The following table sets forth Young's operating results for the year ended December 31, 2012 compared to the year ended December 31, 2011.

	For the year ended December 31,		Change	% change	
	2012	2011			
	<b>(dollars in thousands)</b>				
Net operating revenue	\$ 228,183	\$ 174,520	\$ 53,663	30.7	%
Operating expenses, excluding depreciation expense	68,899	61,846	7,053	11.4	
Amortization of program license rights	9,022	9,780	(758)	(7.8)	)
Selling, general and administrative expenses	55,000	53,851	1,149	2.1	
Depreciation and amortization	16,179	13,896	2,283	16.4	
Write-off of intangible asset	—	978	(978)	(100)	)
Loss on disposal of property equipment net	59	683	(624)	(91.4)	)
Corporate overhead, excluding depreciation and amortization expense	23,531	12,182	11,349	93.2	
Operating income	55,493	21,304	34,189	160.5	
Interest expense	(7,830)	(7,240)	(590)	(8.1)	)
Loss on extinguishment of debt	—	(915)	915	100	
Other income/ (expense), net	8,680	(675)	9,355	1,385.9	
	850	(8,830)	9,680	109.6	
Income before reorganization items and income taxes	56,343	12,474	43,869	351.7	
Reorganization items, net	—	(1,350)	1,350	100	
Benefit (expense) for income taxes	(20,380)	91,039	(111,419)	(122.4)	)
Net income	\$ 35,963	\$ 102,163	\$ (66,200)	(64.8)	%)
Net income attributable to noncontrolling interests	42	—	42	100	
Net income attributable to Young	\$ 35,921	\$ 102,163	\$ (66,242)	(64.8)	%)
Change in unrecognized amounts included in pension obligations, net of tax	(500)	(1,159)	659	(56.9)	%)
Total Comprehensive Income attributable to Young	\$ 35,421	\$ 101,004	\$ (65,583)	(64.9)	%)

Net operating revenue for the year ended December 31, 2012 was \$228.2 million, as compared to \$174.5 million for the year ended December 31, 2011, an increase of \$53.7 million or 30.7%. The principal components of, and changes to, gross operating revenue were as follows:

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Gross local revenues for the year ended December 31, 2012 were approximately \$121.8 million, as compared to \$120.9 million for the year ended December 31, 2011, an increase of approximately \$0.9 million, or 0.8%. Additionally, gross national revenues for the year ended December 31, 2012 were approximately \$51.9 million as compared to \$49.9 million for the year ended December 31, 2011, an increase of approximately \$1.9 million, or 3.8%. Gross local revenues were down at five of the affiliated stations due primarily to political revenues displacing local business at three of the stations during a presidential election year. At the other two stations, decreases in gross local revenues were due to decreases in the telecommunications, gambling, fast food, media, retail and insurance advertising categories. Gross national revenues at six of the affiliated stations increased during the year ended December 31, 2012. The increases were due to increased advertising revenues in automotive, telecommunications, fast food and healthcare advertising.

Gross political revenues for 2012 were \$49.7 million, as compared to \$5.9 million for 2011, an increase of approximately \$43.9 million. Nine of Young's stations noted increased political revenue year over year, due to the fact that 2012 was a politically active year, including a presidential election and congressional elections.



Retransmission revenues were approximately \$27.4 million for the year ended December 31, 2012 as compared to \$14.4 million for the year ended December 31, 2011, an increase of approximately \$12.9 million or 89.4%. This increase is primarily due to increased retransmission rates.

Digital revenues were approximately \$5.8 million for the year ended December 31, 2012 as compared to \$3.7 million for the year ended December 31, 2011, an increase of approximately \$2.1 million or 54.8%. Young focused on increasing digital revenue in 2012 by hiring a VP of Digital Content and by putting into place new digital programs which brought in additional revenue.

Production and other revenues were approximately \$5.5 million for the year ended December 31, 2012 as compared to \$3.8 million for the year ended December 31, 2011, an increase of approximately \$1.6 million or 42.8%. This increase is due primarily to the receipt of cable copyright royalty payments in June of 2012.

Increases in agency and sales representative commissions from the year ended December 31, 2011 to December 31, 2012 are due to increased advertising revenues in 2012 compared to 2011.

Operating expenses for the year ended December 31, 2012 were \$68.9 million as compared to \$61.8 million for the year ended December 31, 2011, an increase of \$7.1 million and a change of 11.4%. The following changes year over year were noted:

- Programming expenses increased approximately \$5.3 million from 2011 primarily due to new CBS contracts at two of Young's stations and increased fees associated with the ABC contracts at five Young stations.

- News expenses increased approximately \$1.5 million from 2011; approximately \$1.3 million of the increase is due to higher salary expenses for open positions that were filled at TV stations.

- All other operating expenses saw small increases totaling approximately \$0.3 million.

Amortization of program license rights was approximately \$9.0 million for the year ended December 31, 2012 as compared to \$9.8 million for the year ended December 31, 2011, a decrease of approximately \$0.8 million, or 7.8%. During the year ended December 31, 2011, Oprah Winfrey's show went off the air, which triggered a reduction in expense.

Selling, general and administrative expenses increased by approximately \$1.1 million during the year ended December 31, 2012. The increase is primarily due to increase in salaries and increases in related employee benefits.

Depreciation and amortization was \$16.2 million in 2012 as compared to \$13.9 million in 2011, an increase of approximately \$2.3 million, or 16.4%. The increase is due to increased HD and news automation upgrades done at the stations throughout 2011 which caused increases in depreciation expense in 2012.

Young performed its annual impairment review during the fourth quarter of 2012 and determined that no impairment charges were required for the year ended December 31, 2012. During the year ended December 31, 2011, Young recorded a loss with respect to approximately \$1.0 million of intangible assets in connection with the closing of its national sale representation firm Adam Young, Inc.

Loss on disposal of property and equipment, net for the year ended December 31, 2012 was less than \$0.1 million in 2012. Losses of approximately \$0.7 million were recorded in 2011 related to a tower at KELO-TV.

Corporate overhead, excluding depreciation and amortization expense, for 2012 was \$23.5 million as compared to \$12.2 million for 2011, an increase of approximately \$11.3 million, or 93.2%. The major components and changes in corporate overhead, excluding depreciation and amortization expense, were as follows:

- Certain management and consulting fees for 2012 were \$12.0 million as compared to \$1.3 million for 2011, an increase of \$10.7 million. The increase is due to an increase in fees.

Corporate compensation and related benefits increased by about \$1.0 million in 2012; this increase primarily due to

- two new positions in 2012, an increase in bonuses of \$0.4 million, severance payments of \$0.2 million and an increase in employee benefits of \$0.2 million.

Professional fees decreased approximately \$1.0 million for the year ended December 31, 2012. This is due primarily to a \$0.8 million decrease in financial advisory and other financial services fees. There was also a

- decrease in Directors' fees of about \$0.4 million in 2012 due to fewer board calls during the year. These fees were higher in 2011 due to the debt restructuring during that year. These decreases were partially offset by a \$0.2 million increase in other audit and consulting fees in 2012.

- Other corporate overhead increased by approximately \$0.5 million. This increase is due to higher travel costs and bad debt expense related to the shutdown of Adam Young, Inc.

Interest expense for 2012 was \$7.8 million, compared to \$7.2 million for 2011, an increase of \$0.6 million, or 8.1%. This increase is due to an increase in the average outstanding balance of the Young Senior Credit Facility after loan draws (1) to enter into the shared services relationship with WXXA and (2) to repurchase a portion of the outstanding common stock of Young.

Other income (expense), net for the years ended December 31, 2012 and December 31, 2011 was approximately \$8.7 and \$(0.7) million, respectively, an increase of approximately \$9.4 million. The change in other income (expense), net from 2011 to 2012 is due primarily to the write-off of the Gray equity participation liability in the amount of \$8.0 million. The remainder of the change is due mainly to insurance proceeds received in connection with the destruction of one of Young's towers.

Young's expense for income taxes for the year ended December 31, 2012 of \$20.4 million consists primarily of federal, state and local income taxes of \$22.7 million, benefits related to changes in rate differential of \$2.7 million and expense related to NOL adjustments due to Young Broadcasting Inc.'s emergence from bankruptcy of \$0.7 million. The benefit for income taxes for the year ended December 31, 2011 of \$91.0 million consists primarily of federal, state and local income tax expense of \$4.0 million, expense related to changes in rate differential of \$3.0 million, offset by a reversal of a valuation allowance of \$95.0 million, cancellation of debt benefits of \$2.0 million and a benefit related to NOL adjustments due to Young Broadcasting Inc.'s emergence from bankruptcy of \$1.6 million.

Primarily as a result of the above-discussed factors, the total comprehensive income attributable to Young for the years ended December 31, 2012 and 2011 was \$35.4 million and \$101.0 million, respectively. This represents a

decrease of 64.9%.

*Year Ended December 31, 2011 compared to Year Ended December 31, 2010.*

Young's consolidated financial statements and transactional records prior to Young Broadcasting Inc.'s emergence from bankruptcy reflect the historical accounting basis in Young's assets and liabilities and are labeled Predecessor, while such records subsequent to Young Broadcasting Inc.'s emergence from bankruptcy are labeled Successor and reflect Young's adoption of fresh-start accounting upon Young Broadcasting Inc.'s emergence from bankruptcy. This is presented in Young's 2010 consolidated financial statements by a vertical black line division which appears between the sections entitled Predecessor and Successor on the statements and relevant notes. This division signifies that the amounts shown for the periods prior to and subsequent to Young Broadcasting Inc.'s emergence from bankruptcy are not comparable.

For purposes of presenting a comparison of Young's 2011 results to prior periods, Young has presented its 2010 results as the mathematical addition of the Predecessor and Successor periods. Young believes that this presentation provides the most meaningful information about its 2010 results of operations. This approach, however, is not consistent with GAAP, may yield results that are not strictly comparable on a period-to-period basis and may not reflect the actual results Young would have achieved.

The following table sets forth Young's operating results for the year ended December 31, 2011 as compared to the year ended December 31, 2010.

	For the year ended December 31,		Change	% change
	2011	2010		
	<b>(dollars in thousands)</b>			
Net operating revenue	\$ 174,520	\$ 187,494	\$ (12,974 )	(6.9% )
Operating expenses, excluding depreciation expense	61,846	59,191	2,655	4.5
Amortization of program license rights	9,780	11,036	(1,256 )	(11.4 )
Selling, general and administrative expenses	53,851	51,803	2,048	4.0
Depreciation and amortization	13,896	13,719	177	1.3
Write-off of intangible asset	978	—	978	100
Loss(gain) loss on disposal of property and equipment, net	683	(1,162 )	1,845	(158.8 )
Corporate overhead, excluding depreciation and amortization expense	12,182	14,302	(2,120 )	(14.8 )
Operating income	21,304	38,605	(17,301 )	(44.8 )
Interest expense, net	(7,240 )	(15,637 )	8,397	53.7
Loss on extinguishment of debt	(915 )	—	(915 )	(100 )
Other expense, net	(675 )	(230 )	(445 )	(193.5 )
	(8,830 )	(15,867 )	7,037	44.3
Income before reorganization items, fresh-start adjustments, and benefit from income taxes	12,474	22,738	(10,264 )	(45.1 )
Reorganization items, net	(1,350 )	511,226	(512,576 )	(100.3 )
Fresh-start adjustments	-	90,868	(90,868 )	(100 )
Benefit (expense) for income taxes	91,039	(114 )	91,153	79,959
Net income	\$ 102,163	\$ 624,718	\$ (522,555 )	(83.6% )

Net operating revenue for the year ended December 31, 2011 was \$174.5 million, as compared to \$187.5 million for the year ended December 31, 2010, a decrease of \$13.0 million or 6.9%. The principal components of, and changes to, gross operating revenues were as follows:

Gross local revenues for the year ended December 31, 2011 were approximately \$120.9 million, as compared to \$112.5 million for the year ended December 31, 2010, an increase of approximately \$8.4 million, or 7.5%.

Additionally, gross national revenues for the year ended December 31, 2011 were approximately \$49.9 million as compared to \$51.4 million for the year ended December 31, 2010, a decrease of approximately \$1.5 million, or 2.8%. Gross local revenues increased at nine of the ten affiliated stations due to increases in top 10 advertising categories including auto, healthcare and education. Gross national revenues at eight of the 10 affiliated stations decreased due to a decrease in automotive advertising, which was affected by the earthquake in Japan in 2011.

Gross political revenue for 2011 was \$5.9 million, as compared to \$27.4 million for 2010, a decrease of approximately \$21.5 million. Eight of Young's stations noted decreased political revenue year over year, due to the fact that 2010 was a political year with congressional elections.

Retransmission revenues for 2011 were \$14.4 million, as compared to \$13.3 million, an increase of approximately \$1.1 million. This increase is primarily due to increased retransmission revenues resulting from increases in rates and number of subscribers.

- Other revenues were approximately \$10.5 million for the year ended December 31, 2011 as compared to \$9.9 million for the year ended December 31, 2010, an increase of approximately \$0.6 million or 6.1%.

Sales representation commissions increased from \$27.0 million in 2010 to \$27.2 million in 2011.

Operating expenses for the year ended December 31, 2011 were \$61.8 million as compared to \$59.2 million for the year ended December 31, 2010. This is an increase of \$2.7 million and a change of 4.5%, principally as a result of the following changes:

- News expenses increased by approximately \$1.2 million. There was a \$1.3 million increase in personnel costs (salary increases plus 15 new news positions for news expansions) offset by 0.1 million reduction in all other areas of news.

- Programming expenses increased by approximately \$0.6 million, which resulted from a change in valuation of programming.

- Other expenses: Direct expenses increased approximately \$0.2 million due to an increase in FCC license fees.

- Barter expense went up approximately \$0.6 million due to the addition of new barter programming in 2011.

Amortization of program license rights was approximately \$9.8 million for the year ended December 31, 2011 as compared to \$11.0 million for the year ended December 31, 2010, a decrease of \$1.3 million, or 11.4 %. This decrease is mainly due to revaluation of the Dr. Phil contract at KRON-TV.

Selling, general and administrative expenses for the year ended December 31, 2011 were \$53.9 million as compared to \$51.8 million for the year ended December 31, 2010. This is an increase of \$2.1 million and a change of 4.0%. The increase was principally a result of the following changes:

- Personnel costs increased approximately \$2.8 million primarily due to salary increases, new headcount and increased costs for employee benefits.

- Expenses such as rent, utilities, telephone and data processing increased across the board. Professional fees increased due to various station initiatives.

- Adam Young, Inc. commissions of \$4.0 million that were incurred in 2010 were not included in 2011 subsequent to the shutdown of the firm.

- During the year ended December 31, 2011, Young incurred approximately \$1.8 million in severance and shutdown costs in connection with the decision to close its national sales representation firm, Adam Young, Inc.

Depreciation and amortization was \$13.9 million in 2011 as compared to \$13.7 million in 2010, an increase of approximately \$0.2 million, or 1.3%. The increase is due to HD and news automation upgrades/projects done at stations throughout 2011 which triggered an increase in depreciation expense in 2011.

Young performed its annual impairment review during the fourth quarter of 2011 and recorded a loss with respect to approximately \$1.0 million of intangible assets in connection with the closing of its national sale representation firm Adam Young, Inc. No other intangible assets were written off in connection with the annual impairment review.



Gain (loss) on disposal of property and equipment, net for the year ended December 31, 2011 consists mainly of the loss of approximately \$0.7 million recorded at each of Young's 10 stations associated with the Sprint/Nextel equipment swap resulting from the receipt of new equipment and the retirement of the replaced equipment.

Corporate overhead, excluding depreciation and amortization expense, for 2011 was \$12.2 million as compared to \$14.3 million for 2010, a decrease of approximately \$2.1 million, or 14.8%. The major components and changes in corporate overhead, excluding depreciation and amortization expense, were as follows:

- Legal and accounting fees increased approximately \$4.3 million in 2011 from 2010. This increase was due to the debt restructuring that occurred in 2011.

- Compensation and related benefits decreased approximately \$0.2 million during year ended December 31, 2011. Of this decrease approximately \$0.6 million relates to decreases in salaries expense after several positions were terminated. This decrease was offset by approximately \$0.3 million in bonuses earned in 2011. Relocation costs of approximately \$0.1 million were incurred in 2011.

- Other corporate overhead expenses decreased by about \$0.2 million in 2011. This resulted from savings related to the New York office relocation and insurance costs (including a reduction in the D&O coverage needed). These decreases were partially offset by increased costs in other categories.

- Certain management and consulting fees for 2011 were \$1.3 million as compared to \$7.4 million for 2010, a decrease of \$6.0 million. The decrease is due to the decrease in fees.

Net interest expense, for 2011 was \$7.2 million, compared to \$15.6 million for the year ended December 31, 2010, a decrease of \$8.4 million, or 53.7%. This decrease is due to the change in Young's debt structure as a result of the emergence from bankruptcy on June 23, 2010, which resulting in a significant reduction of debt from over \$800.0 million to \$75.0 million.

Other expense for the year ended December 31, 2011 was approximately \$0.7 million as compared to \$0.2 million for the year ended December 31, 2010, an increase of approximately \$0.5 million.

In connection with the proceedings of Young Broadcasting Inc., the predecessor of Young for accounting purposes, under Chapter 11 of the Bankruptcy Code, Young Broadcasting Inc. incurred approximately \$1.4 million in expenses from reorganization items for the year ended December 31, 2011, mainly for legal and professional expenses. During the year ended December 31, 2010, Young Broadcasting Inc. had a benefit of approximately \$511.2 million related to reorganization items. The gain consisted mainly of professional fees expense of \$11.0 million and gains on liabilities

subject to compromise of approximately \$529.7 million. See Note 2 to the 2012 consolidated financial statements of Young.

Young's benefit for income taxes of approximately \$91.0 million for the year ended December 31, 2011 consisted primarily of a reversal of valuation allowance of \$95.0 million, a benefit related to NOL adjustments due to Young Broadcasting Inc.'s emergence from bankruptcy of \$1.6 million and cancellation of debt benefits of \$2.0 million, offset by federal, state and local income tax expense of \$4.0 million and expense related to changes in rate differential of \$3.0 million. Young recorded an expense for income taxes of \$0.1 million for the year ended December 31 2010, a change of \$91.1 million from the year ended December 31, 2011.

The benefit (expense) for income taxes for the year ended December 31, 2010 relates primarily to federal, state and local income taxes totaling \$218.8 million, offset by benefits from losses with no utilization totaling \$8.9 million and benefits from reorganization items totaling \$209.7 million.

As a result of the above-discussed factors, the net income for Young was \$102.2 million for the year ended December 31, 2011, compared to net income of \$624.7 million for the year ended December 31, 2010, a change of \$522.6 million, or 83.6%.

## **Liquidity and Capital Resources**

### *Young Broadcasting Inc.'s 2010 Emergence from Bankruptcy*

On February 13, 2009, Young Broadcasting Inc., the predecessor to Young Broadcasting, LLC, and substantially all of its subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York. On November 4, 2009, Young Broadcasting Inc. and its subsidiaries filed with the Bankruptcy Court a joint plan of reorganization and a related disclosure statement. The Bankruptcy Court entered an order approving the disclosure statement on November 6, 2009. The Bankruptcy Court entered an order confirming the plan on May 10, 2010. The plan became effective on June 24, 2010, at which point Young Broadcasting Inc. and its subsidiaries emerged from Chapter 11 protection and were discharged and released from certain claims and interests in accordance with the provisions of the plan. Under the plan of reorganization, on the effective date, all of the outstanding equity in Young Broadcasting Inc. was cancelled and Young Broadcasting Inc. issued new equity, all of which was distributed to a newly created holding company, Young. In addition, after the effective date, in accordance with the plan of reorganization, Young Broadcasting Inc. converted from a Delaware corporation to a Delaware limited liability company and changed its name to Young Broadcasting, LLC.

Under the plan of reorganization, Young Broadcasting Inc.'s pre-petition secured lenders received a combination of equity and debt in Young in full satisfaction of their claims against Young Broadcasting Inc. and its subsidiaries.

Upon Young Broadcasting Inc.'s emergence from bankruptcy protection, Young adopted the fresh-start reporting provisions of ASC 852-10, effective June 30, 2010, which was the end of Young Broadcasting Inc.'s accounting period. Fresh-start reporting provides, among other things, for a determination of the fair value to be assigned to the new equity and debt of the emerging company as of a date selected for financial reporting purposes. Young's business enterprise value was \$353.0 million as of the effective date, as determined by Young with the assistance of its independent appraisers. The enterprise value was determined using a discounted cash flow approach, and verified using a market approach. Under fresh-start reporting, the business enterprise value is adjusted to reorganization value and allocated to Young's assets and liabilities based on their respective fair values in conformity with the purchase method of accounting for business combinations.

In March 2011, the Bankruptcy Court entered a final decree closing the bankruptcy cases of Young Broadcasting Inc. and its subsidiaries.

*Current Financial Condition*

The following tables present certain data that Young believes is helpful in evaluating its liquidity and capital resources.

	<b>Six Months Ended</b>		<b>Year Ended</b>	
	<b>June 30, 2013</b>	<b>2012</b>	<b>December 31, 2012</b>	<b>2011</b>
	<b>(dollars in thousands)</b>			
Net cash (used in) provided by:				
Operating activities	\$ 16,335	\$ 21,358	\$ 73,566	\$ 22,411
Investing activities	(20,172 )	(6,532 )	(30,917 )	(17,237 )
Financing activities	990	(62,557 )	(73,964 )	5,121
Net increase (decrease) in cash and cash equivalents	\$ (2,847 )	\$ (47,731 )	\$ (31,315 )	\$ 10,295

	As of June 30,		As of December 31,	
	2013	2012	2012	2011
	(dollars in thousands)			
Cash and cash equivalents	\$ 21,397	\$ 7,827	\$ 24,244	\$ 55,559
Total debt	\$ 154,810	\$ 142,500	\$ 157,000	\$ 85,000
Available under Young Senior Credit Facility	\$ 25,000	\$ 25,000	\$ 25,000	\$ 90,000

Total debt above does not include short-term and long-term capital leases payable totaling \$1.3 million as of December 31, 2012, December 31, 2011, June 30, 2013 and June 30, 2012.

Young's cash flow from operations is dependent on the national advertising market and its individual television markets.

The principal uses of cash that affect Young's liquidity position as of June 30, 2013 include the following: the acquisition of and payments under programming rights for entertainment and sporting events, investing and operating activities and principal and interest payments on Young's debt.

## Sources and Uses of Cash

### *Operating Activities*

For a discussion of Young's presentation of its 2010 results as the mathematical addition of the Predecessor and Successor periods, see "—Year Ended December 31, 2011 compared to Year Ended December 31, 2010."

Net cash provided by operating activities for the six months ended June 30, 2013 was approximately \$16.3 million, primarily due to the following items:

- Net income for the six months ended June 30, 2013 was approximately \$6.5 million as compared to \$8.7 million for the six months ended June 30, 2012.
- Prepaid expenses and other current assets decreased approximately \$3.7 million for the six months ended June 30, 2013, due primarily to \$1.9 million in WXXA accounts receivable collected on behalf of Newport Television, LLC,

which we refer to as "Newport," and remitted during the six months ended June 30, 2013. An additional \$1.4 million is related to an escrow that was paid by WLAJ in connection with the WLAJ acquisition. The remainder of the change is due to small decreases across all the stations.

Accrued expenses and other current liabilities increased approximately \$6.3 million for the six months ended June 30, 2013. This increase is primarily due to changes in network fees, WXXA preacquisition items owed to Newport and tradeshow revenues collected in 2012 for shows that occurred in the first six months of 2013.

Young made approximately \$5.4 million of payments on its programming liabilities during the six months ended June 30, 2013.

Trade accounts payable decreased approximately \$2.9 million during the six months ended June 30, 2013. This decrease was due to the payment of nonrecurring invoices from 2012 such as a \$0.5 million fee for financial advisory services and the \$0.6 million Gray management fee. Approximately \$1.4 million of the decrease is related to consumption of barter programming.

Trade accounts receivable, less allowance for doubtful accounts, increased approximately \$6.6 million for the six months ended June 30, 2013. This increase is due to a \$2 million increase in retransmission revenues, a portion of which is attributable to rate increases in April and June 2013, as well as a \$0.7 million increase in amounts receivable from Direct TV. The remaining increase is related to receivables from WXXA and WLAJ which were not included in the prior period.

Net cash provided by operating activities during the six months ended June 30, 2012 was approximately \$21.4 million, primarily due to the following items:

- Trade accounts receivable, less allowance for doubtful accounts, increased approximately \$2.3 million for the six months ended June 30, 2012. This increase is due mainly to an increase in retransmission revenues during the six months ended June 30, 2012.

- Young made approximately \$4.3 million of payments on its programming liabilities during the six months ended June 30, 2012.

- Trade accounts payable decreased approximately \$1.6 million during the six months ended June 30, 2012.

- Accrued expenses and other current liabilities increased approximately \$7.0 million for the six months ended June 30, 2012. This increase is due mainly to a \$5.5 million change in the income tax provision. The remaining change is due to accrued professional fees incurred in connection with the proposed business combination with Media General.

- Prepaid expenses and other assets decreased approximately \$0.6 million for the six months ended June 30, 2012, due primarily to small decreases across all the stations.

Net cash provided by operating activities for the year ended December 31, 2012 was approximately \$73.6 million, primarily due to the following items:

- Net income for the year ended December 31, 2012 was approximately \$36.0 million as compared to \$102.2 million in 2011. Net operating revenues increased for Young in 2012 by approximately \$53.7 million. This increase was offset in part by income tax expense of \$20.4 million generated primarily from federal, state and local taxes totaling \$22.7 million. For the year ended December 31, 2011, Young had a benefit for income taxes in the amount of \$91.0 million primarily related to reversal of its valuation allowance in the amount of \$95.0 million.

- Accrued expenses and other current liabilities increased approximately \$14.8 million for the year ended December 31, 2012. This increase is due mainly to an increase in the management fees payable of \$9.9 million, network fees of \$1.6 million, \$0.5 million in fees for financial advisory services and \$1.6 million of preacquisition items.

- Trade accounts payable increased approximately \$1.1 million for the year ended December 31, 2012.

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Young made approximately \$9.0 million of payments on its programming liabilities in 2012. The decrease in payments on programming liabilities year over year is due to lower costs from no longer airing the Oprah Winfrey Show.

Prepaid expenses and other current assets increased approximately \$3.8 million for the year ended December 31, 2012. This increase in 2012 is mainly due to \$1.6 million in WXXA trade accounts receivable from preacquisition collected on behalf of Newport. An additional \$1.4 million is an escrow that was paid by WLAJ during the acquisition of WLAJ-TV.

Trade accounts receivable, less allowance for doubtful accounts, increased approximately \$3.1 million for the year ended December 31, 2012. This increase is due mainly to increased sales and revenues during 2012.



Net cash provided by operating activities for the year ended December 31, 2011 was approximately \$22.4 million, primarily due to the following items:

- Prepaid expenses and other current assets decreased approximately \$2.0 million for the year ended December 31, 2011.
- Trade accounts payable increased approximately \$0.5 million for the year ended December 31, 2011.
- Young made approximately \$9.7 million of payments on its programming liabilities in 2011.
- Accrued expenses and other current liabilities decreased approximately \$7.8 million for the year ended December 31, 2011, mainly due to \$5.7 million of Gray management fees expensed in 2010 that were paid in 2011.
- Trade accounts receivable, less allowance for doubtful accounts increased approximately \$2.3 million for the year ended December 31, 2011, which was mainly due to an increase in national and local revenues from 2010 to 2011.

Net cash provided by operating activities for the year ended December 31, 2010 was approximately \$32.2 million, primarily due to the following items:

- Net income for the year ended December 31, 2010 was \$624.7 million. During 2011, net income included reorganization items and fresh-start adjustments totaling \$518.0 million and \$90.9 million, respectively.
- Prepaid expenses and other current assets increased approximately \$1.2 million for the year ended December 31, 2010. This was mainly due to increases in barter rights and deferred tax assets.
- Trade accounts payable decreased approximately \$2.4 million for the year ended December 31, 2010. This was due to Young Broadcasting Inc.'s emergence from bankruptcy in 2010 and cure payments that were made during the year.
- Young made approximately \$11.0 million of payments on its programming liabilities in 2010.
- Accrued expenses and other current liabilities decreased approximately \$0.8 million for the year ended December 31, 2010, mainly due to \$5.7 million of Gray management fees expensed in 2010 that were paid in 2011.

- Trade accounts receivable, less allowance for doubtful accounts increased approximately \$1.1 million for the year ended December 31, 2011, which was mainly due to an increase in revenues from 2009 to 2010.

*Investing Activities*

Cash used in investing activities was approximately \$20.2 million during the first six months of 2013 as compared to \$6.5 million during the same period in 2012. This is primarily due to Young's acquisition of assets for WLAJ in the amount of \$14.3 million and capital expenditures of approximately \$5.9 million during the six months ended June 30, 2013. Cash used in investing activities during the first six months of 2012 of \$6.6 million was due to capital expenditures.

Net cash used in investing activities for the year ended December 31, 2012 was \$30.9 million, compared to net cash used in investing activities for the year ended December 31, 2011 of \$17.2 million. Net cash used in investing activities during the year ended December 31, 2012 is due primarily to capital expenditures of \$11.6 million for capital expenditures and \$19.5 million for payments for WXXA's acquisition of WXXA-TV's station assets. Net cash used in investing activities for the year ended December 31, 2011 is primarily due to capital expenditures totaling \$17.3 million. Net cash used in investing activities for the year ended December 31, 2011 was \$5.6 million and is primarily due to capital expenditures totaling \$5.7 million. Net cash used in investing activities for the year ended December 31, 2010 was \$5.6 million, primarily due to capital expenditures.

### *Financing Activities*

Cash was provided by financing activities during the first six months of 2013 in the amount of \$1.0 million as compared to cash used in financing activities in the amount of \$62.6 million during the same period in 2012. Young made net borrowings under the Young Senior Credit Facility and the WLAJ bank credit facility which was entered into in March 2013, which we refer to as the "WLAJ Credit Facility," of \$1.1 million, net of issuance costs. During the six months ended June 30, 2012, Young made net borrowings of \$57.5 million under the Young Senior Credit Facility and subsequently used those borrowings and cash on hand to fund, in part, its redemption of approximately \$120.0 million of Young Common Stock.

Net cash used in financing activities was \$74.0 million for the year ended December 31, 2012. The following significant changes in financing activities were noted:

- Young drew \$50.0 million on its new Senior Credit Facility (net) during the year ended December 31, 2012.
- WXXA drew \$22.0 million under the WXXA bank credit facility, which we refer to as "WXXA-TV LLC Credit Facility."
- Young paid \$145.0 million to repurchase approximately 27,000 shares of its Class A and Class B Common Stock and approximately 16,000 under warrants during the year ended December 31, 2012.
- Young paid approximately \$0.8 million in debt issuance costs related to the amendments to the Young Senior Credit Facility during the year ended December 31, 2012.

Net cash provided by financing activities for the year ended December 31, 2011 was approximately \$5.1 million. This was primarily due to net borrowings of \$10.0 million from the Young Senior Credit Facility and debt issuance costs of \$4.8 million.

Net cash used in financing activities for the year ended December 31, 2010 was approximately \$1.3 million and was primarily due to debt issuance costs.

### **Debt Instruments, Guarantees and Related Covenants**

When Young Broadcasting Inc. emerged from bankruptcy protection, debt outstanding under its prior senior credit facility was converted into a new term loan with Young as the borrower, in addition to an equity issuance. The full amount of the new term loan had an original maturity date of June 30, 2015. The new term loan was repaid during the year ended December 31, 2011 with proceeds from the Young Senior Credit Facility (described below).

On December 13, 2011, Young entered into a \$175.0 million Young Senior Credit Facility, which provides for a \$150.0 million Young Senior Term Loan and a \$25.0 million Young Senior Revolving Credit Facility. The Young Senior Term Loan was available in up to three draws. On December 13, 2011, \$85.0 million of the Young Senior Term Loan was borrowed. Approximately \$76.5 million of the proceeds of the initial term loan borrowing were used to pay a term loan entered into in 2010 (plus related interest and fees) and another \$4.2 million were used to repay the term loan entered into upon Young Broadcasting Inc.'s emergence from bankruptcy and the revolving credit facility entered into in 2010. On February 23, 2012, Young drew down \$65.0 million from the Young Senior Term Loan to partially fund the 2012 tender offers for shares of Young's common stock as well as warrants to purchase Class A shares of common stock of Young.

Young pays a commitment fee at the rate of 1.0% per annum on the unused available commitments to advance the Young Senior Term Loan and a commitment fee of 0.5% per annum on the unused available commitments to advance the Young Senior Revolving Credit Facility.

Based on the outstanding balance at December 31, 2012, the Young Senior Credit Facility requires quarterly principal payments of approximately \$4.3 million. Payments are subject to scheduled increases. Any remaining balance will be due at maturity of the Young Senior Term Loan. The Young Senior Term Loan and Young Senior Revolving Credit Facility will mature on December 13, 2016. As of June 30, 2013, the Young Senior Term Loan was fully drawn and the full \$25.0 million was available under the Young Senior Revolving Credit Facility.

The Young senior credit facility contains covenants related to the satisfaction of financial tests, including a consolidated total leverage ratio and an interest coverage ratio. The credit agreement includes restrictions on certain activities including, for example, covenants that restrict Young's ability to dispose of assets, incur additional indebtedness, pay dividends, make investments, make acquisitions and engage in mergers or consolidations. The Young senior credit facility is guaranteed by Young and certain of its domestic subsidiaries. The Young senior credit facility is secured by liens on substantially all of Young's assets. As explained in this proxy statement/prospectus, in connection with the execution of the merger agreement, Young Broadcasting, LLC entered into an amendment of its credit agreement to permit the closing of the transaction in the event that the facility is not refinanced in connection with the closing.

The consolidated debt to EBITDA ratio was required to be less than 3.50 to 1.00 from October 1, 2012 through September 30, 2013, 3.50 to 1.00 from October 1, 2013 through September 30, 2014, 3.25 to 1.00 from October 1, 2014 through September 30, 2015 and 3.0 to 1.0 from October 1, 2015 through the maturity of the Young Senior Credit Facility. Young is permitted to make capital expenditures of up to \$11.5 million for 2013 and \$10.0 million for 2014 and thereafter. Young was in compliance with all covenants under the Young Senior Credit Facility as of and for the six months ended June 30, 2013 and throughout 2012 and 2011.

The Young Senior Credit Facility has a variable interest rate of either the London Interbank Offered Rate, which we refer to as "LIBOR," or Base Rate (as defined in the agreement governing the Young Senior Credit Facility) plus the Applicable Rate (as defined in the agreement governing the Young Senior Credit Facility). As of June 30, 2013, the LIBOR and the Base Rate, which are generally equal to the lender's prime rate, applicable to Young's outstanding balance were 0.19% and 3.75%, respectively. The interest was based on Base plus the Applicable Rate for an effective interest rate of 3.94%. For the year ended December 31, 2012, interest expense related to the Young Senior Credit Facility was approximately \$6.5 million.

As of June 30, 2013 and December 31, 2012, the fair value of the Young Credit Facility was approximately \$126.4 million and \$150.0 million, respectively.

WXXA entered into a \$22.0 million credit agreement, which we refer to as the “WXXA Credit Agreement,” with a third party on December 13, 2012 in order to fund the purchase of the assets of the television station in Albany, N.Y. The WXXA Credit Facility matures on December 13, 2016, has a floating interest rate and currently bears interest at a rate of 4.95%. Young irrevocably and unconditionally guaranteed the debt of WXXA on a joint and several basis with Shield Media the immediate parent of WXXA. As of June 30, 2013, the outstanding principal amount of the WXXA Credit Agreement was \$22.0 million. For the year ended December 31, 2012, the interest expense relating to the WXXA facility, which we refer to as the “WXXA Credit Facility,” was \$0.1 million and the interest rate was 4.97%.

WLAJ entered into a \$10.0 million credit agreement, which we refer to as the “WLAJ Credit Facility,” with a third party on March 1, 2013 in order to fund the purchase of the assets of a television station in Lansing, Michigan. The WLAJ Credit Facility matures on December 13, 2016, has a floating interest rate and currently bears interest at a rate of 4.95%. Young irrevocably and unconditionally guaranteed the debt of WLAJ on a joint and several basis with Shield Media Lansing, the immediate parent of WLAJ. As of June 30, 2013, the outstanding principal amount of the WLAJ Term Loan was \$10.0 million.

For the six months ended June 30, 2013 and 2012, interest expense was approximately \$4.2 million and \$4.3 million, respectively. The increase is due to loan draws subsequent to the six months ended June 30, 2012 and the interest expense related to the WXXA Credit Facility and the WLAJ Credit Facility.

Young has entered into a swap agreement related to the Young Senior Term Loan to hedge \$75 million (or approximately 50%) of the principal balance of the Young Senior Term Loan. Young uses a mark-to-market approach to value the swap. For the six months ended June 30, 2013 and 2012, an income/ (expense), net of approximately \$0.1 million and \$(0.5) million, respectively, is included in other income/expense in the Young consolidated statements of comprehensive income related to changes in valuation of the swap agreement. For the year ended December 31, 2012, an (expense) of approximately \$(0.4) million is included in other income/(expense), net in Young's consolidated statements of comprehensive income related to changes in valuation of the swap agreement.

The following is a summary of Young's debt and related annualized interest payments.

	<b>June 30, 2013</b>	<b>Dec 31, 2012</b>	<b>Dec 31, 2011</b>	<b>Annualized Interest Payments</b>	
	<b>(dollars in thousands)</b>				
Young Senior Credit Facility	\$ 126,400	\$ 135,000	\$ 85,000	\$ 4,518	(1)
WXXA Senior Credit Facility	22,000	22,000	—	1,091	(1)
WLAJ Term Loan	10,000	—	—	421	(2)
Debt discount(3)	(3,590 )	(3,802 )	(3,711 )	—	
Total	\$ 154,810	\$ 153,198	\$ 81,289	\$ 6,030	

Calculated based on the outstanding principal amounts at December 31, 2012, multiplied by the interest rate of the (1) Young Senior Credit Facility of 3.96% as of December 31, 2012 or the interest rate of the WXXA Credit Facility of 4.97% as of December 31, 2012 as the case may be.

(2) Calculated based on the outstanding principal amount at June 30, 2013 and the interest rate of the WLAJ Credit Facility of 4.95% as of June 30, 2013.

(3) In connection with the Young Senior Credit Facility, Young paid approximately \$3.7 million of fees to the lender, which has been recorded as a debt discount.

During the six months ended June 30, 2013, Young made principal payments of \$8.6 million on the Young Senior Credit Facility.

As of and during the six months ended June 30, 2013, Young was in compliance with all applicable debt covenants for the Young Senior Credit Facility, WXXA Credit Facility and WLAJ Credit Facility.

See “–Debt Instruments, Guarantees and Related Covenants” for further discussion of Young’s debt.

### **Income Taxes**

For a discussion of Benefit (expense) for income taxes for the relevant periods, see “–Three Months Ended June 30, 2013 compared to Three Months Ended June 30, 2012,” “–Six Months Ended June 30, 2013 compared to Six Months Ended June 30, 2012” and “–Year Ended December 31, 2012 compared to Year Ended December 31, 2011”

At December 31, 2012, Young had NOL carryforwards for tax purposes of \$226.0 million expiring at various dates through 2032.

As of December 31, 2012, Young’s unrecognized tax benefits totaled \$24,000 including interest, all of which, if recognized, would affect the effective tax rate in future periods.



While Young does not anticipate any significant changes to the amount of liabilities for unrecognized tax benefits within the next 12 months, there can be no assurance that the outcomes from any tax examinations will not have a significant impact on the amount of such liabilities, which could have an impact on the operating results or financial position of Young.

### Off-Balance Sheet Arrangements

Young does not have or engage in any off-balance sheet arrangements.

### Contractual Obligations and Other Commercial Commitments

Young has obligations and commitments under its long-term debt agreements and instruments to make future payments of principal and interest. Young also has obligations and commitments under certain contractual arrangements to make future payments for goods and services. These arrangements secure the future rights to various assets and services to be used in the normal course of operations. Under GAAP, certain of these arrangements (e.g., programming contracts that are currently available for airing) are recorded as liabilities on Young's consolidated balance sheet, while others (e.g., operating lease arrangements and programming contracts not currently available) are not reflected as liabilities.

The following table summarizes separately Young's material obligations and commitments at December 31, 2012, the timing of payments required in connection therewith and the effect that such payments are expected to have on Young's liquidity and cash flow in future periods. Young expects to fund its short-term obligations with cash on hand, cash flow from operations and funds available under the Young Senior Revolving Credit Facility.

Contractual Obligations	Total (dollars in thousands)	Payments Due by Period			
		Less than 1 year	Year 2— Year 3	Year 4— Year 5	After 5 years
Young Senior Credit Facility(1) (principal only)	\$ 135,000	\$ 17,200	\$ 34,400	\$ 83,400	\$ —
WXXA Credit Facility(2)	22,000	—	6,050	15,950	—
Cash interest payments(3)	17,899	5,428	9,086	3,385	—
Operating leases	9,834	971	1,216	1,008	6,639
Capital leases	1,314	164	157	116	877
Minimum pension contributions(4)	8,369	771	1,585	1,640	4,373
Unconditional purchase obligations(5)	804	804	—	—	—

Other long-term obligations(6)	15,114	8,624	6,295	195	—
Total contractual cash obligations	\$ 210,334	\$ 33,962	\$ 58,789	\$ 105,694	\$ 11,889

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- (1) Young's Senior Credit Facility had available borrowing of \$25.0 million as of December 31, 2012. The Young Senior Credit Facility matures on December 31, 2016.
- (2) See "—Debt Instruments, Guarantees and Related Covenants" for a discussion of the WXXA Credit Facility. Represents cash interest payments on the Young Senior Credit Facility and the WXXA Credit Facility. Estimated total cash interest over the term of the Young Senior Credit Facility is \$14.5 million, based on an interest rate at December 31, 2012 of 3.96% assuming no further draws under the Young Senior Revolving Credit Facility.
- (3) Estimated total cash interest over the term of the WXXA Credit Facility is \$3.4 million, based on an assumed interest rate of 4.96%. Minimum pension contributions consist of future benefit payments based on expected future employee services.
- (4) The table above does not include actuarially projected minimum funding requirements of Young's pension plan due to significant uncertainties regarding the assumptions involved in making such minimum funding projections.
- (5) Unpaid program license liability recorded at December 31, 2012 on the 2012 consolidated financial statements of Young. Obligations for programming that have been contracted for, but not recorded on the December 31, 2012 consolidated financial statements of Young. Such obligations were not recorded because the programs were not currently available for airing.

On March 1, 2013, Young entered into a shared services relationship with WLAJ and guaranteed WLAJ's \$10.0 million term loan. See "—Overview of Young's Business" for a discussion of the guarantee. The guarantee of the WLAJ Credit Facility is not reflected in the table above. With the exception of the WLAJ Term Loan, there were no material changes to Young's contractual cash obligations as of June 30, 2013.

### **Impact of Recently Issued Accounting Standards**

See Note 1 to the June 30, 2013 consolidated financial statements of Young and Note 3 to the 2012 consolidated financial statements of Young for a discussion of recently issued accounting standards.

### **Cautionary Statement Regarding Forward Looking Statements of Young**

Young's business, financial condition, results of operations, cash flows and prospects may be adversely affected by a number of factors, including the matters discussed below. Certain statements and information set forth in this proxy statement/prospectus constitute "forward-looking statements." You should note that Young's forward-looking statements speak only as of the date of this proxy statement/prospectus or when made and Young undertakes no duty or obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise. Although Young believes that the expectations, plans, intentions and projections reflected in its forward-looking statements are reasonable, such statements are subject to known and unknown risks, uncertainties and other factors that may cause Young's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The risks, uncertainties and other factors that you should consider include, but are not limited to, the following:

- Young's advertising revenue can vary substantially from period to period based on many factors beyond Young's control.
- Young depends on networks for much of or certain changes by its programming, and the loss of or certain changes by one or more of its network affiliations would disrupt its business.
- Young may be unable to successfully negotiate future retransmission consent agreements on terms comparable to or more favorable than its current agreements.
- Young's business may be adversely affected by national and local financial and economic conditions.

- Young operates in a very competitive business environment.
- Cybersecurity risks and cyber incidents could adversely affect Young's business and disrupt operations.
- Young's business is subject to extensive governmental legislation and regulations, which may restrict its ability to pursue its business strategy.
- Enforcement activity by the FCC may adversely affect Young's business.
- Young could be adversely affected by labor disputes and legislation and other union activity.

Neither Young's financial condition nor its results of operations covering periods after Young Broadcasting Inc.'s emergence from bankruptcy are comparable to the financial condition or results of operations reflected in Young Broadcasting Inc.'s historical financial statements covering periods before its emergence from bankruptcy.

- Young may experience disruptions in its business due to natural disasters or terrorism.

Other intangible assets comprise a significant portion of Young's total assets. Young must test its intangible assets for impairment at least annually, which may result in a material, non-cash impairment charge and could have a material adverse impact on Young's results of operations and shareholders' equity.

## **Young's Quantitative and Qualitative Disclosure About Market Risk**

### *Interest Rate Risk*

Young's exposure to market risk for changes in interest rates relates primarily to Young's long-term debt obligations.

At December 31, 2012, the interest rate on the Young Senior Term Loan was 3.96%. This interest rate is equal to either the LIBOR or the Base rate plus the Applicable Rate, which were 0.21% and 3.75% as of that date, respectively. Interest is payable in accordance with the relevant credit agreements.

An increase in LIBOR of 100 basis points (one percentage point) from its December 31, 2012 level would increase Young's annual interest expense and decrease Young's cash flow from operations by \$1.35 million, based on the outstanding balance of the Young Senior Term Loan as of December 31, 2012. Decreases in LIBOR would not have a material impact on Young's interest expense or cash flow from operations. On March 13, 2012, Young entered into a swap agreement which hedged \$75.0 million or 50% of its debt in order to hedge against changes in the LIBOR rate. Young currently uses a mark-to-market approach to value the swap. At December 31, 2012, Young recorded an expense of \$0.4 million related to this swap arrangement within other income/expense of the consolidated statements of comprehensive income.

### *Impact of Inflation*

Young believes that its results of operations are not affected by moderate changes in the inflation rate.

## **DIRECTORS AND EXECUTIVE OFFICERS OF THE COMBINED COMPANY**

### **Directors of the Combined Company**

Under the terms of the merger agreement, at the closing of the proposed transaction, the combined company's initial Board of Directors will be comprised of 14 members consisting of nine Media General designees and five Young designees (which may be the current members of Young's Board of Directors, or any replacements designated by Young and reasonably acceptable to Media General's Board of Directors). We list below the names, age and biographical information of the current Media General Directors and current Young Directors.

### **Current Media General Directors**

**J. Stewart Bryan III**, age 75. Mr. Bryan has been a Director of Media General since 1974. Mr. Bryan is the Chairman of the Board of Directors and has served in that capacity for more than five years. He retired as an employee of Media General in 2008 and was Media General's Chief Executive Officer from 1990 to July 2005; President from 1990 to 2001; and between 1985 and 1990, variously served as Vice Chairman of the board, Chief Operating Officer and Executive Vice President of Media General. He was the publisher of the Richmond Times-Dispatch from 1978 to 2005.

**Diana F. Cantor**, age 55. Mrs. Cantor has been a Director of Media General since 2005. Mrs. Cantor is a partner with Alternative Investment Management, LLC, an independent, privately held investment management firm. She is the Chairman of the Virginia Retirement System, where she is also a member of the Audit and Compliance Committee and is responsible for the agency's annual audit and budget. From 2008 to 2009, Mrs. Cantor was a Managing Director of New York Private Bank & Trust, the wealth management division of Emigrant Bank, where she managed wealth management professionals providing a full range of financial, trust, estate, tax planning and investment management services. From 1996 to 2007, she served as the Founder and Executive Director of the Virginia College Savings Plan, an independent agency of the Commonwealth of Virginia, and in that capacity, she actively supervised the preparation of that agency's financial statements and worked closely with the agency's independent auditors. She was Vice President of Richmond Resources, Ltd., a real estate development, construction and management company from 1990 to 1996. Mrs. Cantor held several positions, including Vice President, at Goldman, Sachs & Co. between 1985 and 1990. She previously was an associate at Kaye, Scholer, Fierman, Hays & Handler, a New York law firm, from 1983 to 1985. Mrs. Cantor is a Director of Domino's Pizza, Inc., where she is Chairman of that board's Audit Committee. She also is a Director of Universal Corporation and Revlon, Inc.

**Dennis J. FitzSimons**, age 63. Mr. FitzSimons has been a Director of Media General since 2009. Mr. FitzSimons is the Chairman of McCormick Foundation, a charitable trust based in Chicago. From 2003 to December 2007, he was

the Chairman, President and Chief Executive Officer of Tribune Company, one of the largest media companies in the nation. Mr. FitzSimons resigned from Tribune Company in December 2007 upon the sale of the company. In December 2008, the company declared bankruptcy. Mr. FitzSimons was also the Chairman of Tribune Company from 2004 to 2007, served as that company's Chief Operating Officer and before that rose through the ranks of Tribune's broadcast division, managing that company's broadcasting, publishing and interactive groups.

**George L. Mahoney**, age 61. Mr. Mahoney has been a Director of Media General since 2013. Mr. Mahoney is the President and Chief Executive Officer of Media General and has served in those capacities since January 2013. He was Media General's Vice President, Chief Operating Officer from August 2012 to December 2012; Vice President, Growth & Performance from October 2011 to August 2012; and Vice President, General Counsel and Secretary from 1993 to September 2011.

**Marshall N. Morton**, age 67. Mr. Morton has been a Director of Media General since 1997. Mr. Morton is the Vice Chairman of the Board of Directors and has served in that capacity since January 1, 2013. Mr. Morton retired in 2012 as the President and Chief Executive Officer of Media General after serving in those capacities since July 2005. He was Media General's Chief Financial Officer from 1989 to July 2005, its Senior Vice President from 1989 to 2001 and Vice Chairman of the Board of Directors from 2001 to July 2005.

**Wyndham Robertson**, age 75. Miss Robertson has been a Director of Media General since 2012, and from 1996 to 2005. Miss Robertson retired in March 1996 as Vice President for Communications at the University of North Carolina, having served in that position for more than five years. She previously was an Assistant Managing Editor for Fortune magazine and worked with that organization for 24 years.

**Rodney A. Smolla**, age 60. Mr. Smolla has been a Director of Media General since 2006. Mr. Smolla served as President of Furman University from July 2010 until June 2013. Prior to assuming that position, he served for three years as the Dean and Roy L. Steinheimer, Jr. Professor of Law at the Washington and Lee University School of Law. From 2003 to July 2007, Mr. Smolla was the Dean of the University of Richmond's T.C. Williams School of Law and additionally served as the school's George E. Allen Professor of Law. Mr. Smolla has authored 15 books and is a frequent commentator in newspapers and print and online magazines.

**Carl S. Thigpen**, age 56. Mr. Thigpen has been a Director of Media General since 2010. Mr. Thigpen is an Executive Vice President and the Chief Investment Officer of Protective Life Corporation and has served in those positions for more than five years. Protective Life Corporation is a publicly traded diversified life insurance and financial services company based in Birmingham, Alabama, where Mr. Thigpen is responsible for the management of more than \$35 billion in total cash and investments. Birmingham, an important market for Media General, is the home of its television station WVTM-TV. Mr. Thigpen has been designated a "Chartered Financial Analyst" by the CFA Institute. He previously served on the Board of Directors and was a member of the Audit Committee of Cavalier Homes, Inc., a NYSE company that was acquired by a Berkshire Hathaway subsidiary in 2009.

**Coleman Wortham III**, age 67. Mr. Wortham has been a Director of Media General since 2004. Mr. Wortham is Chairman of Davenport & Company LLC, a Richmond, Virginia investment banking firm. He served as President and Chief Executive Officer of that firm through 2011.

### **Current Young Directors**

**H. C. Charles Diao**, age 56. Mr. Diao has been a Director of Young since 2012 and serves on Young's Compensation and Nominating Committees. He has served as the Vice President—Finance and Corporate Treasurer at Computer Sciences Corporation since 2012. From 2008 to 2012, he was the Managing Director and founder of Diao & Co. LLC, a firm that provides M&A and financial advisory services to corporate clients and investment management services to institutional family offices. Mr. Diao is currently a board member of North Atlantic Holding Company, where he has served on the Audit Committee since 2012. Mr. Diao has over 25 years of experience in the financial services industry focusing on telecommunications companies. Throughout his career, he has held a variety of senior positions including: Managing Director and Group Head of the telecommunications and media group at Prudential Securities, Senior Managing Director and Group Head—Special Situations Credit at Bear Stearns, Chief Investment Officer at Diao Capital Management LLC, and founder and managing Director of Diao & Co. LLC.

**Soohyung Kim**, age 38. Mr. Kim has been a Director of Young since 2011. Since 2012, Mr. Kim has been the Chief Executive Officer and Chief Investment Officer of Standard General, a New York-based Registered Investment Advisor that he founded in 2007. Mr. Kim was formerly Director of Research and Founding Partner of Cyrus Capital Partners. Prior to that, he was a Principal at Och-Ziff Capital Management where he helped launch its fixed income business. Mr. Kim is a member of the Board of Managers of ALST Casino Holdco, owner and operator of the Aliante



Casino in Las Vegas, Nevada, and a former Member of the Board of Greektown Superholdings. He is also a member of the Board of Directors of the following charities: Greenwich House and the Stuyvesant Alumni Association. Mr. Kim brings to Young's Board of Directors his operating and leadership experience as Chief Investment Officer of an investment firm and extensive experience in finance, business development, mergers and acquisitions, and business restructuring and integration.

**Howard Schrott**, age 58. Mr. Schrott has been a Director of Young since 2012 and serves as the chair of Young's Audit Committee. Since February 2006, Mr. Schrott has been a Principal in Schrott Consulting, a management consulting firm servicing broadcasting, telecommunications and technology companies, which is a division of AMMC, Inc., for which he also serves as Chief Financial Officer. Mr. Schrott has been a Director at Frontier Communications Corporation since 2005 and currently serves as the lead independent Director and member of the Audit Committee, a Director at Maverick Media, LLC since 2009, and a Trustee at Butler University since 2010. Mr. Schrott was previously the Chief Financial Officer of The Liberty Corporation from 2001 to 2006. Mr. Schrott brings a wealth of financial and operational experience to Young's Board of Directors, having served as the Chief Financial Officer of three different companies in the media and technology space spanning 15 years and running his own management consulting firm. He has also served as a Director and Chairman of the Audit Committee of tw telecom inc. (formerly Time Warner Telecom Holdings Inc.) and the boards of Weather Central Holdings, Inc. and Wide Orbit, Inc.

**Kevin Shea**, age 51. Mr. Shea has been a Director of Young since 2010, serves on Young's Audit Committee and serves as the Chair of Young's Compensation and Nominating Committees. He was previously the Chief Restructuring Officer of Young from 2010 to 2011. Mr. Shea has served on the Compensation and Audit Committees of Contec Limited since 2012, has served as the Chair of the Audit Committee at Endurance Business Media since 2013, and has been the sole member of the Board of Directors at ZipLocal Publishing since 2011. From 2008 to 2013, Mr. Shea was a Managing Director at the consulting firm Loughlin Management Partners & Co., and he was a turnaround and restructuring professional at Loughlin Management Partners for 14 years. He also serves as President and Director of Ridgewood Crew, a not-for-profit youth rowing program in New Jersey, and on the Financial Advisory Board to the Ridgewood (NJ) Village Council.

**Thomas J. Sullivan**, age 50. Mr. Sullivan has been a Director of Young since 2009 and serves on Young's Audit, Compensation and Nominating Committees. He is currently the Executive Chairman of Young and was the Senior Vice President, Finance and Chief Financial Officer of Young in 2012. Since 2009, Mr. Sullivan has been the Managing Partner of Smallwood Partners, LLC, a financial advisory services firm. Mr. Sullivan has served as a Director of Utility Services Partners since 2011, a member of the advisory board of Millennium Custodial Trust since 2010 and a Trustee of Accredited Mortgage Loan REIT since 2009. Previously, Mr. Sullivan was a Managing Director with Investcorp International, Inc., a global middle market private equity firm, and a Director at CCC Information Services Inc., where he served as Audit Committee Chairman and on the Compensation Committee.

### **Independence of Directors**

The Board of Directors of Media General has determined that all of the Directors of Media General are independent, in accordance with the rules of the NYSE and Media General's Director independence standards, except George L. Mahoney, the current President and Chief Executive Officer of Media General, and Marshall N. Morton, who retired as President and Chief Executive Officer of Media General in 2012, and because of his prior position, is deemed not to be an independent Director. More specifically, the Board of Directors of Media General affirmatively has determined that each of Media General's other current Directors, J. Stewart Bryan III, Diana F. Cantor, Dennis J. FitzSimons, Rodney A. Smolla, Wyndham Robertson, Carl S. Thigpen and Coleman Wortham III, are independent and have no relationship with Media General that would interfere with their exercise of independent judgment in carrying out the responsibilities of a member of the Board of Directors of the combined company. J. Stewart Bryan III, who retired as an employee of Media General in 2008, satisfied the requisite three-year period of separation in 2011, and the Board of Directors considered both his prior employment and voting control prior to the proposed transaction of over 85% of the shares of Class B Common Stock of Media General, and has affirmatively determined that he is independent and has no relationship with Media General that would interfere with his exercise of independent judgment in carrying out the responsibilities of a member of the Board of Directors.

The Board of Directors of Media General has also determined, based on information provided to them by the Young Directors, that H.C. Charles Diao, Soohyung Kim, Howard Schrott and Kevin Shea will, when they become members of the Board of Directors of the combined company, be independent, in accordance with the rules of the NYSE and Media General's Director independence standards. More specifically, the Board of Directors of Media General has

affirmatively determined that these individuals, when they become a member of the Board of Directors of the combined company, will be independent, and have no relationship with Media General that would interfere with their exercise of independent judgment in carrying out the responsibilities of a member of the Board of Directors of the combined company. With respect to Soohyung Kim, the Board of Directors of Media General considered that Mr. Kim is currently the Chief Executive Officer and the Chief Investment Officer of Standard General, affiliates of which, after the closing of the proposed transaction, are expected to have voting control over approximately 28% or more of the shares of Voting Common Stock of the combined company, and has affirmatively determined that he will be independent and has no relationship with Media General that would interfere with his exercise of independent judgment in carrying out the responsibilities of a member of the Board of Directors of the combined company.

Media General's Director independence standards are available at Media General's website, [www.mediageneral.com](http://www.mediageneral.com).

### **Future Composition of the Board of Directors of the Combined Company**

Under the terms of the Articles of Incorporation of the combined company, in connection with the 2014 Annual Meeting of the Stockholders of the combined company, the size of the Board of Directors will be reduced from 14 to 11 members, and the Nominating Committee of the Board of Directors of the combined company (described below) will nominate for election to the Board of Directors:

five Media General designees, selected by the Nominating Committee of the combined company; if they are willing to serve, the five nominees selected by the Nominating Committee will include J. Stewart Bryan III, Media General's current Chairman, Marshall N. Morton, its current Vice Chairman and George L. Mahoney, its current President and Chief Executive Officer;

5 Young designees; and

one additional person selected by the Nominating Committee.

After the election of Directors at the 2014 Annual Meeting of the combined company, the number of Directors may be any number fixed by the By-laws or by resolution adopted by the Board of Directors, except that from the period from the closing date through the 2017 Annual Meeting of the Stockholders, the number of Directors of the board will continue to be 11 unless a change in number is approved by a majority of the Directors of the combined company who are Young designees. In no event may the board consist of less than three Directors.

### **Board Approval of Certain Matters**

Under the terms of the Articles of Incorporation of the combined company, prior to the election of members of the Board of Directors at the 2014 Annual Meeting of the combined company, the approval of the following matters will require the affirmative vote of at least 10 out of the 14 members of the Board of Directors of the combined company:

any change in the size of the Board of Directors (except for the reduction in the size of the Board of Directors at the 2014 Annual Meeting);

any merger or consolidation of the combined company with any person, or the sale of all or substantially all of the assets of the combined company;

any change to the composition, structure or authority of any committee of the Board of Directors;

any amendment of, or modification to, the Articles of Incorporation or the By-laws of the combined company; and

the hiring of, or termination of employment by the combined company of, any “executive officer” of the combined company (as such term is defined in Rule 405 under the Securities Act of 1933, as amended).

### **Committees**

Under the terms of the merger agreement, at the closing of the transaction, the Nominating Committee of the Board of Directors of the combined company will be comprised of five members consisting of three Young designees selected by Young before the closing date, and two Media General designees selected by Media General before the closing date. In addition, Young designees selected by Young before the closing date will chair the Nominating Committee and the Compensation Committee of the Board of Directors, and a Media General designee selected by Media General before closing will chair the Audit Committee of the Board of Directors.

In addition, prior to the closing of the transaction, the existing Executive Committee of Media General will be disbanded. After the 2014 Annual Meeting of the Stockholders of the combined company, the Board of Directors may form a new Executive Committee.

Under the terms of the Articles of Incorporation of the combined company, during the period from the closing through the 2017 Annual Meeting of the Stockholders, the Nominating Committee will have the exclusive right to nominate candidates by a majority vote of its members on behalf of the combined company for election to the Board of Directors and to appoint individuals to fill vacancies on the Board of Directors, subject to a right of a majority of the Board (including one affirmative vote of at least one Young designee) to reject any such nomination or appointment. During that period, the Nominating Committee will be comprised of five members, including at least three Young designees. During the period from the consummation of the transaction through the 2014 Annual Meeting of the Stockholders, the Nominating Committee will include two Media General designees.

The By-laws of the combined company provide that the Board of Directors of the combined company may designate other committees with limited authority by a resolution adopted by a majority of the full number of Directors.

### **Management of the Combined Company**

Currently, the following individuals hold the following offices with Media General: George L. Mahoney serves as President and Chief Executive Officer; James F. Woodward serves as Vice President-Finance and Chief Financial Officer; John A Butler serves as Treasurer; Andrew C. Carington serves as Vice President, General Counsel and Secretary; James R. Conschafter serves as Vice President, Broadcast Markets; John R. Cottingham serves as Vice President, Broadcast Markets; Robert MacPherson serves as Vice President of Corporate Human Resources; Timothy J. Mulvaney serves as Controller and Chief Accounting Officer; and Lou Ann J. Nabhan serves as Vice President of Corporate Communications.

The following table sets forth the name, age and title of each of the persons who are currently expected to be executive officers of the combined company upon the closing of the proposed combination.

<b><u>Name, Age</u></b>	<b><u>Position</u></b>
George L. Mahoney, 61	President and Chief Executive Officer
James F. Woodward, 53	Senior Vice President, Finance and Chief Financial Officer
Deborah A. McDermott, 59	Senior Vice President, Broadcast Markets
John A Butler, 56	Treasurer
Andrew C. Carington, 45	Vice President, General Counsel and Secretary
James R. Conschafter, 61	Vice President, Broadcast Markets

John R. Cottingham, 62 Vice President, Broadcast Markets  
Robert Peterson, 58 Vice President, Broadcast Markets  
Robert E. MacPherson, 59 Vice President, Corporate Human Resources  
Timothy J. Mulvaney, 44 Controller and Chief Accounting Officer  
Lou Anne J. Nabhan, 58 Vice President, Corporate Communications

We list below biographical information for the foregoing persons:

**George L. Mahoney.** Mr. Mahoney is the President and Chief Executive Officer of Media General and has served in those capacities since January 2013. He has also been a Director of Media General since 2013. He served as Media General's Vice President and Chief Operating Officer from August 2012 to December 2012; Vice President, Growth & Performance from October 2011 to August 2012; and Vice President, General Counsel and Secretary from 1993 to September 2011.

**James Woodward.** Mr. Woodward has been Vice President of Finance and Chief Financial Officer since October 2011. From 2009 to September 2011, Mr. Woodward was Group Vice President, Growth and Performance. Previously, he was Vice President, Corporate Human Resources from 2005 to 2009. During his 28 years with Media General, he has served as Staff Accountant, Audit Manager, Assistant Controller of Richmond Newspapers, Manager of Human Resources Systems for the finance department, and as Director of Human Resources from 1999 to 2005.

**Deborah A. McDermott.** Ms. McDermott was named CEO of Young in January 2013 and has served as President of Young since 2004. She served on the Young Board of Directors and its Audit Committee from April 2004 to August 2009. Prior to being named President, Ms. McDermott served as Executive Vice President/Operations for Young. Previous to that, she was Vice President and General Manager and, earlier, Station Manager of Young's WKRN-TV in Nashville and had oversight over WATE-TV in Knoxville. In addition to her responsibilities with Young, Ms. McDermott is an active past chair of the ABC Affiliate Board of Governors, serves as a Director of the Truxton Trust Board as well as on its Compensation Committee, and is a member of the South Dakota State University Foundation Council of Trustees. Additionally she has recently been elected to her second term as a Director of the Country Music Association Board (CMA). Ms. McDermott has also served on the National Association of Broadcasters (NAB) Television Board and the Television Bureau of Advertising (TVB) Board. She is a past president of the National Association of Television Programming Executives (NATPE), and previously served as a board member of Maximum Service Television (MSTV). In addition, she served on the board of the Committee of 200, a national group of top women CEOs. Among other civic activities, Ms. McDermott is currently serving as Chair of the Nashville Sports Council and on its Board of Directors, on the Board of Directors and the Executive Committee of the Ensworth School and on the Corporate Board of Directors of the Nashville Convention and Visitors Center.

**John A Butler.** Mr. Butler has been the Treasurer of Media General since September 2008. He served as Assistant Treasurer from 2005 to 2008 and Director of Treasury Management from 2003 to 2005. Mr. Butler was Vice President and Treasurer at SITEL Corp. from 2001 to 2003 and held various financial positions with Occidental Petroleum, Nissan Motor Corp. and US Airways from 1982 to 2001.

**Andrew C. Carington.** Mr. Carington has been Vice President, General Counsel and Secretary of Media General since October 2011. He served as Associate General Counsel of Media General from 2006 to September 2011; Counsel from 2001 to 2006; and Counsel – Georgia Pacific from 1999 to 2001. From 1995 to 1999 Mr. Carington was



an associate at Huff, Poole & Mahoney PC.

**James R. Conschafter.** Mr. Conschafter has been Vice President of Broadcast Markets since July 2012. From 2010 to July 2012, Mr. Conschafter was President and Market Leader, Virginia-Tennessee. Beginning July 2009, he served in the same role for Media General's North Carolina market. Prior to that, he had been Senior Vice President, Broadcast Stations, within Media General's former broadcast division, since 2004. Mr. Conschafter joined Media General in 2000 with its acquisition of Spartan Communications, where he had served as a General Manager. He began at Media General as Vice President and General Manager of WSPA and two stations that are no longer owned by Media General. Earlier in his career, he held management and sales leadership positions at network-affiliated television stations in North Carolina, New York, Missouri and Ohio.

**John R. Cottingham.** Mr. Cottingham has been Vice President of Broadcast Markets since July 2012. From 2009 to July 2012, Mr. Cottingham served as President and Market Leader, Mid-South at Media General. He also had responsibility for Media General's Florida market. Prior to assuming his current role, Mr. Cottingham had been Senior Vice President, Broadcast Stations, within Media General's former broadcast division, since 2005. He joined Media General in 2001 as Vice President and General Manager of three stations, including WSPA in Spartanburg, S.C. Earlier in his career, he held management and sales leadership positions at a number of broadcast stations in North Carolina, Ohio and Indiana.

**Robert M. Peterson.** Mr. Peterson has been Vice President – Station Operations for Young since August 2012. From 2003 to 2012, he was the Vice President and General Manager of Young's WRIC-TV, and in 2005 he added group responsibilities with management oversight of all Young stations' technical facilities. He served as General Manager of Young's WTEN-TV from 1990 to 2003, joining WTEN as Business Manager in December 1983 and adding program manager responsibilities in 1988. Prior to joining WTEN, he worked at WPRI-TV in Providence, RI. He began his career at the broadcasting corporate offices of Outlet Broadcasting, Inc. Mr. Peterson has been with Young for 23 years and in the industry for over 36 years.

**Robert E. MacPherson.** Mr. MacPherson has been Vice President, Corporate Human Resources at Media General since July 2009. He was President of Media General Community Newspapers from 2005 to 2009, Group Publisher in Danville, Va. and Rockingham County, N.C. from 2004 to 2005, and held other Media General business and financial management positions from 1982 to 2004.

**Timothy J. Mulvaney.** Mr. Mulvaney has been Chief Accounting Officer at Media General since January 2012 and Controller since 2009. He was Assistant Controller from 2005 to 2009, and Director of Accounting and Financial Reporting from 1999 to 2005. Mr. Mulvaney was with Ernst & Young LLP from 1991 to 1997.

**Lou Ann J. Nabhan.** Miss Nabhan has been Vice President and Director of Corporate Communications at Media General since January 2001. Previously, Miss Nabhan served as Vice President of Reynolds Metals Co. from 1998 to 2000 and Director of Corporate Communications for Reynolds Metals from 1993 to 2000.

None of the anticipated Directors or executive officers referred to above has been involved in any legal proceedings that would be required to be disclosed under Item 401(f) of Regulation S-K, except for the matters related to Mr. FitzSimons described above and as otherwise described herein.



## DESCRIPTION OF COMBINED COMPANY CAPITAL STOCK

*The following description of material terms of the capital stock of the combined company is a summary of certain terms, does not purport to be complete and is qualified in its entirety by reference to the forms of the amended and restated Articles of Incorporation and By-laws of the combined company, which are attached to this proxy statement/prospectus as Annexes C and D, respectively, and which are incorporated by reference into this proxy statement/prospectus, and to the applicable provisions of the VSCA.*

### Authorized Shares of Capital Stock of the Combined Company

Under the Articles of Incorporation of the combined company to be effective upon closing, the combined company will be authorized to issue an aggregate of 850 million shares of capital stock, divided into classes as follows:

400 million shares of Voting Common Stock, no par value per share;

400 million shares of Non-Voting Common Stock, no par value per share; and

50 million shares of preferred stock, no par value per share.

As of the close of business on the record date, there were outstanding [ ] shares of Media General's existing Class A Common Stock and 548,564 shares of Media General's existing Class B Common Stock. On the closing date, each of these shares will be reclassified into one share of Voting Common Stock of the combined company, except that Berkshire Hathaway, a holder of approximately 17% of Media General's outstanding shares of Class A Common Stock, will receive shares of Non-Voting Common Stock of the combined company in the reclassification to the extent necessary to ensure that, following the closing, it will not own more than 4.99% of the outstanding Voting Common Stock of the combined company. On the closing date, Media General expects to issue approximately 60.2 million shares of common stock to Young equityholders in the combination merger. Young equityholders will be entitled to elect to receive their shares of the combined company common stock in the form of voting or Non-Voting Common Stock. We expect that, immediately following the closing, there will be outstanding a total of 88,229,671 shares of voting and Non-Voting Common Stock of the combined company.

### Common Stock

The holders of common stock of the combined company will have and possess all rights pertaining to the capital stock of the combined company, subject to the preferences, qualifications, limitations, voting rights and restrictions with respect to any series of preferred stock of the combined company that may be issued with any preference or priority over the common stock. Subject to certain limitations in the Articles of Incorporation of the combined company, each share of Voting Common Stock will be convertible, at the option of the holder, into one share of Non-Voting Common Stock. Additionally, subject to certain limitations in the amended and restated Articles of Incorporation of the combined company, each share of Non-Voting Common Stock will be convertible, at the option of the holder thereof, into one share of Voting Common Stock.

### **Stockholder Voting**

Except as may be provided for in any amendment to the Articles of Incorporation of the combined company establishing a series of preferred stock, the holders of the Voting Common Stock of the combined company will have the sole power to vote for the election of Directors and for all other purposes. The holders of the shares of Non-Voting Common Stock will have (i) no voting power nor (ii) the right to participate in any Meeting of Stockholders, except as may be required by the VSCA. A matter voted on by the Stockholders at a Stockholder meeting at which a quorum is present is approved if the votes cast in favor of the action exceed the votes cast opposing the action, except if the VSCA requires a higher vote or a vote by class and except in the election of Directors, in which case those nominees receiving the greatest number of votes are elected even though not receiving the majority. In the event that the approval of the holders of Voting Common Stock is required for the approval of an amendment to or restatement of the Articles of Incorporation, the authorization of any plan of merger, share exchange or entity conversion, or the authorization of any disposition of assets or dissolution, such approval shall require a majority of all votes cast, except that the board of the combined company may require a greater vote.

## **Dividends and Other Distributions**

The shares of Voting Common Stock and shares of Non-Voting Common Stock will rank equally and be identical with respect to the right to receive the payment of cash dividends, the rights to share in the property or business of the combined company in the event of its liquidation and the right to share in its assets in the event of dissolution. In the payment of any share dividend or other distribution of shares, the holders of the shares of Voting Common Stock and shares of Non-Voting Common Stock will be treated equally, according to the number of such shares they hold, except that, with respect to share dividends, only shares of Voting Common Stock may be issued in respect of the shares of Voting Common Stock and only shares of Non-Voting Common Stock may be issued in respect of shares of Non-Voting Common Stock.

## **Takeover Defense**

Certain provisions of the Articles of Incorporation and By-laws of the combined company and of the VSCA have anti-takeover effects and could delay, discourage, defer or prevent a tender offer or takeover attempt that a stockholder might consider to be in the stockholder's best interests, including attempts that might result in a premium over the market price for the shares held by stockholders, and may make removal of the incumbent management and Directors more difficult.

*Authorized Shares.* The Articles of Incorporation of the combined company will authorize the issuance of up to 400 million shares of Voting Common Stock and 50 million shares of preferred stock. These additional authorized shares may be used by the Board of Directors of the combined company consistent with its legal duties to deter future attempts to gain control of the combined company, and may discourage attempts by others to acquire control of the combined company without negotiation with its Board of Directors.

The Board of Directors will have the sole authority to determine the terms of any one or more series of preferred stock, including voting rights, dividend rates, conversion and redemption rights, and liquidation preferences. As a result of the ability to fix voting rights for a series of preferred stock, the Board of Directors will have the power to the extent consistent with its legal duties to issue a series of preferred stock to persons friendly to management in order to attempt to block a tender offer, merger or other transaction by which a third party seeks control of the combined company, and thereby assist members of management to retain their positions.

*Special Meetings of Stockholders.* Under the Articles of Incorporation of the combined company, special meetings of Stockholders may be called solely by the Board of Directors of the combined company, the chairman of the Board of Directors or the president of the combined company.

*Action by Written Consent.* Under the VSCA and the Articles of Incorporation of the combined company, Stockholders may act by written consent only if the consent is unanimous.

*Advanced Notice of Nominations and Proposed Business for Stockholder Meetings.* Under the By-laws of the combined company, only the Board of Directors or a Stockholder holding Voting Common Stock may nominate candidates for election to the Board of Directors of the combined company at an Annual Meeting of Stockholders or a Special Meeting called for the purpose of electing Directors or present business for consideration by the Stockholders at an Annual Meeting.

The By-laws of the combined company will require that a Stockholder who desires to nominate a candidate for election to the board of Directors at an annual or Special Meeting or present business at an Annual Meeting to provide notice to the secretary of the combined company in advance of the meeting. The notice must be in proper form and set forth various information related to the Stockholder giving the notice, the beneficial owner, if any, on whose behalf the nomination or proposal is being made, and the applicable nomination or proposal. In the case of an Annual Meeting, notice must be received by the combined company at its principal executive offices not earlier than the close of business on the 120<sup>th</sup> and not later than the close of business on the 90<sup>th</sup> day prior to the first anniversary of the prior year's Annual Meeting. However, if the Annual Meeting is more than 30 days before or more than 60 days after such anniversary date, notice must be delivered not earlier than the close of business on the 120<sup>th</sup> day prior to such Annual Meeting and not later than the close of business on the 90<sup>th</sup> day prior to such Annual Meeting or, if the first public announcement or notice of the Annual Meeting date is made to Stockholders less than 100 days prior to the Annual Meeting date, the close of business on the 10<sup>th</sup> day following the day on which such public announcement was made or such notice is mailed, whichever first occurs. In the case of a Special Meeting called for the purpose of electing Directors, notice must be received by the combined company not later than the close of business on the 10<sup>th</sup> day following the day on which public disclosure of the date of the Special Meeting was made or notice of the date of the Special Meeting was mailed, whichever first occurs.

## Affiliated Transactions

The VSCA contains provisions governing “affiliated transactions.” Affiliated transactions include mergers and share exchanges with an interested Stockholder, as defined below, material dispositions of corporate assets not in the ordinary course of business to an interested Stockholder, any dissolution of the corporation proposed by or on behalf of an interested stockholder, or reclassifications, including reverse stock splits, recapitalizations or mergers of a company with its subsidiaries which have the effect of increasing the percentage of voting shares beneficially owned by an interested stockholder by more than 5%. For purposes of the provisions governing affiliated transactions, an “interested stockholder” is defined as any beneficial owner of more than 10% of any class of the voting securities of a Virginia corporation.

Subject to certain exceptions discussed below, the provisions governing affiliated transactions require that, for three years following the date upon which any stockholder becomes an interested stockholder, a Virginia corporation cannot engage in an affiliated transaction with such interested stockholder unless approved by the affirmative vote of the holders of two-thirds of the voting shares of the corporation, other than the shares beneficially owned by the interested stockholder, and by a majority (but not less than two) of the “disinterested Directors.” A disinterested Director means, with respect to a particular interested stockholder, a member of a corporation’s Board of Directors who (i) was a member before the later of January 1, 1988 and the date on which an interested stockholder became an interested stockholder or (ii) was recommended for election by, or was elected to fill a vacancy and received the affirmative vote of, a majority of the disinterested Directors then on the Board of Directors. At the expiration of the three-year period, these provisions require approval of an affiliated transaction by the affirmative vote of the holders of two-thirds of the voting shares of the corporation, other than those beneficially owned by the interested stockholder.

The principal exceptions to the special voting requirement apply to an affiliated transaction occurring after the three-year period has expired and require either that the affiliated transaction be approved by a majority of the disinterested Directors or that the transaction satisfy certain fair price requirements of the statute. In general, the fair price requirements provide that the stockholders must receive the highest per share price for their shares as was paid by the interested stockholder for his shares or the fair market value of their shares, whichever is higher. They also require that, during the three years preceding the announcement of the proposed affiliated transaction, all required dividends have been paid, such interested stockholder shall not have acquired additional voting shares and no special financial accommodations have been accorded the interested stockholder unless approved by a majority of the disinterested Directors.

None of the foregoing limitations and special voting requirements applies to an affiliated transaction with an interested stockholder whose acquisition of shares making such person an interested stockholder was approved by a majority of the corporation’s disinterested Directors.



These provisions were designed to deter certain takeovers of Virginia corporations. In addition, the statute provides that a corporation may adopt an amendment to its Articles of Incorporation or By-laws providing that the affiliated transaction provisions shall not apply to the corporation by affirmative vote of a majority of the voting shares other than shares owned by any interested stockholder. Media General has not adopted such an amendment, and the Articles of Incorporation and By-laws of the combined company to be effective upon the closing of the transaction will not include such an amendment.

## Restrictions on Stock Ownership and Transfer

Under the Articles of Incorporation of the combined company, the combined company may restrict the ownership, conversion or proposed ownership of shares of common stock of the combined company by any person if such ownership, conversion or proposed ownership would impose restrictions on the combined company or its subsidiaries, under or cause a violation of, the laws administered or enforced by the FCC, including the Communications Act of 1934, as amended, and the rules, regulations, orders and policies of the FCC, which we refer to as “federal communications laws.”

The combined company may request information from a person if it believes that such ownership, conversion or proposed ownership by or to such person, which we refer to as “FCC limitations:”

would be in violation of any federal communications laws;

would (or could reasonably be expected to) materially limit or impair any existing or proposed business activity of the combined company or any of its subsidiaries under the federal communications laws;

would materially limit or impair under the federal communications laws the acquisition of an attributable interest in a full-power television station or a full-power radio station by the combined company or any of its subsidiaries for which it has entered into a definitive agreement with a third party;

would (or could reasonably be expected to) cause the combined company or any of its subsidiaries to be subject to any rule, regulation, order or policy under the federal communications laws having or which could reasonably be expected to have a material effect on the combined company or any of its subsidiaries; or

would require prior approval from the FCC and such approval has not been obtained.

If (i) such person does not provide the requested information to the combined company, or (ii) the combined company concludes that such person’s ownership, conversion or proposed ownership would give rise to any FCC limitations, then the combined company may take any of the following actions with respect to such person:

refuse to permit the transfer or conversion of shares;

suspend the rights of share ownership;

require the conversion of any or all shares of Voting Common Stock held by such person into shares of Non-Voting Common Stock;

require the exchange of any or all shares held by such person for warrants to acquire, at a nominal exercise price, the same number and class of shares of the combined company;

condition the acquisition (including due to conversion) of such shares by such person on the prior consent of the FCC, to the extent such consent is required;

to the extent that the remedies above are not reasonably feasible, redeem any or all such shares of the combined company held by such person; and/or

exercise any and all appropriate remedies, at law or in equity, in any court of competent jurisdiction, against any such holder or proposed holder, with a view towards obtaining such information or preventing or curing any situation giving rise to a FCC limitation.

To the extent reasonably feasible without materially adversely affecting the ability of the combined company to prevent or cure a situation described in clauses (i) or (ii) above, the combined company is required to use its good faith efforts to cause any of the remedies listed above to be imposed in a substantially similar manner when imposed on similarly situated persons or Stockholders at substantially the same time, and to minimize the impact of the exercise of any such remedy on the interests in the combined company of the affected Stockholders or other affected persons.

Any refusal of transfer or suspension of rights may remain in effect until the requested information has been received and the combined company has determined that such ownership, conversion or proposed ownership will not result in a FCC limitation. Media General's current Articles of Incorporation do not include analogous provisions.

## **Other Matters**

*Control Share Acquisitions.* The VSCA contains provisions regulating certain "control share acquisitions," which are transactions that would cause the voting power of any person acquiring beneficial ownership of shares of a public corporation in Virginia to meet or exceed certain threshold percentages (20%, 33 1/3% or 50%) of the total votes entitled to be cast for the election of Directors. Shares acquired in a control share acquisition have no voting rights unless: (i) the voting rights are granted by a majority vote of all outstanding shares other than those held by the acquiring person or any officer or employee Director of the corporation, or (ii) the Articles of Incorporation or By-laws of the corporation provide that the provisions of Virginia law governing control share acquisitions do not apply to the acquisitions of its shares. The acquiring person may require that a special meeting of the stockholders be held to consider the grant of voting rights to the shares acquired in the control share acquisition. These provisions were designed to deter certain takeovers of Virginia public corporations. Media General has not adopted an amendment to its Articles of Incorporation or By-laws opting out of these provisions. However, the Articles of Incorporation of the combined company to be effective upon the closing of the transaction contain a provision that makes these provisions inapplicable to acquisitions of its common stock.

*Board of Directors.* The Articles of Incorporation of the combined company will contain provisions relating to the structure and composition of the Board of Directors, which are discussed in detail in the section "Directors and Executive Officers of the Combined Company" beginning on page 168.

*Limitation on Director's Liability.* The Articles of Incorporation of the combined company will, to the fullest extent permitted by Virginia law, provide that the combined company will indemnify and advance expenses of any Director or officer who is made or threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was a Director or officer of the combined company. In addition, no Director or officer of the combined company will be liable to the combined company or its Stockholders for monetary damages with respect to any transaction, occurrence or course of conduct, except to the extent resulting from such person's having engaged in willful misconduct or knowing violation of the criminal law or any federal or state securities law.

*Transfer Agent.* The transfer agent for the combined company will be the American Stock Transfer & Trust Co., Corporate Trust Department, 6201 Fifteenth Ave., Brooklyn, New York 11219.



## COMPARISON OF STOCKHOLDER RIGHTS

The rights of Media General Stockholders are governed by Media General's current Articles of Incorporation, its By-laws, and the VSCA. Upon closing of the transaction, the rights of the Stockholders of the combined company will be governed by the Articles of Incorporation and the By-laws of the combined company that will become effective at such time, and the VSCA. Although the rights and privileges of Media General Stockholders are, in many instances, comparable to those of the combined company Stockholders, there are some significant differences.

The following is a summary discussion of the material differences, as of the date of this document, between the rights of Media General Stockholders and the rights of the Stockholders of the combined company. The rights described with respect to Media General Stockholders and the combined company Stockholders are the same unless otherwise indicated. Please consult the VSCA and the respective Articles of Incorporation and By-laws of Media General and the combined company for a more complete understanding of these differences.

The forms of the Articles of Incorporation and By-laws of the combined company are attached to this proxy statement/prospectus as Annexes C and D, respectively, and are incorporated by reference into this proxy statement/prospectus. Media General has filed with the SEC its existing Articles of Incorporation and By-laws referenced in this summary of Stockholder rights and will send copies of these documents to you without charge, upon your request. See "Where You Can Find More Information" on page 189.

### Capitalization

#### *Media General*

The currently authorized shares of capital stock of Media General consists of:

75 million shares of Class A Common Stock, par value \$5.00 per share;

600,000 shares of Class B Common Stock, par value \$5.00 per share; and

5 million shares of preferred stock, par value \$5.00 per share.

As of the close of business on August 21, 2013, there were outstanding 27,487,756 shares of Class A Common Stock and 548,564 shares of Class B Common Stock.

### ***The Combined Company***

The total authorized shares of capital stock of the combined company will consist of:

400 million shares of Voting Common Stock, no par value per share;

400 million shares of Non-Voting Common Stock, no par value per share; and

50 million shares of preferred stock, no par value per share.

We expect that, immediately after the completion of the transaction, there will be outstanding a total of 88,229,671 shares of voting and Non-Voting Common Stock of the combined company.

### **Conversion of Shares**

#### ***Media General***

Under Media General's Articles of Incorporation, Class B Common Stock is convertible into Class A Common Stock on a share-for-share basis at the option of the holder. The holders of Class A Common Stock have no right to convert shares of Class A Common Stock into shares of Class B Common Stock or any other security.

#### ***The Combined Company***

Voting common stock will be convertible into Non-Voting Common Stock, on a share-for-share basis, at the option of the holder, unless following such conversion no shares of Voting Common Stock would remain outstanding. Non-Voting Common Stock will be convertible into Voting Common Stock, on a share-for-share basis at the option of the holder.





However, if any conversion of shares of Non-Voting Common Stock into shares of Voting Common Stock would require approval from the FCC, such approval must be received prior to the conversion. In addition, if such conversion would result in any holder of voting common shares (including the converting holder) acquiring or being deemed to hold an “attributable interest” in the combined company (within the meaning of the federal communications laws) the conversion will not be effective until the combined company has received information sufficient to determine whether to exercise its rights to restrict ownership (as described above in “Description of Combined Company Capital Stock – Restrictions on Stock Ownership and Transfer” beginning on page 178).

If a requested conversion would cause any holder of Voting Common Stock (other than the converting holder) to acquire or be deemed to hold an attributable interest in the combined company, the combined company has the discretion to convert the shares of Voting Common Stock held by such other holder to shares of Non-Voting Common Stock to the extent reasonably necessary to ensure that such other holder’s interest in the combined company will remain non-attributable (unless such other holder can show, to the reasonable satisfaction of the combined company, that it can hold an attributable interest in the combined company).

See “Description of Combined Company Capital Stock – Restrictions on Stock Ownership and Transfer” beginning on page 178.

## **Dividends and Other Distributions**

### ***Media General***

Shares of Class A Common Stock and Class B Common Stock rank equally and are identical with respect to the rights to receive payment of cash dividends and the right to share in the assets of Media General in the event of dissolution and the distribution of such assets by way of return of capital.

In the case of a stock dividend or a distribution of shares, holders of Class A Common Stock and Class B Common Stock will be treated equally, according to the number of shares of common stock they hold, except that holders of Class A Common Stock only have the right to receive shares of Class A Common Stock, and holders of Class B Common Stock have the right to receive shares of Class A Common Stock or shares of Class B Common Stock, as determined by the Board of Directors.

### ***The Combined Company***

The holders of shares of Voting Common Stock and non-voting common will rank equally and be identical with respect to the rights to receive payment of cash dividends and the right to share in the assets of the combined company in the event of dissolution and the distribution of such assets by way of return of capital.

In the case of a stock dividend or a distribution of shares, holders of Voting Common Stock and Non-Voting Common Stock will be treated equally, according to the number of shares of common stock they hold, except that holders of Voting Common Stock only have the right to receive shares of Voting Common Stock, and holders of Non-Voting Common Stock only have the right to receive shares of Non-Voting Common Stock.

### **Preemptive Rights**

#### *Media General*

The holders of Class B Common Stock have preemptive rights with respect to the issuance of any additional shares of Class B Common Stock. Holders of Class A Common Stock do not have any preemptive rights.

#### *The Combined Company*

Except as may be determined by the Board of Directors in its sole discretion, no holder of shares of the combined company's common stock will have preemptive rights.

## **Number and Election of Directors**

### ***Media General***

The number of Directors comprising the current board is nine. Media General's By-laws provide that the number of Directors may be fixed by the Stockholders or by the Board of Directors, but in no event may the number of Directors be less than eight nor more than 12.

The Directors are divided into two classes: the holders of the Class A Common Stock vote to elect 30% of the Board of Directors, whom we sometimes refer to herein as the Class A Directors, and the holders of the Class B Common Stock elect the balance, whom we sometimes refer to herein as Class B Directors. The Directors are elected by a plurality of the outstanding shares of the class of stock that is entitled to vote in such election of Directors who are present in person or by proxy at a meeting of Stockholders at which a quorum is present. J. Stewart Bryan III, Chairman of the board, controls approximately 85% of the Class B Common Stock and therefore has the power to determine the outcome of Class B Director elections.

### ***The Combined Company***

The Articles of Incorporation of the combined company provide that the Board of Directors will consist of 14 Directors until the election of Directors at the 2014 Annual Meeting of Stockholders, at which time the number of Directors will be reduced to 11. In connection with the 2014 Annual Meeting of Stockholders, the Nominating Committee will recommend for election to the Board of Directors five Young designees, five Media General designees (including, if they are willing to serve, the Chairman and Vice-Chairman of the Board of Directors of the combined company and the Chief Executive Officer of combined company at the time of such nomination if the persons holding such positions are Media General designees) and one additional person, as determined by the Nominating Committee in its discretion.

Following the election of Directors at the 2014 Annual Meeting of Stockholders the number of Directors may be fixed from time to time in the By-laws or by resolution adopted by the affirmative vote of a majority of the Board of Directors, but in no event will the number of Directors be fewer than three. Prior to the 2017 Annual Meeting, the number of Directors constituting the Board of Directors of the combined company shall continue to be 11 unless such change is approved by a majority of the Young designees serving as Directors. For more information on the Board of Directors of the combined company, see "Directors and Executive Officers of the Combined Company" beginning on page 168.

## **Removal of Directors**

### *Media General*

Media General's By-laws provide that at a meeting called expressly for the purpose of removing a Director, any Director may be removed, with or without cause, by a vote of the Stockholders holding a majority of the shares of the class of stock which elected such Director. A replacement Director may be elected at the same meeting.

### *The Combined Company*

The combined company's By-laws will provide that at a meeting called expressly for the purpose of removing a Director, any Director may be removed, with or without cause, by a vote of the Stockholders holding a majority of the shares of the class of stock which elected such Director. A replacement Director may be elected at the same meeting.

## **Vacancies on the Board of Directors**

### *Media General*

Media General's Articles of Incorporation provide that vacancies resulting from the death, resignation or removal of a Class A Director will be filled by the affirmative vote of a majority of the remaining Class A Directors and any such vacancy involving a Class B Director will be filled by the vote of a majority of the remaining Class B Directors. Each successor Director will hold office until his or her respective successor has been duly elected and qualified.

### *The Combined Company*

Under the Articles of Incorporation of the combined company, through the 2017 Annual Meeting of the Stockholders of the combined company, the Nominating Committee has the exclusive right to fill vacancies on the Board of Directors acting by a majority vote of its members, subject to a right of a majority of the Board of Directors (including the affirmative vote of at least one Young designee) to reject such nomination or appointment. Thereafter, the Board of Directors of the combined company shall have the sole authority to fill vacancies.

### **Nominations of Directors and Stockholder Proposals**

#### *Media General*

Nominations for persons for election to the Board of Directors may be made with respect to any Annual Meeting of the stockholders of Media General or with respect to any Special Meeting called for the purpose of electing Directors, by (i) the Board of Directors, or (ii) stockholders who are Stockholders of record of the class in respect of which such nomination is made, that are entitled to vote at such meeting and who comply with the advanced notice provisions of Media General's By-laws.

### *The Combined Company*

Under the Articles of Incorporation of the combined company, through the 2017 Annual Meeting of the Stockholders of the combined company, the Nominating Committee has the exclusive right to nominate Directors on behalf of the combined company acting by a majority vote of its members, subject to a right of a majority of the Board of Directors (including the affirmative vote of at least one Young designee) to reject such nomination or appointment. Stockholders may nominate a person for election as Director in accordance with the By-laws of the combined company as further described in "Advanced Notice for Annual Stockholder Meetings" below.

### **Advanced Notice for Annual Stockholder Meetings**

#### *Media General*

The By-laws of Media General require that a stockholder who desires to nominate a candidate for election to the Board of Directors at an Annual or Special Meeting or present business at an Annual Meeting to provide notice to the secretary of Media General in advance of the meeting. In the case of an Annual Meeting, notice must be received by Media General not earlier than the 120<sup>th</sup> and not later than the 90<sup>th</sup> day prior to the Annual Meeting date. In the case of a Special Meeting called for the purpose of electing Directors, notice must be received by Media General not later than the 10<sup>th</sup> day following the day the notice of such Special Meeting was mailed or public disclosure of such meeting was made, whichever first occurs.

### ***The Combined Company***

The amended By-laws of the combined company will require a stockholder who desires to nominate a candidate for election to the board at an Annual or Special Meeting or present business at an Annual Meeting must provide notice to the secretary of the combined company in advance of the meeting. In the case of an Annual Meeting, notice must be received by the combined company at its principal executive offices not earlier than the close of business on the 120<sup>th</sup> and not later than the close of business on the 90<sup>th</sup> day prior to the first anniversary of the prior year's Annual Meeting. However, if the Annual Meeting is more than 30 days before or more than 60 days after such anniversary date, notice must be delivered not earlier than the close of business on the 120<sup>th</sup> day prior to such Annual Meeting and not later than the close of business on the 90<sup>th</sup> day prior to such Annual Meeting or, if the first public announcement or notice of the Annual Meeting date is made to Stockholders less than 100 days prior to the Annual Meeting date, the close of business on the 10<sup>th</sup> day following the day on which such public announcement was made or such notice is mailed, whichever first occurs. In the case of a Special Meeting called for the purpose of electing Directors, notice must be received by the combined company not later than the close of business on the 10<sup>th</sup> day following the day on which public disclosure of the date of the Special Meeting was made or notice of the date of the Special Meeting was mailed, whichever first occurs.

## **Voting by Stockholders**

### ***Media General***

Each holder of shares of a class entitled to vote is entitled to one vote for each share he or she holds. Except as otherwise provided in the articles of amendment establishing any series of preferred stock, in the election of the Class A Directors, in voting for certain actions requiring the vote of all Stockholders voting as a single class (as specified in the Articles of Incorporation), or as otherwise required by law, the holders of the Class B Common Stock have the exclusive power to vote on all matters requiring a vote of the Stockholders.

Media General's By-laws provide that a majority of the shares entitled to vote, present in person or by proxy, shall constitute a quorum, however, when any action is required to be voted on by a class of stock as a class, holders of a majority of the shares of such class shall constitute a quorum for the vote upon such action. A matter for vote is approved if a quorum is present and the votes cast in favor of the action exceed the votes cast opposing the action, except when a larger vote or a vote by class is required under the laws of the Commonwealth of Virginia and except in the election of Directors, in which case those nominees receiving the greatest number of votes shall be elected even though they did not receive a majority.

### ***The Combined Company***

Each holder of shares of a class of stock entitled to vote on a matter at a meeting of the Stockholders is entitled to one vote for each share he or she holds. Pursuant to the VSCA, a majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action on that matter.

The Articles of Incorporation of the combined company will provide that the holders of the Voting Common Stock of the combined company will have the sole power to vote for the election of Directors and for all other purposes. The holders of the shares of Non-Voting Common Stock will not have (i) voting power with respect to such shares or (ii) the right to participate in any meeting of the Stockholders except as may be required by the VSCA. A matter voted on by the Stockholders is approved if a quorum is present and the votes cast in favor of the action exceed the votes cast opposing the action, except if the VSCA requires a larger vote or a vote by class and except in the election of Directors, in which case those nominees receiving the greatest number of votes are elected even though they did not receive a majority. In the event that the approval of the holders of Voting Common Stock is required for the adoption of an amendment to or restatement of the Articles of Incorporation, the authorization of any plan of merger, share exchange or entity conversion, or the authorization of any disposition of assets or dissolution, such approval shall require a majority of all votes cast, except that the board of the combined company may require a greater vote.

## **Stockholder Rights Plan**

### *Media General*

Media General is not a party to a Stockholder rights plan.

### *The Combined Company*

Upon the closing of the transaction, the combined company will not be a party to a Stockholder rights plan. The combined company may in the future adopt a Stockholder rights plan if the Board of Directors of the combined company so determines.

## **Amendment of Articles of Incorporation**

### *Media General*

Pursuant to the VSCA, amendment to the Articles of Incorporation generally requires the approval of the Board of Directors of Media General and the approval of the Stockholders. Unless the Board of Directors requires a greater vote, the amendment must be adopted and approved by the holders of Class A Common Stock and holders of Class B Common Stock entitled to vote on the amendment, each voting as a separate class, by a majority of all votes entitled to be cast.



### ***The Combined Company***

From the closing until the 2014 Annual Meeting of the Stockholders of the combined company, the Articles of Incorporation of the combined company will provide that, in addition to any approval required by the VSCA, the affirmative vote of at least 10 out of the 14 members of the Board of Directors of the combined company must approve any amendment of, or modification to, the Articles of Incorporation of the combined company. Thereafter, any amendment to the Articles of Incorporation generally will require the approval of the Board of Directors of the combined company and the approval of the Stockholders. Pursuant to the Articles of Incorporation of the combined company, if the VSCA requires the approval of the holders of the Voting Common Stock to amend the Articles of Incorporation, such approval will require a majority of all votes cast in respect thereof by holders of the Voting Common Stock.

### **Amendment of Bylaws; New Bylaws**

#### ***Media General***

Media General's By-laws may be amended or repealed and new By-laws may be adopted at a regular or Special Meeting of the Board of Directors by the vote of a majority of the Board of Directors. The Stockholders of Media General may repeal or change By-laws made by the Board of Directors and may prescribe that any By-laws made by the Stockholders may not be altered, amended or repealed by the Board of Directors.

### ***The Combined Company***

From the closing until the 2014 Annual Meeting of the Stockholders of the combined company, the Articles of Incorporation of the combined company will provide that, in addition to any approval required by the VSCA, the affirmative vote of at least 10 out of the 14 members of the Board of Directors of the combined company must approve any amendment of, or modification to, the By-laws of the combined company. Thereafter, the procedure for the Board of Directors to amend the By-laws of the combined company will be identical to the procedure relating to the By-laws of Media General. The rights of Stockholders with respect to amendment of the By-laws of the combined company will be identical to those relating to the By-laws of Media General both before and after the 2014 Annual Meeting of Stockholders.



**LEGAL MATTERS**

The validity of the shares of the combined company common stock to be issued in the transaction has been passed upon by Troutman Sanders LLP. Certain U.S. federal income tax matters relating to the transaction will be passed upon by Fried, Frank, Harris, Shriver & Jacobson LLP.

## EXPERTS

The consolidated financial statements, and the related financial statement schedule of Media General incorporated in this registration statement by reference from Media General's Annual Report on Form 10-K for the year ended December 31, 2012, and the effectiveness of Media General's internal control over financial reporting, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements and financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Young as of December 31, 2012 and December 31, 2011, and for the years ended December 31, 2012, December 31, 2011 and the six months ended December 31, 2010, and the results of operations and cash flows of Young Broadcasting Inc., the predecessor of Young Broadcasting, LLC, a direct, wholly owned subsidiary of Young, for the six months ended June 30, 2010, included in this proxy statement/prospectus have been so included in reliance on the reports (which contain an explanatory paragraph regarding Young Broadcasting Inc.'s emergence from bankruptcy and adoption of fresh-start reporting) of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

## **DEADLINE FOR 2014 MEDIA GENERAL STOCKHOLDER PROPOSALS**

The By-laws of Media General provide that the Annual Meeting of Stockholders shall be held during Media General's second fiscal quarter on a date fixed by the Board of Directors. Media General's 2014 Annual Meeting will be held on April 24, 2014 (unless the transaction has not been completed by that date).

Rule 14a-8 under the Exchange Act contains eligibility requirements that must be satisfied for a Stockholder to submit a proposal for inclusion in a company's proxy statement. One of the eligibility requirements under that Rule is that a Stockholder have held shares entitled to be voted on the proposal for at least one year by the date the Stockholder submits the proposal. It is Media General's view that ownership of shares of a class not registered under the Exchange Act does not entitle a Stockholder to submit a proposal under the Rule. Stockholders who believe they are eligible to have their proposals included in Media General's Proxy Statement for the 2014 Annual Meeting of Stockholders, in addition to other applicable requirements established by the SEC, must ensure that their proposals are received by the Secretary of Media General no later than November 14, 2013.

Media General's By-laws also establish advance notice procedures for eligible Stockholders to make nominations for Director and to propose business to be transacted at an Annual Meeting. Under Media General's current By-laws, a Stockholder who wishes to submit Director nominations or other proposals for consideration at the 2014 Annual Meeting must ensure that the same are received by the Secretary of Media General between December 25, 2013, and January 24, 2014. Under the By-laws of the combined company, which will become effective upon closing of the transaction, Director nominations or other proposals for consideration for the 2014 Annual Meeting will be required to be received by the Secretary of Media General between December 26, 2013, and January 25, 2014.

Media General's By-laws also require that certain specific information accompany a Stockholder's notice of nomination or proposal for business.

## WHERE YOU CAN FIND MORE INFORMATION

Media General files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy these documents at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Media General's SEC filings are also available over the Internet at the SEC's website at <http://www.sec.gov> and under the heading "Investor Relations" on Media General's corporate website at <http://www.mediageneral.com>. By referring to Media General's website and the SEC's website, Media General does not incorporate such website or its contents into this proxy statement/prospectus. The shares of Voting Common Stock will be listed on the NYSE under the trading symbol of "MEG."

Media General may "incorporate by reference" certain information into this proxy statement/prospectus. This means that Media General can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this document, except for any information updated or superseded by information in this document. This proxy statement/prospectus incorporates by reference the documents set forth below that Media General has previously filed with the SEC. These documents contain important information about Media General's business and its financial performance.

Annual Report on Form 10-K for the fiscal year ended December 31, 2012, filed with the SEC on February 28, 2013;

Quarterly Reports on Form 10-Q for the quarterly period ended March 31, 2013, filed with the SEC on May 10, 2013, and for the quarterly period ended June 30, 2013, filed with the SEC on August 9, 2013;

Current Reports on Form 8-K filed with the SEC on April 29, 2013, June 6, 2013, June 10, 2013, July 24, 2013, August 5, 2013 and August 8, 2013; and

Proxy Statement on Schedule 14A filed with the SEC on March 14, 2013.

In addition, all reports and other documents that Media General subsequently files pursuant to Sections 13(a), 13(c), 14 or 15(d) of Exchange Act, after the date of this proxy statement/prospectus and prior to the termination of the offering of securities hereunder will be deemed to be incorporated by reference into this proxy statement/prospectus and to be part of this proxy statement/prospectus from the date of the filing of such reports and documents. Any statement contained herein or in a document incorporated or deemed to be incorporated herein by reference will be deemed to be modified or superseded for the purposes of this proxy statement/prospectus to the extent that a statement contained in any subsequently filed document which is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this proxy statement/prospectus.

We have appointed D.F. King & Co., Inc. as proxy solicitor for the proxy statement/prospectus. Any questions about the merger, requests for additional copies of documents or assistance voting your Media General shares may be directed to D.F. King & Co., Inc., at 48 Wall Street, 22<sup>nd</sup> Floor, New York, New York 10005 or by telephone at [ ] (toll free) Monday through Friday (except bank holidays), between [ ] a.m. and [ ] p.m., [ ] time, or by email at [webmaster@dfking.com](mailto:webmaster@dfking.com) .

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## **Independent Auditor's Report**

To the Board of Directors and Stockholders of New Young Broadcasting Holding Co., Inc.

We have audited the accompanying consolidated financial statements of New Young Broadcasting Holding Co., Inc. ("the Company") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2012 and December 31, 2011 and the related consolidated statements of comprehensive income, of stockholders' equity and of cash flows for each of the two years in the period ended December 31, 2012 and for the period from July 1, 2010 to December 31, 2010.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we

express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New Young Broadcasting Holding Co., Inc. and its subsidiaries at December 31, 2012 and December 31, 2011, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2012 and for the period from July 1, 2010 to December 31, 2010 in accordance with accounting principles generally accepted in the United States of America.

*Emphasis of Matter*

As discussed in Note 2 to the consolidated financial statements, the United States Bankruptcy Court for the Southern District of New York confirmed the Joint Plan of Young Broadcasting Inc., and its Debtor Subsidiaries under Chapter 11 of the Bankruptcy Code (the "Plan") on May 10, 2010. Confirmation of the Plan resulted in the discharge of all claims against Young Broadcasting Inc. (the "Predecessor") that arose before June 24, 2010 and terminates all rights and interests of equity security holders as provided for in the Plan. The plan was substantially consummated on June 24, 2010 and the Predecessor emerged from bankruptcy as and promptly converted into Young Broadcasting, LLC a Delaware limited liability company. In connection with its emergence from bankruptcy, the Young Broadcasting, LLC adopted fresh start reporting as of June 30, 2010. Our opinion is not modified with respect to this matter.

/s/ PricewaterhouseCoopers LLP

New York, New York

March 29, 2013

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## Report of Independent Auditors

To the Board of Directors and Stockholders

New Young Broadcasting Holding Co., Inc.

In our opinion, the accompanying consolidated statements of operations, of stockholders' (deficit) equity and of cash flows for the six months ended June 30, 2010 present fairly, in all material respects, the results of operations and of cash flows of Young Broadcasting Inc. (the "Predecessor") and its subsidiaries for the six months ended June 30, 2010 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Predecessor's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, the Predecessor filed a petition on February 13, 2009 with the United States Bankruptcy Court for the Southern District of New York for reorganization under the provisions of Chapter 11 of the Bankruptcy Code. The Joint Plan of Young Broadcasting Inc, and its Debtor Subsidiaries under Chapter 11 of the Bankruptcy Code (the "Plan") was substantially consummated on June 24, 2010 and the Predecessor emerged from bankruptcy as a wholly-owned subsidiary of New Young Broadcasting Holding Co., Inc. and promptly converted from a Delaware corporation to a Delaware limited liability company named Young Broadcasting, LLC. In connection with its emergence from bankruptcy, Young Broadcasting, LLC adopted fresh-start reporting.

/s/ PricewaterhouseCoopers LLP

New York, New York

March 31, 2011

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**New Young Broadcasting Holding Co., Inc.****Consolidated Balance Sheets****December 31, 2012 and 2011**

	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2012</b>	<b>2011</b>
(amounts in thousands, except per share data)		
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$24,244	\$55,559
Trade accounts receivable, less allowance for doubtful accounts of \$1,171K in 2012 and \$1,157K in 2011	38,073	35,460
Current portion of program license rights	571	47
Current deferred tax asset	1,647	845
Prepaid expenses and other current assets	8,052	3,990
Total current assets	72,587	95,901
Property and equipment, net	100,656	96,333
Program license rights, excluding current portion	227	-
Equity investments	2,870	2,927
Deferred tax asset long term	12,578	31,747
Broadcast licenses	206,200	191,500
Goodwill	51,886	51,521
Definite lived intangible assets, net	33,053	37,158
Other assets, net	1,379	1,753
Total assets	\$481,436	\$508,840
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Trade accounts payable	\$5,645	\$4,606
Accrued salaries and wages	6,146	4,827
Gray equity participation liability	-	8,000
Other accrued expenses and other current liabilities	21,574	7,122
Current installments of program license liability	804	78
Current installments of long-term debt	17,200	8,500
Current installments of obligation under capital leases	115	107
Total current liabilities	51,484	33,240
Deferred tax liability and other long-term tax liabilities	24	22
Long-term debt	135,998	72,789
Obligations under capital leases, excluding current installments	1,149	1,191
Other liabilities	7,551	6,831
Total liabilities	196,206	114,073
Commitments and contingencies (Note 10)		

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Stockholders' equity		
Successor Class A Common Stock, \$.01 par value. Authorized 500,000 shares; issued 65,428 at December 31, 2012 and 72,627 at December 31, 2011	.7	.7
Successor Class B Common Stock, \$.01 par value. Authorized 500,000 shares; issued 0 at December 31, 2012 and 2,011 at December 31, 2011	-	.02
Additional paid-in capital	132,999	277,999
Accumulated other comprehensive loss	(987 )	(487 )
Retained earnings	153,175	117,254
Total New Young stockholders' equity	285,188	394,767
Noncontrolling interests	42	-
Total stockholders' equity	285,230	394,767
Total liabilities and stockholders' equity	\$481,436	\$508,840

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

## New Young Broadcasting Holding Co., Inc.

## Consolidated Statements of Comprehensive Income

Years Ended December 31, 2012 and 2011, the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)

	Year Ended December 31, 2012	Year Ended December 31, 2011	Successor Six Months Ended December 31, 2010	Predecessor Six Months Ended June 30, 2010
(amounts in thousands)				
Net operating revenue	\$ 228,183	\$ 174,520	\$ 103,187	\$ 84,307
Operating expenses, excluding depreciation expense	68,899	61,846	30,781	28,410
Amortization of program license rights	9,022	9,780	5,673	5,363
Selling, general and administrative expenses	55,000	53,851	26,270	25,533
Depreciation and amortization	16,179	13,896	6,896	6,823
Write-off of intangible asset	-	978	-	-
Loss (gain) on disposal of property and equipment, net	59	683	(28 )	(1,134 )
Corporate overhead, excluding depreciation and amortization expense	23,531	12,182	8,487	5,815
Operating income	55,493	21,304	25,108	13,497
Interest expense	(7,830 )	(7,240 )	(3,544 )	(12,093 )
Loss on extinguishment of debt	-	(915 )	-	-
Other income/ (expense), net	8,680	(675 )	(59 )	(171 )
	850	(8,830 )	(3,603 )	(12,264 )
Income before reorganization items and income taxes	56,343	12,474	21,505	1,233
Reorganization items, net	-	(1,350 )	(6,780 )	518,006
Fresh-start adjustments	-	-	-	90,868
Benefit (expense) for income taxes	(20,380 )	91,039	366	(480 )
Net income	\$ 35,963	\$ 102,163	\$ 15,091	\$ 609,627
Net Income attributable to the noncontrolling interests	42	-	-	-
Net Income attributable to New Young	\$ 35,921	\$ 102,163	\$ 15,091	\$ 609,627
Other comprehensive income, after tax:				
Change in unrecognized amounts included in pension obligations net of tax \$318K in 2012 and \$363K in 2011 and \$0 in 2010	(500 )	(1,159 )	672	(1,965 )



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Total Comprehensive Income	35,421	101,004	15,763	607,662
Other comprehensive income attributable to noncontrolling interest	-	-	-	-
Total Comprehensive Income attributable to New Young	\$35,421	\$101,004	\$15,763	\$607,662

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

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## New Young Broadcasting Holding Co., Inc.

## Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2012 and 2011, the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Comprehensive (Loss) Income	Noncontrolling Interest	Total New Young Stockholders' Equity
	Class A	Class B	Capital	Earnings	(Loss) Income	Interest	Equity
	amounts in thousands						
<b>Predecessor</b>							
<b>Balances at December 31, 2009</b>	\$22	\$2	\$401,781	\$(1,004,668)	\$ (5,435 )	\$ -	\$(608,298 )
Restricted stock plan compensation	-	-	635	-	-	-	635
Net income				609,627			609,627
Change in unrecognized amounts included in pension obligation					(1,965 )		(1,965 )
Cancellation of Predecessor common stock	(22 )	(2 )	(402,416 )				(402,440 )
Elimination of accumulated deficit and accumulated other comprehensive loss				395,041	7,400	-	402,441
<b>Balances at June 30, 2010</b>	\$-	\$-	\$-	\$-	\$ -	\$ -	\$-
<b>Successor</b>							
<b>Balances at June 30, 2010</b>	-	-	-	-	-	-	\$-
Issuance of new equity	.7	.06	277,999	-	-	-	278,000
Net income				15,091			15,091
Change in unrecognized amounts included in pension obligation	-	-	-	-	672	-	672
<b>Balances at December 31, 2010</b>	\$ .7	\$ .06	\$ 277,999	\$ 15,091	\$ 672	\$ -	\$ 293,763
Issuance of new equity							
Conversion of Class B common stock to Class A common stock	.04	(.04)	-	-	-	-	-
Net income	-	-	-	102,163	-	-	102,163
Change in unrecognized amounts included in pension obligation	-	-	-	-	(1,159 )	-	(1,159 )
<b>Balances at December 31, 2011</b>	\$ .7	\$ .02	\$ 277,999	\$ 117,254	\$ (487 )	\$ -	\$ 394,767
Conversion of Class B common stock to Class A common stock	.01	(.01)	-	-	-	-	-

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Conversion of Warrants to Class A common stock	.17	-	(.17 )	-	-	-	-
Repurchase of Securities	(.26)	(.01)	(145,000 )				(145,000 )
Net income	-	-	-	35,921	-	42	35,963
Change in unrecognized amounts included in pension obligation	-	-	-	-	(500 )	-	(500 )
<b>Balances at December 31, 2012</b>	<b>\$ .7</b>	<b>\$(.00)</b>	<b>\$ 132,999</b>	<b>\$ 153,175</b>	<b>\$ (987 )</b>	<b>\$ 42</b>	<b>\$ 285,230</b>

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

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**New Young Broadcasting Holding Co., Inc.****Consolidated Statement of Cash Flows****Years Ended December 31, 2012 and 2011, the Six Months Ended December 31, 2010****(Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

	<b>Year Ended</b>	<b>Year Ended</b>	<b>Successor Six Months Ended</b>	<b>Predecessor Six Months Ended</b>
(amounts in thousands)	December 31, 2012	December 31, 2011	December 31, 2010	June 30, 2010
<b>Operating activities</b>				
Net income	\$35,963	\$102,163	\$15,091	\$609,627
Adjustments to reconcile net income to net cash provided by operating activities				
Deferred income taxes	18,669	(91,171 )	(366 )	480
Depreciation and amortization of property and equipment and intangible assets	16,179	13,896	6,896	6,823
Provision for uncollectible accounts	784	681	523	385
Amortization of program license rights	9,022	9,780	5,673	5,363
Mark to market change in interest rate swap	440	-	-	-
Amortization of debt discount	751	451	216	510
Write-off of intangible assets	-	978	-	-
Decrease in Gray Equity Participation	(8,000 )	-	-	-
Gain on insurance proceeds	(328 )	-	-	-
Loss on extinguishment of debt	-	915	-	-
Amortization of noncash compensation paid in common stock	-	-	-	635
Reorganization items, net	-	1,350	6,780	(518,006 )
Fresh-start adjustments	-	-	-	(90,868 )
Loss on disposal of fixed assets	59	683	(28 )	(1,134 )
(Gain) loss on unconsolidated subsidiaries, net of dividend	98	(8 )	33	127
Changes in assets and liabilities				
Change in broadcast rights net of liabilities	(8,999 )	(9,746 )	(5,665 )	(5,309 )
Increase in trade accounts receivable	(3,050 )	(2,280 )	(2,636 )	1,559

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Increase in trade accounts payable	1,060	457	(2,139	)	(298	)		
Increase / (decrease) in accrued expenses and other liabilities	14,764	(7,784	)	(80	)	(764	)	
(Increase) / decrease in prepaid expense and other assets	(3,846	)	2,046	(1,834	)	635		
Net cash provided by operating activities	73,566	22,411	22,464	9,765				
<b>Investing activities</b>								
Capital expenditures	(11,612	)	(17,338	)	(3,340	)	(2,355	)
Payment for acquisition of station assets	(19,500	)	-	-	-			
Proceeds from the disposal of fixed assets	195	101	28	27				
Net cash used in investing activities	(30,917	)	(17,237	)	(3,312	)	(2,328	)
<b>Financing activities</b>								
Principal borrowings under Senior Credit Facility	65,000	85,000	-	-				
Principal borrowings under WXXA-TV LLC Bank Credit Facility	22,000	-	-	-				
Principal payment under Senior Credit Facility	(15,000	)	(75,000	)	-	-		
Debt issuance costs	(842	)	(4,787	)	(684	)	(567	)
Redemption of Common Stock	(145,000	)	-	-	-			
Principal payments under capital lease obligations	(122	)	(92	)	(38	)	-	
Net cash provided by (used in) financing activities	(73,964	)	5,121	(722	)	(567	)	
Net (decrease) increase in cash	(31,315	)	10,295	18,430	6,870			
<b>Cash and cash equivalents</b>								
Beginning of period	55,559	45,264	26,834	19,964				
End of period	\$24,244	\$55,559	\$45,264	\$26,834				
<b>Supplemental disclosure of cash flow information</b>								
Interest paid	\$6,256	\$6,213	\$3,167	\$-				
Income tax payments, net	1,449	616	80	117				
<b>Supplemental schedule of noncash investing and financing activities</b>								
Cancellation of long-term debt	\$-	\$-	\$-	\$(822,424	)			
Issuance of new long-term debt	-	-	75,000	-				
Issuance of new equity	-	-	278,000	-				

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

**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

**1. Basis of Presentation**

New Young Broadcasting Holding Co., Inc. (“Young”, the “Company” or “Successor”) conducts its business operations through its direct subsidiary, Young Broadcasting, LLC (the “Young Broadcasting”), and its other indirect subsidiaries, and its business operations consist of twelve network affiliated stations (five with ABC, four with CBS, one with NBC, one with FOX, and one with MyNetworkTV). The markets served by the Company’s stations are located in Lansing, Michigan; Green Bay, Wisconsin; Lafayette, Louisiana; Nashville and Knoxville, Tennessee; Albany, New York; Richmond, Virginia; Davenport, Iowa; Sioux Falls, South Dakota; Rapid City, South Dakota and San Francisco, California. In addition, the accompanying consolidated financial statements include the Company’s wholly-owned national television sales representation firm up through February 28, 2011 at which time the operations were ceased.

The Company announced that Cox Reps, the nation’s largest TV rep firm comprised of TeleRep, HRP, MMT and the digital, multi-platform sales firm Cox Cross Media, would represent it for national sales and established a dedicated sales team. As a result of this decision, the Company’s national sales rep firm, Adam Young Inc. ceased operations during 2011 resulting in the write off of related intangible assets totaling approximately \$1.0 million, and the recognition of severance and shutdown costs totaling \$1.8 million which have been recorded within selling, general and administrative expenses within the statement of comprehensive income in the year ended December 31, 2011.

As discussed in Note 2, this report includes the results of implementation of the reorganization plan and the adoption of fresh-start reporting on June 30, 2010. References to the “Successor” refer to the Company on or after July 1, 2010, after the application of fresh-start reporting; references to the “Predecessor” refer to Young Broadcasting Inc., which the Company conducted its business operations as prior to July 1, 2010. In accordance with U.S. generally accepted accounting principles, the historical financial statements of the Predecessor are presented separately from Successor in this report.

As discussed in Note 2, the Predecessor and its subsidiaries commenced their Chapter 11 proceedings on February 13, 2009 (the “Petition Date”). On the Petition Date, the Predecessor adopted Accounting Standards Codification 852, Reorganizations (“ASC 852”). ASC 852 does not change the application of generally accepted accounting principles in the preparation of financial statements. However, for periods including and subsequent to the filing of the Chapter 11 petition, ASC 852 does require that the financial statements distinguish transactions and events that are directly

associated with the reorganization from the ongoing operations of the business. Accordingly, certain revenues, expenses, gains, and losses that were realized or incurred during the Chapter 11 proceeding have been classified as “reorganization items, net” or “fresh-start adjustments” in the accompanying consolidated statements of comprehensive income.

The Predecessor emerged from bankruptcy protection on June 24, 2010, and adopted fresh-start reporting as of June 30, 2010. The impact of the selection of fresh-start reporting as of June 30, 2010 instead of June 24, 2010 did not result in a material difference to the Predecessor's consolidated results. The adoption of fresh-start reporting resulted in the Predecessor becoming a new entity for financial reporting purposes. Accordingly, the financial statements prior to July 1, 2010 are not comparable to the financial statements for periods on or after July 1, 2010.

Fresh-start reporting provides, among other things, for a determination of the fair value to be assigned to the new equity and debt of the emerging company as of a date selected for financial reporting purposes. The Successor (with the assistance of its independent appraisers) determined its business enterprise value was \$353.0 million, based on a discounted cash flow approach, which was verified using a market approach. In order to apply fresh-start reporting, the business enterprise value was adjusted to reorganization value and allocated to the Company's assets based on their respective fair values as of June 30, 2010.

**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

**2. Proceedings Under Chapter 11 of the Bankruptcy Code**

On the Petition Date, the Predecessor and substantially all of its subsidiaries (collectively, the “Debtors”) filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). On November 4, 2009, the Debtors filed a joint plan of reorganization (“The Joint Plan of Young Broadcasting Inc., and its Debtor Subsidiaries” or the “Plan”) and a related disclosure statement. The Bankruptcy Court entered an order approving the disclosure statement on November 6, 2009, and entered an order confirming the plan on May 10, 2010. The Plan became effective and the Debtors emerged from Chapter 11 protection on June 24, 2010 (the “Effective Date”).

As of the Effective Date, the Predecessor was discharged and released from certain claims and interests in accordance with the provisions of the Plan. Under the Plan, the Predecessor was reorganized and Young Broadcasting Inc. was converted from a Delaware corporation to a Delaware limited liability company and changed its name to Young Broadcasting, LLC. All of the outstanding equity in Young Broadcasting Inc. was cancelled under the Plan and new equity comprising 100% of the Young Broadcasting, LLC’s equity was issued to a newly created holding company, Young.

Upon emergence from bankruptcy protection, the Predecessor adopted the fresh-start reporting provisions of ASC 852-10, effective June 30, 2010, which was the end of the Predecessor’s accounting period. The impact of the application of fresh-start reporting as of June 30, 2010 instead of June 24, 2010 did not result in a material difference to the Predecessor’s consolidated results. Immediately following the Effective Date, under fresh-start reporting, a new reporting entity was created, and all assets and liabilities were recorded at fair value. Accordingly, the Predecessor’s consolidated financial statements for the periods prior to June 30, 2010 are not comparable to the consolidated financial statements for the periods on or after July 1, 2010.

Fresh-start reporting provides, among other things, for a determination of the fair value to be assigned to the new equity and debt of the emerging company as of a date selected for financial reporting purposes. The Successor’s business enterprise value was \$353.0 million, upon emergence, as determined by the Successor with the assistance of its independent appraisers. The enterprise value was determined using a discounted cash flow approach, and verified using a market approach. Under fresh-start reporting, the business enterprise value is adjusted to reorganization value and allocated to the Company’s assets and liabilities based on their respective fair values in conforming to the purchase



method for accounting for business combinations.

The Plan provided for a cash payment of up to \$1.0 million, in the aggregate to the holders of allowed unsecured claims. Under the Plan, the lenders under the Predecessor's pre-petition Senior Credit Facility received a combination of the equity of Young and notes under a newly issued \$75.0 million loan facility under which Young is the borrower. All such securities were issued without registration under the Securities Act of 1933, as amended, or state securities laws, in reliance on Section 1145 of the Bankruptcy Code. Pursuant to the Plan, on the Effective Date, all shares of the Predecessor's preferred stock securities and common stock securities were canceled and no distribution was made to holders thereof.

During the pendency of the Chapter 11 cases and effective as of the Effective Date, the Company assumed a number of leases and other executory contracts. The Company was required to pay any past due amounts owed under the assumed leases and executory contracts, and made all undisputed cure payments shortly after the Effective Date. All disputes regarding cure payments, either prior to or after the Effective Date, have been resolved. The Company will satisfy its continuing obligations under the assumed leases and contracts in the ordinary course of business. Pre-petition amounts owing under rejected leases and contracts, as well as prospective rejection damages claims, were treated as unsecured claims under the Plan, subject to the \$1.0 million aggregate cash payment limit for all general unsecured claims.

**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements****Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

In March 2011, the Bankruptcy Court entered a final decree closing the bankruptcy cases of the Predecessor and its subsidiaries.

Below is a summary of the fresh-start and reorganization adjustment to the Predecessor's June 30, 2010 consolidated balance sheet.

	<b>Predecessor</b>	<b>Reorganization Adjustments (1)</b>		<b>Fresh Start Adjustments</b>		<b>Successor</b>
	(amounts in thousands)					
Cash	\$26,834					\$26,834
AR (net)	31,586	(173	)(2)	4	(5)	31,417
Program rights	102					102
Current deferred tax asset	22					22
Prepaid	3,392					3,392
Total current assets	61,936	(173	)	4		61,767
Property and equipment, less accumulated depreciation and amortization	53,465			34,182	(5)	87,647
Program license rights, excluding current portion	12					12
Deposits and other assets	1,387					1,387
Equity investments	3,119			(103	)(5)	3,016
Intangibles						
Broadcast licenses	156,975			34,525	(5)	191,500
Network affiliation agreements	47,339			(19,939	)(5)	27,400
Organizational costs	309			(309	)(6)	(0
AYI contract - Winston	-			1,100	(5)	1,100
Debt issuance costs	2,968	(1,672	)(3)			1,296
Advertiser relationships	-			18,900	(5)	18,900
Other intangibles	166			(166	)(5)	-
Goodwill	-			51,521	(6)	51,521
Total intangibles	207,757	(1,672	)	85,632		291,717
Total long term assets	265,740	(1,672	)	119,711		383,779
<b>Total assets</b>	<b>\$327,676</b>	<b>\$ (1,845</b>	<b>)</b>	<b>\$ 119,715</b>		<b>\$445,546</b>

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Accounts payable	\$3,390	\$ 1,646	(2)		\$5,036
Accrued expenses	9,305	729	(2)	185	(5) 10,219
Deferred revenue	1,711			(977	)(5) 734
Gray equity participation	-			8,000	(5) 8,000
Program Liability	119	(16	)(2)		103
Current installments of obligation under capital leases	36				36
<b>Total Current Liabilities</b>	<b>14,561</b>	<b>2,359</b>		<b>7,208</b>	<b>24,128</b>
Liabilities Subject to Compromise	886,953	(886,953	)(2)		-
Long term debt	-	75,000	(4)		75,000
Other Liabilities	9,257			(1,377	)(5) 7,880
Obligations under capital leases, excluding current installments	1,113				1,113
Deferred tax liability	36,409			23,016	(5) 59,425
<b>Total Noncurrent Liabilities</b>	<b>933,732</b>	<b>(811,953</b>	<b>)</b>	<b>21,639</b>	<b>143,418</b>
Predecessor common stock	24			(24	)(7) -
Predecessor additional paid-in capital	402,416			(402,416	)(7) -
Successor common stock	-	1	(4)		1
Successor additional paid in capital	-	277,999	(4)		277,999
Accumulated other comprehensive (loss)	(7,400	)		7,400	(7) -
(Accumulated deficit) retained earnings	(1,015,657	) 529,749	(2)	485,908	(7) -
Stockholders (Deficit) / Equity	(620,617	) 807,749		90,868	278,000
<b>Total liabilities &amp; stockholders' equity</b>	<b>\$327,676</b>	<b>\$ (1,845</b>	<b>)</b>	<b>\$ 119,715</b>	<b>\$445,546</b>

**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

**Explanatory Notes**

(1) Represents amounts recorded on the Effective Date for the implementation of the Plan, including settlement of liabilities subject to compromise and related payments, the issuance of new debt and extinguishment of old debt, and the issuance of new equity (common stock and warrants)

(2)

Reflects the discharge of the Predecessor's pre-petition liabilities in accordance with the Plan, including the reclassification of remaining liabilities that had been subject to compromise to the appropriate liability accounts:

Liabilities subject to compromise discharged at emergence:

Liabilities subject to compromise	\$ 886,953
Pre-petition claims to be satisfied	(1,646 )
Write-off of debt issuance costs	(2,401 )
Issuance of New Term Loan	(75,000 )
Issuance of New Equity	(278,000)
Other	(157 )
Gain on settlement of Liabilities subject to compromise	\$ 529,749

(3) Reflects the write-off of debt issuance costs associate with Predecessor debt (\$2,401) and the addition of the debt issuance costs associated with the New Term Loan and the Revolving Loan (\$729)

(4) Reflects the issuance of new Successor common stock, warrants and the new \$75.0 million term loan to pre-petition creditors, and the cancellation of the Predecessor common stock

(5) Reflects the revaluation of the carrying values of assets and liabilities to reflect estimated fair values, as well as the recognition of certain intangible assets and other liabilities, in accordance with fresh-start reporting as of the Effective Date

(6) Reflects recording of goodwill for the amount of the reorganization value in excess of the amount allocated to the specifically identifiable intangible assets

Reconciliation of enterprise value to reorganization value

Total enterprise value	\$ 353,000
Plus: Working capital	24,128
Plus: Other liabilities (excluding debt)	68,418
Reorganization value of Young	\$ 445,546

(7) Reflects elimination of the Predecessor's historical accumulated deficit and other equity accounts

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The following table summarizes the components included in reorganization items, net, in the Company's consolidated statement of comprehensive income during the year ended December 31, 2011, the six months ended December 31, 2010 and the six months ended June 30, 2010. No reorganization items or fresh start adjustments were recognized during the year ended December 31, 2012.

	<b>Year</b>	<b>Successor</b>	<b>Predecessor</b>
	<b>Ended</b>	Six Months	Six Months
<i>(amounts in thousands)</i>	December 31, 2011	Ended December 31, 2010	Ended June 30, 2010
Professional fees	\$ 1,543	\$ 6,222	\$ 11,058
Gain on liabilities subject to compromise	(340 )	-	(529,749 )
Insurance contract write off	-	-	397
Executive legal settlement	-	290	-
Trustee fees	111	243	209
Tax expenses	-	1	77
Other	36	24	2
Total reorganization items, net	\$ 1,350	\$ 6,780	\$ (518,006 )
Fresh-start adjustments	\$ -	\$ -	\$ (90,868 )

**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

**3. Summary of Significant Accounting Policies**

**Principles of Consolidation**

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries and variable interest entities for which the Company is considered to be the primary beneficiary. Significant intercompany accounts and transactions have been eliminated in consolidation.

For equity investments in which the Company owns between 20% and 50% of voting shares and has significant influence over operating and financial policies, the equity method of accounting is used. Five of the Company's stations have equity method investments in third parties that operate transmitting towers used by the Company. Accordingly, the Company's share in earnings and losses of these equity investments are included in other expense, net in the accompanying consolidated statements of comprehensive income of the Company. The Company's share of equity income (loss) was approximately \$(0.1) million for the year ended December 31, 2012, less than \$0.1 million for the year ended December 31, 2011, a loss of \$0.2 million for the six months ended December 31, 2010 and a loss of \$0.1 million for the six months ended June 30, 2010.

The Company consolidates variable interest entities ("VIE's") when it is the primary beneficiary of the entity, in accordance with the VIE accounting guidance. In determining whether the Company is the primary beneficiary of a VIE for financial reporting purposes, the Company considers whether it has the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and whether it has the obligation to absorb losses or the right to receive returns that would be significant to the VIE. Assets of consolidated VIE's can only be used to settle the obligations of that VIE. During the year ended December 31, 2012 the company consolidated the results of WXXA-TV LLC ("WXXA") pursuant to the VIE accounting guidance (See Note 4).

**Concentration of Credit Risk**

The Company provides advertising airtime to national, regional and local advertisers within the geographic areas in which the Company operates. Credit is extended based on an evaluation of the customer's financial condition, and advance payment is not generally required. Credit losses are provided for in the consolidated financial statements.

Financial instruments that potentially subject the Company to concentrations of risk primarily include cash and trade receivables. The Company invests cash with high-quality credit institutions and limits the amount of credit exposure with any one financial institution. The Company sells its services to a large number of diverse customers in a number of different industries, thus spreading trade credit risk.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. The principal areas of judgment relate to the allowance for doubtful accounts, the realizabilty of program license rights, valuation of barter arrangements, the useful lives and the carrying value of intangible assets and property and equipment, impairment assessments of intangible assets and goodwill, pension benefit obligations, tax valuation allowances and tax reserves, valuation of acquired assets and assumed liabilities, and fresh start adjustments. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

**Trade Accounts Receivables**

Trade accounts receivables are recorded at the invoice amount and do not bear interest. Credit is extended to the Company's customers based upon an evaluation of the customer's financial condition and collateral is not required from such customers. The allowance for doubtful accounts is the Company's estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company monitors the collection of receivables and maintains an allowance based upon the aging of such receivables and specific collection issues that may be identified. The Company reviews its allowance for doubtful accounts quarterly. Past due balances are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and potential for recovery is considered remote. The Company does not have any off-balance-sheet exposures related to its customers.

**Program License Rights**

Program license rights are recorded as assets when the license period begins and the programs are available for use. Capitalized program license rights are stated at the lower of unamortized cost or estimated net realizable value. Program license rights are amortized to operating expense over the estimated broadcast period in an amount equal to the relative benefit that is expected to be derived from the airing of the program. Program license rights with lives greater than one year, in which the Company has the right to multiple showings, are amortized using an accelerated method. Program rights with lives of one year or less are amortized on a straight-line basis over the life of the program. Capitalized program rights expected to be amortized in the succeeding year and amounts payable within one year are classified as current assets and liabilities, respectively. Capitalized program license rights are evaluated on a periodic basis to determine if estimated future net revenues support the recorded basis of the asset. If the estimated net revenues are less than the current carrying value of the capitalized program rights, the Company will reduce the program rights to net realizable value.

**Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation other than the Predecessor assets and assets acquired through business combinations which, consistent with applicable accounting guidance were recorded at fair market value, at the Effective Date and the date of the business combination respectively. Equipment under capital leases are stated at the present value of the future minimum lease payments at the inception of the lease, less accumulated depreciation. Major renewals and improvements are capitalized to the property and equipment accounts. Maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.



Depreciation and amortization of property and equipment are calculated on the straight-line basis over the estimated useful lives of the assets. Equipment held under capital leases are generally amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset.

The estimated useful lives of depreciable assets are as follows:

<b>Classification</b>	<b>Estimated Useful Lives</b>
Land improvements	10-30 years
Buildings and building improvements	10-30 years
Broadcast equipment	5-10 years
Office furniture, fixtures and other equipment	5-10 years
Vehicles	3-5 years

**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements****Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

Property and equipment at December 31, 2012 and 2011 consist of the following:

<i>(amount in thousands)</i>	<b>2012</b>	<b>2011</b>
Land and land improvements	\$24,622	\$24,025
Buildings and building improvements	31,961	30,270
Broadcast equipment	51,282	41,308
Office furniture, fixtures and other equipment	5,420	3,464
Vehicles	4,727	3,938
Assets in service	118,012	103,005
Equipment not yet placed into service	2,921	4,075
Total fixed assets	120,933	107,080
Less: Accumulated depreciation	20,277	10,747
	\$100,656	\$96,333

Depreciation expense, including capitalized lease amortization was approximately \$9.9 million for the year ended December 31, 2012, \$7.8 million for the year ended December 31, 2011, \$3.7 million for the six months ended December 31, 2010 and \$5.3 million for the six months ended June 30, 2010. Accumulated amortization on capitalized leases as of December 31, 2012 and 2011 is \$.3 million and \$.2 million, respectively.

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 licenses by Nextel’s operations. This transaction began on a market-by- market basis beginning in the third quarter of 2007 and the exchange was completed in early 2010. The equipment that the Predecessor received under this arrangement is recorded at its estimate fair value and depreciated over estimated useful lives ranging from 5 to 15 years. Management’s determination of 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 Predecessor recorded a gain to the extent that the fair market value of the equipment received exceeded the carrying value of the equipment relinquished. For the six months ended June 30, 2010, the Predecessor recognized a gain of approximately \$1.1 million, resulting from the receipt of new equipment and the retirement of the replaced equipment. As part of fresh-start reporting, this equipment was revalued as of the Effective Date as described herein.

**Intangible Assets**

Indefinite and definite lived intangible assets are as follows:

<i>(amounts in thousands)</i>	<b>2012 Gross</b>		<b>Net</b>	<b>2011 Gross</b>		<b>Net</b>
	Carrying	<b>Accumulated</b>	Carrying	Carrying	<b>Accumulated</b>	Carrying
	Amount	Amortization	Amount	Amount	Amortization	Amount
<b>Indefinite lived intangible assets</b>						
Broadcast licenses	\$206,200	\$ -	\$206,200	\$191,500	\$ -	\$191,500
Goodwill	51,886	-	51,886	51,521	-	51,521
Total indefinite lived intangible assets	\$258,086	\$ -	\$258,086	\$243,021	\$ -	\$243,021
<b>Definite lived intangible assets</b>						
Network affiliations	\$28,600	\$ (3,435	) \$25,165	\$27,400	\$ (2,055	) \$25,345
Customer relationships	19,700	(11,812	) 7,888	18,900	(7,087	) 11,813
Total definite lived intangible assets	\$48,300	\$ (15,247	) \$33,053	\$46,300	\$ (9,142	) \$37,158

**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

Broadcast licenses and goodwill are reviewed annually for impairment or whenever an impairment indicator arises. The Company performs its annual impairment test as of October 31. Goodwill is tested for impairment at the reporting unit level, which is one level below or the same as an operating segment. The first step of the goodwill impairment test examines whether the book value of each of the Company's reporting units exceeds its fair value. If the book value of the reporting unit exceeds its fair value, the second step of the test required the Company to then compare the implied fair value of that reporting units' goodwill with the book value of its goodwill to determine the amount of the impairment charge, if any. For the years ended December 31, 2012 and 2011, and the periods ended December 31, 2010 and June 30, 2010, no impairment charges were recorded.

For the purposes of the annual goodwill impairment test, the Company uses an income approach to determine the fair value of each reporting unit based on the present value of future cash flows, or discounted cash flow. For the 2012 goodwill impairment test, the Company used a discount rate of 10.0% and long term growth rates of 2% to determine the present value of the reporting units. The Company considered but did not use a Market Comparable Method, however, market multiples were evaluated to assess the reasonableness of the income approach.

The Company tests the broadcast licenses for impairment on a station-by-station basis by comparing the carrying value of the broadcast licenses with their fair values using a "Greenfield" income approach. Under this approach, the broadcast license is valued by analyzing the estimated after-tax discounted future cash flows of the station. The assumptions used in the discounted cash flow models include: (a) forecasted revenue growth rates for each geographic market in which the station operates; (b) market share and profit margin of an average station within a market; (c) estimated capital start-up costs and losses incurred during the early years; (d) risk-adjusted discount rate; and (e) expected growth rates in perpetuity to estimate terminal values. The Company determined the discount rates using a weighted average cost of capital model. The base discount rate is not specific to the Company or to the stations but is based upon a rate that would be expected by a typical market participant. The Company used a discount rate of 10.0% and long term growth rates of 2%. If the carrying amount of the FCC license is greater than its estimated fair value, the carrying amount of the FCC license is written down to its estimated fair value.

Definite lived intangible assets primarily include advertiser and network affiliate relationships. These assets are being amortized in relation to the economic benefits of such assets over the total estimated useful life. Network affiliation relationships are amortized over 20 years and other definite lived intangible assets are amortized over a period of 4 to 6 years.

As part of an ongoing review of the valuation and amortization of other intangible assets of the Company and its subsidiaries, management assesses the carrying value of definite lived intangible assets if facts and circumstances suggest that there may be impairment. If this review indicates that definite lived intangible assets will not be recoverable as determined by an undiscounted cash flow analysis of the operating assets over the remaining amortization period, their respective carrying values would be reduced to their estimated fair value. As a result of the Adam Young shutdown as discussed in Note 1, the Company wrote off the unamortized balance of the intangible asset associated with the Winston Agreement of \$1.0 million as of December 31, 2011. There were no impairments of definite lived intangible assets for the year ended December 31, 2012 or during the six months ended December 31, 2010 or June 30, 2010.

Aggregate amortization expense for each of the years ended December 31, 2012 and December 31, 2011 was \$6.1 million. Amortization expense for the periods ended December 31, 2010 and June 30, 2010 was \$3.1 million and \$1.5 million, respectively. The Company expects its aggregate annual amortization expense for existing intangible assets subject to amortization for each of the years, 2013 through 2017 to be as follows:

**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements****Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

(amounts in thousands)

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Thereafter</b>
6,315	3,952	1,590	1,590	1,583	18,022

**Deferred Charges**

Deferred charges at December 31, 2012 and 2011 are included in Other Assets, net on the consolidated balance sheet and consist of the following:

(amounts in thousands)

	<b>2012</b>	<b>2011</b>
Debt issuance costs	\$1,343	\$1,045
Less: Accumulated amortization	(218 )	(9 )
	\$1,125	\$1,036

Debt issuance costs are deferred when funded and are amortized over the term of the related debt and included in interest expense.

On the Effective Date, the Predecessor adjusted the debt issuance costs associated with its senior credit facility, resulting in a charge of \$2.4 million, which was classified as Reorganization items, net in the Consolidated Statement of Comprehensive Income for the period ended June 30, 2010. The Company capitalized debt issuance costs associated with the Emergence Term Loan of approximately \$0.6 million.

In connection with the pay-down of the \$75.0 million Emergence Term Loan with the proceeds of the \$175.0 million Credit Facility (further described in Note 6), the Company expensed the remaining debt issuance costs and debt discount associated with the Emergence Term Loan of approximately \$0.7 million and recorded it as a component of the loss on extinguishment of debt for the year ended December 31, 2011.

In December 2011, the Company capitalized approximately \$1.0 million of fees associated with the new \$175.0 Credit Facility which is amortized over the term of the related debt and included as a component of interest expense.

In December 2012, the Company capitalized approximately \$0.3 million of fees associated with the \$22.0 million WXXA Credit Facility which is amortized over the term of the related debt and included as a component of interest expense. See Note 6 for more information.

### Accrued Expenses

Accrued expenses consist of the following as of:

	<b>Year Ended December 31, 2012</b>	<b>Year Ended December 31, 2011</b>
(amounts in thousands)		
Accrued management and consulting fees	\$ 9,862	\$ 245
Network compensation accrued payment	4,131	-
Other accrued expenses	7,581	6,877
	<b>\$ 21,574</b>	<b>\$ 7,122</b>

**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

**Accrued Salaries and Wages**

Accrued salaries and wages consist of the following as of:

	<b>Year Ended December 31, 2012</b>	<b>Year Ended December 31, 2011</b>
(amounts in thousands)		
Accrued bonuses	\$ 2,821	\$ 822
Other accrued salaries and wages	3,325	4,005
	<b>\$ 6,146</b>	<b>\$ 4,827</b>

**Revenue Recognition**

Substantially all of the Company's net operating revenue is comprised of gross revenue from the sale of advertising time on its television stations less agency commissions. Advertising revenue represented approximately 84% and 88% of total revenues for the years ended December 31, 2012 and December 31, 2011, respectively. Advertising revenue represented approximately 94% and 91% of total revenues for the six month periods ended December 31, 2010 and June 30, 2010, respectively.

***Advertising Revenues***

Advertising revenues are recognized net of agency commissions and in the period in which the commercial is broadcast.

***Other Revenue***



The Company generates revenue from other sources, which include commercial production, internet sales, trade shows and tower space rental income. Also included in other revenue is retransmission consent revenue, whereby the Company receives consideration from certain satellite and cable providers in return for the Company's consent to the retransmission of the signals of the Company's television stations. Retransmission consent revenue is recognized on a per subscriber basis in accordance with the terms of each contract.

***Barter Arrangements***

The Company, in the ordinary course of business, provides advertising airtime to certain customers in exchange for products or services. Barter transactions are recorded on the basis of the estimated fair market value of the advertising spots to be delivered. Revenue is recognized as the related advertising is broadcast and expenses are recognized when the merchandise or services are consumed or utilized. The Company has entered into barter agreements with program syndicators for television programs with an estimated fair market value, recorded as assets and liabilities of \$1.9 million and \$1.7 million for the year ended December 31, 2012 and December 31, 2011, respectively. Barter revenue programming transactions amounted to approximately \$2.7 million and \$2.6 million for the years ended December 31, 2012 and December 31, 2011, respectively. Barter revenue programming transactions amounted to approximately \$1.1 million and \$0.9 million for the six month periods ended December 31 2010 and June 30, 2010, respectively.

***Network Compensation***

Five of the Company's twelve stations are affiliated with ABC, four are affiliated with CBS, one is affiliated with NBC, one is affiliated with FOX, and one is affiliated with MyNetworkTV. Network compensation is determined based on the contractual arrangements with the Company's affiliates and is recognized within operating expenses over the term of the arrangement. Network compensation amounted to \$8.9 million and \$3.1 million for the years ended December 31, 2012 and 2011, respectively. Network compensation was approximately \$1.2 million and \$2.7 million for the six month periods ended December 31 2010 and June 30, 2010, respectively.

**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

**Income Taxes**

The Company and its subsidiaries file a consolidated federal income tax return, and combined and separate state tax returns as appropriate. In addition, partnership returns are filed for its three partnerships. Since the partners are all participants in the consolidation, all partnership income or losses are ultimately included in the consolidated federal income tax return.

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.

The Company recognizes 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. The Company recognizes interest and penalties relating to income taxes within income tax expense.

**Accumulated Other Comprehensive Loss**

Other comprehensive loss for the years ended December 31, 2012 and December 31, 2011 was approximately (\$0.5) million and (\$1.2), respectively. Other comprehensive income (loss) for the six month periods ended December 31, 2010 and June 30, 2010 was approximately \$0.7 million and \$(2.0) million, respectively. Other comprehensive (loss) income for all periods presented consists of the unrecognized actuarial (loss) income on the pension plan (see Consolidated Statements of Stockholders' Equity).

**Fair Value of Financial Instruments**

The carrying amounts of financial instruments, including cash, short-term investments, accounts receivable, accounts payable and accrued liabilities approximate their fair value. See Note 6 for fair value of long-term debt.

## **Impact of Recently Issued Accounting Standards**

### *Fair Value Measurements*

During the year ended December 31, 2012, the Company adopted the Financial Accounting Standards Board's ("FASB") amended guidance which clarifies the FASB's intent about the application of existing fair value measurement requirements and changes certain principles and requirements for measuring fair value and for disclosing information about fair value measurements. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

### *Statement of Comprehensive Income*

In June 2011, the FASB issued a new accounting standard requiring most entities to present items of net income and other comprehensive income either in one continuous statement — referred to as the statement of comprehensive income — or in two separate, but consecutive, statements of net income and comprehensive income. The update does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The new standard included a requirement to present reclassification adjustments out of accumulated other comprehensive income by component on the face of the financial statements. The new standard is effective for fiscal years ending after December 15, 2012 and was adopted by the Company on a retrospective basis in 2012.

**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

*Revenue Arrangements with Multiple Deliverables*

On January 1, 2011, the Company adopted revised FASB guidance on revenue arrangements with multiple elements. This guidance allows the use of the Company's estimated selling prices as the value for deliverable elements under certain circumstances and eliminates the use of the residual method for allocation of deliverable elements. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

*Goodwill and Indefinite Lived Assets Impairment Testing*

In September 2011, the Financial Accounting Standards Board ("FASB") issued amended guidance on goodwill impairment testing. Under this guidance, the Company has the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If based on this assessment the Company determines it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. The adoption of this guidance which is effective for fiscal years beginning after December 15, 2011 did not have an effect on the Company's consolidated financial statements, as the Company did not elect to perform a qualitative assessment.

*Fair Value Hierarchy Disclosures*

In January 2010, the FASB issued authoritative guidance which requires additional disclosures about transfers between Levels 1 and 2 of the fair value hierarchy and disclosures about purchases, sales, issuance and settlements in the roll forward of activity on Level 3 fair value measurements. This guidance was effective for the Company January 1, 2010, except for the Level 3 activity disclosures, which was effective for fiscal years beginning after December 15, 2010. The adoption of this guidance, which is related to disclosure only, did not have a material impact on the Company's financial position or results of operations.

*Accumulated Other Comprehensive Income*

In February 2013, the FASB issued guidance related to items reclassified from accumulated other comprehensive income. The new guidance requires either in a single note or parenthetically on the face of the financial statements: (i) the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source and (ii) the income statement line items affected by the reclassification. This guidance is effective for fiscal years beginning January 1, 2013 with early adoption permitted. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In July 2012, the FASB issued Accounting Standards Update No. 2012-03, Intangibles – Goodwill and Other (Topic 350): Testing Indefinitely-Lived Intangible Assets for Impairment. This update allows the option of assessing qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. An entity is required to perform quantitative tests only in those cases where it is more likely than not that the indefinite-lived intangible asset is impaired. The amendments are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company does not expect the adoption of this standard to have a material impact on its consolidated results of operations and financial condition.

### **Reclassifications**

Certain prior year balances have been reclassified to conform to the presentation adopted in the current fiscal year.

**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

**4. WXXA-TV LLC**

Effective December 13, 2012, WXXA, a wholly-owned subsidiary of an unrelated party, Shield Media LLC. ("Shield Media"), entered into an asset purchase agreement to purchase certain assets (including the FCC license) of the WXXA television station in Albany, NY, from Newport Television License LLC ("Newport"). Concurrent with this agreement, the Company entered into a joint sales agreement ("JSA") and a shared services agreements ("SSA") to provide certain sales, operational and administrative services to WXXA. The initial terms of the JSA and SSA are eight years from the commencement, and the agreements may be automatically renewed for successive 2 year renewal terms. WXXA paid \$19.5 million in cash to purchase the station assets which was financed through third party financing which was jointly guaranteed by the Company and Shield Media. See Note 6 for more information.

The Company has determined that WXXA is a VIE and that based on the terms of the JSA and SSA and the guarantee of WXXA's debt, it is the primary beneficiary of the variable interests since the Company has the power to direct the activities which significantly impact the economic performance of the VIE through the sales and other services provided (subject to approval by WXXA), and the Company absorbs losses that would be considered significant to WXXA. As a result of this determination, the financial results of WXXA since December 13, 2012 have been consolidated by the Company in accordance with the VIE accounting guidance.

Under the variable interest entity accounting guidance, the business combinations standard is the applicable guidance for initial measurement of the assets and liabilities of the consolidated VIE. As such, under the acquisition method of accounting, the results of WXXA have been included in the financial statements of the Company beginning December 13, 2012. The initial purchase price of \$19.5 million has been allocated to the acquired assets and assumed liabilities based on estimated fair values. The initial allocated fair value of acquired assets and assumed liabilities, which represents the assets and liabilities of the VIE, is summarized as follows:

**Year  
Ended  
December  
31,  
2012**

(amounts in thousands)

Programming asset	\$ 820
Programming liability	(1,182 )
Property and equipment	2,738
Broadcast Licenses	14,700
Definite-lived intangible assets	2,000
Goodwill	364
Other assets	60
Total	\$ 19,500

The preliminary allocation presented above is based upon management's estimate of the fair values using valuation techniques including income, cost and market approaches. In estimating the fair value of the acquired assets and assumed liabilities, the fair value estimates are based on, but not limited to, expected future revenue and cash flows, expected future growth rates, and estimated discount rates.

The amount allocated to definite-lived intangible assets represents the estimated fair values of network affiliations of \$1.2 million and advertiser relationships of \$0.8 million. These intangible assets will be amortized over the estimated remaining useful lives of 20 years for network affiliations and 5 years for the advertiser relationships.

Acquired property and equipment will be depreciated on a straight-line basis over the respective estimated remaining useful lives.

Acquired program license rights will be amortized to operating expense over the estimated broadcast period in an amount equal to the relative benefit that is expected to be derived from the airing of the program, or on a straight line basis over the life of the program where the expected useful life is one year or less.

**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements****Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets and liabilities acquired and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce and non-contractual relationships, as well as expected future synergies.

The results of operations for the year ended December 31, 2012 include the results of WXXA station since December 13, 2012. Net broadcast revenues and operating income of WXXA included in our consolidated statements of comprehensive income, were \$0.5 million and less than \$0.1 million for the year ended December 31, 2012, respectively.

There were no assets and liabilities of WXXA in the consolidated balance sheet as of December 31, 2011. The carrying amounts and classification of the assets and liabilities of WXXA which have been included in our consolidated balance sheet as of December 31, 2012 were as follows (in thousands):

	<b>Year Ended</b>
	<b>December 31, 2012</b>
(amounts in thousands, except per share data)	
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 1,589
Trade accounts receivable, less allowance for doubtful accounts of \$0K in 2012	493
Current portion of program license rights	557
Current deferred tax asset	-
Prepaid expenses and other current assets	1,983
Total current assets	4,622
Property and equipment, net	2,726
Program license rights, excluding current portion	227
Equity investments	-
Deferred tax asset long term	-



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Broadcast licenses	14,700
Goodwill	364
Definite lived intangible assets, net	1,991
Other assets, net	304
Total assets	\$ 24,934
<b>Liabilities</b>	
Current liabilities	
Trade accounts payable	\$ 278
Accrued salaries and wages	-
Accrued expenses	2,054
Current installments of program license liability	721
Current installments of long-term debt	-
Current installments of obligation under capital leases	-
Total current liabilities	3,053
Deferred tax liability and other long-term tax liabilities	-
Long-term debt	21,427
Obligations under capital leases, excluding current installments	-
Other liabilities	410
Total liabilities	\$ 24,890

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**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

**5. Program License Liability**

Unpaid program license liabilities totaled \$1.2 million and less than \$0.1 million as of December 31, 2012 and 2011 respectively, of which \$0.4 million and \$0 were payable in greater than one year and included in other liabilities. The obligation for programming that has been contracted for, but not recorded in the accompanying balance sheet because the program rights were not currently available for airing, aggregated approximately \$15.1 million at December 31, 2012 and \$20.7 million at December 31, 2011.

**6. Debt**

Debt at December 31, 2012 and 2011 consisted of the following:

<i>(amounts in thousands)</i>	<b>2012</b>	<b>2011</b>
Senior Credit Facility	\$ 135,000	\$ 85,000
WXXA-TV Senior Credit Facility	22,000	-
Debt discount	(3,802 )	(3,711 )
Total Debt	153,198	81,289
Less:		
Schedule current maturities	(17,200 )	(8,500 )
Long-Term debt excluding current installments	135,998	72,789

***Senior Credit Facility***

On December 13, 2011, Company entered into a \$175.0 million senior credit facility (“Senior Credit Facility”), which provides for a \$150.0 million term loan (“Senior Term Loan”) and a \$25.0 million revolving credit facility (“Senior Revolving Credit Facility” or “Revolver”). The Senior Term Loan was available in up to three draws. On December 13,

2011, \$85.0M of the Senior Term Loan was borrowed. As of December 31, 2011, two additional draws totaling up to \$65.0M were available to be drawn prior to June 13, 2012. Approximately \$76.5 million of the proceeds of the Senior Term Loan were used to pay the Emergence Term Loan (plus related interest and fees) and another \$4.2 million was used to repay the 2010 Revolving Loan. As of December 31, 2011, the Company paid a commitment fee at the rate of 1.0% per annum on the unused available commitments to advance the Senior Term Loan and a commitment fee of and 0.5% per annum on the unused available commitments to advance the Senior Revolving Credit Facility. The Company capitalized approximately \$1.0 million of fees associated with the new Senior Credit Facility.

On February 23, 2012, the Company drew down \$65.0 million, from the Senior Term Loan to partially fund the February 2012 tender offer (See Note 7). The Senior Credit Facility required quarterly principal payments of approximately \$3.8 million commencing with the quarter ended March 31, 2012, which payments are subject to scheduled increases. Any remaining balance will be due at maturity of the term loan. The Senior Term Loan and Senior Revolving Credit Facility will mature on December 13, 2016. As of December 31, 2012, the Senior Term Loan was fully drawn and the full \$25.0 million was available under the Senior Revolving Credit Facility.

**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

The Senior Credit Facility has a variable interest rate of either LIBOR or Base rate plus applicable. The Senior Credit Facility contains covenants related to the satisfaction of financial tests. The consolidated debt to EBITDA ratio was required to be less than 3.75 to 1.00 through the quarter ended December 31, 2012. After that date the ratio ranges from 3.50 to 1.00 to 3.00 to 1.00. The consolidated interest expense to EBITDA ratio was required to be at a minimum of 3.00 to 1.00 through the quarter ended December 31, 2012. Capital expenditures were not to exceed \$16.5 million for the year ended December 31, 2012. In subsequent years, the Company is permitted to spend a maximum of \$11.5 million for 2013 and \$10.0 million for 2014 and beyond. The Company was in compliance with all covenants associated with the Senior Credit Facility throughout 2012 and 2011.

As of December 31, 2012, the London Interbank Offered Rate ("LIBOR") and the base rate, which is generally equal to the lender's prime rate, applicable to our outstanding balance was 0.25% and 3.75%, respectively. The interest was based on base plus the applicable rate for an interest rate of 4.0%. As of December 31, 2012 the LIBOR rate was 0.22% plus a spread of 3.75% for an all-in rate of 3.97%. The applicable base rate was 3.25% plus a spread of 2.75% for an all-in rate of 6.00%. As of December 31, 2012, there were no outstanding amounts under the Revolver. Therefore a 0.50% commitment fee is based on the amount of the undrawn \$25.0 million revolver commitment applied. For the years ended December 31, 2012 and 2011, interest expense related to the Senior Credit Facility was approximately \$6.5 million and \$0.3 million, respectively.

As of December 31, 2012 and 2011, the fair value of the Senior Credit Facility approximated the principal value of \$150.0 million and \$85.0 million respectively.

On July 26, 2012, the Company entered into the First Amendment to its December 11, 2011 Senior Credit Facility. This amendment provided the Company the ability to enter into a financial relationship with its shared services partner, WXXA-TV, LLC. WXXA had recently announced its intention to purchase the assets of WXXA-TV from Newport Television and Young, as the shared services provider was guaranteeing WXXA's \$22.0 million loan. The amendment also would provide for future transactions of this nature, subject to certain limitations set forth in the amended Credit Agreement.

On November 29, 2012, the Company entered into the Second Amendment to its December 11, 2011 Senior Credit Facility. This amendment provided the Company the ability to fund the tender offer to purchase 6,250 outstanding securities at a total price of \$25.0 million (See Note 7).

***Swap***

On March 13, 2012, the Company entered into a swap agreement which hedged \$75 million or 50% of its debt. The Company currently uses a mark to market approach to value the swap. At December 31, 2012, the Company recorded an expense of \$.4 million related to this swap arrangement within other income/expense of the consolidated statements of comprehensive income.

***WXXA-TV LLC Credit Facility***

WXXA, a consolidated VIE, entered into a \$22.0 million credit agreement (“WXXA Credit Facility”) with a third party on December 13, 2012 in order to fund the purchase of the assets of a television station in Albany, N.Y. (See Note 4). The WXXA Credit Facility matures on December 13, 2016 and bears interest of 4.97%. The Company irrevocably and unconditionally guaranteed the debt of WXXA on a joint and several basis with Shield Media LLC., the immediate parent of WXXA.

As of December 31, 2012, the outstanding principal amount of the debt was \$22.0 million. For the year ended December 31, 2012, the interest expense relating to the WXXA facility was \$0.1 million and the interest rate was 3.67%.

***Debt Discount***

In connection with the Senior Credit Facility the Company paid approximately \$3.7 million of fees to the creditor, which has been recorded as a debt discount for the year ended December 31, 2011 and will be amortized over the term of the Senior Credit Facility. As discussed in Note 3, the Company expensed the remaining debt discount associated with the Emergence Term Loan and the 2010 Revolving Credit Facility, net of accumulated amortization, and recorded it as a loss on extinguishment of debt for the year ended December 31, 2011.

**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

In connection with the closing of the First and Second Amendments to the Senior Credit Facility and the WXXA Credit Agreement, the Company paid approximately \$0.8 million of fees to the creditor, which have been recorded as a debt discount for the year ended December 31, 2012 and will be amortized over the term of the Senior Credit Facility.

***Emergence Term Loan***

On the Effective Date, debt outstanding under the Predecessor's senior credit facility was converted into a new term loan with Young as the borrower (the "Emergence Term Loan"). During 2011, the Emergence Term Loan of \$75.0 million was paid in full and therefore had no balance outstanding as of December 31, 2011. The Emergence Term Loan had a variable interest rate of LIBOR plus a margin of 5.00% and a LIBOR floor of 3.0%. Interest expense related to the Emergence Term Loan for the year ended December 31, 2011 and the six months ended December 31, 2010, was \$6.6 and \$3.2 million, respectively.

***Risk factors related to ability to repay debt***

Young conducts its operations through its direct subsidiary, Young Broadcasting, and its other indirect subsidiaries, which guarantee Young Broadcasting's debt, jointly and severally, fully and unconditionally. As a holding company, Young does not own any significant assets other than the equity in its subsidiaries and is dependent upon the cash flow of its subsidiaries to meet its obligations. Accordingly, Young Broadcasting's ability to make interest and principal payments when due is dependent upon the receipt of sufficient funds from its subsidiaries, which may be restricted by the terms of existing and future senior secured indebtedness of its subsidiaries, including the terms of existing and future guarantees of indebtedness given by its subsidiaries.

**7. Stockholders' Equity**

**Predecessor**

***Common Stock***

The Predecessor's stockholders' equity consisted of three classes of common stock designated Class A, Class B and Class C that were substantially identical except for voting rights. The holders of Class A were entitled to one vote per share. Holders of Class B were entitled to 10 votes per share. Holders of Class C were not entitled to vote. Except as set forth in the Predecessor's Restated Certificate of Incorporation, holders of all classes of common stock entitled to vote will vote together as a single class. Holders of Class C had the ability at any time to convert their shares into the same number of shares of Class A.

Ownership of Class B was restricted to members of management and by, or in trust for, family members of management ("Management Group"). In the event that any shares of Class B held by a member of the Management Group were transferred outside of the Management Group, such shares automatically convert into shares of Class A.

The terms of the Predecessor senior credit facility and the indentures relating to the senior subordinated notes (collectively the "Indentures") restricted the Predecessor's ability to pay cash dividends on its common stock. Under the Indentures, the Predecessor was not permitted to pay any dividends on its common stock unless at the time of, and immediately after giving effect to the dividend, no default would result under the Indentures and the Predecessor would have the ability to incur indebtedness. In addition, under the Indentures, dividends could not exceed an amount equal to the Predecessor's cash flow less a multiple of the Predecessor interest expense, plus the net proceeds of the sale by the Predecessor of additional capital stock.

**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

In connection with the Predecessor's reorganization and emergence from Chapter 11, all of the issued and outstanding the Predecessor common stock, including stock options and restricted and deferred stock, were canceled upon the Effective Date pursuant to the Plan.

***Tender Offers***

On January 19, 2012 the Company announced an offer to purchase for cash up to an aggregate of 36,364 securities consisting of Class A Common Stock and Class B Common Stock at a purchase price of \$3,300 per share and Warrants to purchase Class A Common Stock at a purchase price of \$3,300 per warrant (less the exercise price of the warrant) for an aggregate purchase price of \$120.0 million. The tender closed on February 16, 2012 with virtually full participation across the shareholder group as 99.6% of the outstanding securities were submitted for tender. Total outstanding securities pre-tender were 125,001 consisting of 72,627 Class A shares, 2,011 Class B shares and 50,363 Lender Warrants. Post tender there were 88,637 total outstanding securities consisting of 51,448 Class A shares, 1,423 Class B shares and 35,766 Lender Warrants. The \$120.0 million was funded by a \$65.0 million draw on the remaining funds available under the Senior Term Loan and \$55.0 million from cash.

On November 20, 2012 the Company announced an offer to purchase for cash up to an aggregate of 6,250 securities consisting of Class A Common Stock and Class B Common Stock at a purchase price of \$4,000 per share and Warrants to purchase Class A Common Stock at a purchase price of \$4,000 per warrant (less the exercise price of the warrant) for an aggregate purchase price of \$25.0 million. The tender closed on December 19, 2012 with a similar high level of participation across the shareholder group as 91.0% of the outstanding securities were submitted for tender. Total outstanding securities pre-tender were 88,637 consisting of 70,318 Class A shares and 18,319 Lender Warrants. Post tender there were 82,387 total outstanding securities consisting of 65,428 Class A shares and 16,959 Lender Warrants. The \$25.0 million was fully funded from cash.

***Common Stock***

Young has the authority to issue 1,000,000 shares, consisting of 500,000 shares of Class A common stock, par value \$0.01 per share ("Class A Common"), and 500,000 shares of Class B nonvoting common stock, par value \$0.01 per share ("Class B Common" and, together with the Class A Common, the "Common Stock"). The two classes are substantially identical except for voting rights.



### ***Lender Warrant Agreement***

On the Effective Date, Young issued lender warrants (“Lender Warrants”) to certain holders of the pre-petition lender claims pursuant to the Lender Warrant Agreement, dated June 24, 2010, as amended. The Lender Warrants are exercisable, at an exercise price of \$0.01 per share, on a one-for-one basis for shares of Class A Common, at any point through December 24, 2024. The exercise of the Lender Warrants is subject to the restrictions of the Federal Communications Act, as amended, including (x) foreign ownership and voting interest restrictions and (y) multiple or cross ownership restrictions. The fair-value of the Lender Warrants was included in additional-paid-in-capital on the Effective Date.

### ***Dividends***

The Equityholders Agreement to which Young and its equity holders are a party (the “Equityholders Agreement”) prohibits the payment of any dividend to holders of Common Stock until such time as all of the Lender Warrants have been exercised (or could be exercised without causing a violation of the Federal Communications Laws.)

### ***Outstanding Equity Securities***

As of December 31, 2012, there are 82,387 equity interests of the Company issued and outstanding. Such equity interests consist of 65,428 shares of Class A Common, and 16,959 Lender Warrants. As of December 31, 2011, there were 125,001 equity interests of the Company issued and outstanding. Such equity interests consisted of 72,627 shares of Class A Common, 2,011 shares of Class B Common and 50,363 Lender Warrants. On April 26, 2012 one of the pre-petition lenders exercised 3,750 warrants, at an exercise price of \$0.01 per share. On November 19, 2012 the same pre-petition lender exercised 13,697 warrants, at an exercise price of \$0.01 per share. On November 19, 2012 a lender converted 1,423 shares of Class B common stock into class A common stock.

**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements****Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)*****Predecessor******2004 Equity Incentive Plan***

Non-vested shares of the Predecessor's common stock were generally granted under the 2004 Equity Incentive Plan. However, pursuant to the Plan, the 2004 Equity Incentive Plan was terminated as of the Effective Date and all share-based payments previously granted there under were canceled as of the Effective Date. The Predecessor issued no share-based payments during the six months ended June 30, 2010.

For the six months ended June 30, 2010, the Company recorded noncash compensation expense in connection with the prior period issuance of the restricted shares and deferred stock units of approximately \$0.6 million.

As of the Effective Date, all restricted shares and deferred stock units were canceled.

Changes in stock options for the years ended December 31, 2011 and 2010 are summarized below:

	<b>Stock Options Outstanding</b>	<b>Weighted Average Exercise Price</b>
<b>Predecessor</b>		
<b>Outstanding at December 31, 2009</b>	116,875	\$ 20.71
Granted	-	-
Exercised	-	-
Forfeited	(5,000 )	20.44
<b>Outstanding at June 30, 2010</b>	111,875	\$ 20.72
<b>Predecessor</b>		
<b>Outstanding at June 30, 2010</b>	111,875	\$ 20.72
Cancelled	(111,875 )	(20.72 )

<b>Outstanding at December 31, 2010</b>	-	-
Cancelled	-	-
<b>Outstanding at December 31, 2011</b>	-	\$ -

## 8. Income Taxes

The total tax provision (benefit), recorded for the years ended December 31, 2012 and December 31, 2011 and the six month periods ended December 31, 2010 and June 30, 2010 are as follows:

## New Young Broadcasting Holding Co., Inc.

## Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)

	Year Ended December 31, 2012	Year Ended December 31, 2011	Successor Six Months Ended December 31, 2010	Predecessor Six Months Ended June 30, 2010
<i>(amounts in thousands)</i>				
<b>Federal</b>				
Current	\$ 383	\$ -	\$ -	\$ -
Deferred	18,845	(81,640 )	171	273
	19,228	(81,640 )	171	273
<b>State</b>				
Current	1,293	132	(583 )	134
Deferred	(141 )	(9,531 )	46	73
	1,152	(9,399 )	(537 )	207
	\$ 20,380	\$ (91,039 )	\$ (366 )	\$ 480

The reconciliation of income taxes, all related to continuing operations, computed at U.S. federal statutory rates to income tax expense (benefit) for the years ended December 31, 2012 and December 31, 2011 and the periods ended December 31, 2010 and June 30, 2010 is as follows (in thousands):

	Year Ended December 31, 2012	Year Ended December 31, 2011	Successor Six Months Ended December 31, 2010	Predecessor Six Months Ended June 30, 2010
<i>(amounts in thousands)</i>				

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Expense at federal statutory rate (35%)	\$ 19,720	\$ 3,893	\$ 5,154	\$ 213,499
State and local provision/(benefit)	2,944	98	54	134
Indefinite lived intangible assets	-	-	218	346
Change in rate differential	(2,722 )	3,049	-	-
NOL adjustments	694	(1,638 )	-	-
Exclusion on taxes of WXXA income	(15 )	-	-	-
State tax reserves	1	(18 )	(638 )	-
Losses with no benefit/(utilization)	-	(95,016 )	(6,378 )	(2,552 )
Reorganization items and fresh start adjustments	-	462	1,224	(210,947 )
Blackhole cancellation of debt benefit	-	(2,013 )	-	-
Other	(242 )	144	-	-
Total tax	\$ 20,380	\$ (91,039 )	\$ (366 )	\$ 480

The Company assessed the need for a valuation allowance in accordance with ASC 740, which requires that a company reduce its deferred tax assets by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. ASC 740 specifies that all available evidence, both positive and negative, should be considered to determine whether, based on the weight of that evidence, a valuation allowance is needed. As a result of the analysis performed for 2011, the Company determined that a valuation allowance is no longer required.

The Company's framework for assessing the recoverability of deferred tax assets weighs the sustainability of recent operating profitability and the predictability of future operating profitability. During 2011, the Company experienced significant favorable developments including a return to sustainable operating profits within its primary operations. In order to demonstrate the predictability and sufficiency of future operating profitability, the Company considered its forecasts of future income using comparisons to historical results. The Company also considered sufficiency of future taxable income necessary to support the realizability of the NOLs. As of December 31, 2011, the positive evidence outweighed the historical negative evidence regarding the likelihood that the deferred tax assets will be realized, resulting in a net valuation allowance release in the amount of approximately \$95.0 million.

**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements****Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

Generally, the discharge of a debt obligation for an amount less than the adjusted issue price creates cancellation of indebtedness income ("CODI"), which must be included in the Company's taxable income. However, recognition of CODI is limited for a taxpayer that is a debtor in a reorganization case if the discharge is granted by the Bankruptcy Court or pursuant to a plan of reorganization approved by the Bankruptcy Court. The Plan enabled the Predecessor to qualify for this bankruptcy exclusion rule and exclude substantially all of the gain on the settlement of debt obligations from taxable income.

The financial results of WXXA are consolidated by the Company in accordance with the VIE accounting guidance. However, the Company does not reflect a tax provision for WXXA's income in its financial results since WXXA's tax liability will flow through to an unrelated party, Shield Media, LLC, a single-member LLC owned by an individual.

Significant components of the Company's deferred tax assets/ (liabilities) as of December 31, 2012 and 2011 are as follows (in thousands):

	<b>2012</b>	<b>2011</b>
(amounts in thousands)		
Deferred tax assets (liabilities)		
Intangibles—definite lived	\$(12,683)	\$(15,866)
Intangibles—indefinite lived	(32,909)	(15,406)
Net operating loss carryforwards	87,770	94,380
Property and equipment	(19,792)	(20,914)
Cancellation of debt income	-	-
Land	(7,980 )	(8,346 )
Minimum Tax Credit Carryforwards	383	-
Other	(564 )	(1,256 )
Net deferred tax assets	\$14,225	\$32,592

Included in accumulated other comprehensive income for the years ended December 31, 2012 and December 31, 2011 are deferred tax assets/(liabilities) of approximately \$0.7 million and \$0.4 million, respectively, relating to the

Company's pension liability. For the periods ending December 31, 2010 and June 30, 2010, \$(0.3) million and \$.0 million, respectively, are included in accumulated other comprehensive income relating to the Company's pension liability.

At December 31, 2012, the Company projects federal NOL carryforwards available to reduce future federal taxable income in the amount of approximately \$226 million (\$79.1 million tax effected). At December 31, 2012, the Company projects state NOL carryforwards available to reduce future state taxable income in the amount of approximately \$8.6 million (tax effected). These federal and state NOLs that survived attribute reduction will expire at various dates through 2032.

Pursuant to Section 382 of the Internal Revenue Code, the Company underwent an ownership change for tax purposes (i.e., a more than 50% change in stock ownership) on the July 1, 2010 emergence date. As a result, the use of any of the Company's federal \$217 million NOL carryforwards and tax credits generated prior to the ownership change will be subject to an annual limitation of approximately \$11.1 million.

**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements****Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

The Company is required to determine whether it had a net unrealized built-in gain (NUBIG) or net unrealized built-in loss (NUBIL) at the 2010 emergence date. The Company determined that it had a NUBIG at the time of the 2010 emergence date. However, pursuant to Section 382(h) of the Internal Revenue Code, the Company is unable to increase its Section 382 limitation for this NUBIG.

In addition, the Company underwent another ownership change for tax purposes on July 14, 2011. As a result of this second ownership change, losses generated from January 1, 2011 through July 14, 2011 will be subject to an annual limitation of approximately \$12 million.

As of December 31, 2012, the Company's unrecognized tax benefits totaled approximately \$24,000 including interest, all of which, if recognized, would affect the effective tax rate in future periods.

The table below represents a reconciliation between the beginning and ending balances of the total amount of gross unrecognized tax benefits exclusive of interest and penalties for the years ended December 31, 2012 and December 31, 2011:

<i>(amounts in thousands)</i>	<b>Year Ended December 31, 2012</b>	<b>Year Ended December 31, 2011</b>
<b>Beginning balance - Unrecognized tax benefits</b>	\$ 16	\$ 34
Increases in tax positions for prior years	-	-
Decrease in tax positions for prior years	-	(18 )
Increases in tax positions for current year	-	-
Decreases related to settlements with taxing authorities	-	-
Decrease from lapse of applicable statute of limitations	-	-
<b>Ending balance - Unrecognized tax benefits</b>	<b>\$ 16</b>	<b>\$ 16</b>



Interest and penalties related to income tax liabilities are included in income tax expense and approximated (\$1,300) and (\$1,200) for the years ended December 31, 2012 and December 31, 2011, respectively. Interest and penalties related to income tax liabilities approximated \$1,200 and \$0 for the six month periods ended December 31, 2010 and June 30, 2010, respectively. The Company had approximately \$8,000 and \$6,000 accrued at December 31, 2012 and December 31, 2011, respectively, for the payment of interest and penalties, which is included in the unrecognized tax benefit of \$24,000 and \$22,000 at December 31, 2012, December 31, 2011, respectively.

While the Company does not anticipate any significant changes to the amount of liabilities for unrecognized tax benefits within the next twelve months, there can be no assurance that the outcomes from any tax examinations will not have a significant impact on the amount of such liabilities, which could have an impact on the operating results or financial position of the Company.

With limited exceptions, the Company is no longer subject to U.S. federal, state and local income tax audits by taxing authorities for years through December 31, 2008.

**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

**9. Employee Benefit Plans**

**Defined Contribution Plan**

The Company sponsors a defined contribution plan, which provided retirement benefits for all eligible employees. Plan participants may make pretax contributions from their salaries up to 75% of their compensation but no more than the maximum dollar amount allowed by the Internal Revenue Code. The Company's matching contribution is a dollar-for-dollar match for deferrals up to the first 3% of pay, plus one-half of the next 2% deferred (to a total maximum of 5% deferred), for a maximum match of 4%. Furthermore employer matching contributions are considered fully vested immediately when allocated to the participant accounts.

For each of the years ended December 31, 2012 and December 31, 2011, the Company incurred matching contributions of approximately \$1.4 million. For each of the six month periods ended December 31, 2010 and June 30, 2010, the Successor and Predecessor respectively incurred matching contributions of approximately \$0.7 million.

**Defined Benefit Plan**

The Company is required to recognize the over funded or underfunded status of a defined benefit postretirement plan as an asset or liability on the balance sheet. The funded status of a plan represents the difference between the fair value of plan assets and the related plan projected benefit obligation. Changes in the funded status should be recognized through comprehensive income in the year in which the changes occur.

In accordance with the Agreement to Amend and Extend the collective bargaining agreement between Young Broadcasting San Francisco, Inc and IBEW Local 45, dated August 8, 2005, the Company amended the KRON/IBEW Local 45 Pension Plan to freeze benefit accruals effective October 14, 2005. This defined benefit pension plan covers the IBEW Local 45 of KRON-TV employees. All accrued benefits under the defined benefit plan at the date of the freeze are preserved. However, commencing on October 15, 2005, there were no additional benefit accruals. All employees who have earned seven full years of vested service as of October 14, 2005, are 100% vested in the pension benefits earned. If an employee had not yet earned seven full years of vested service, they are considered partially

vested and during their employment with the Company will continue to earn credit for years of service vested.

The Company uses a December 31 measurement date for the defined benefit plan. The defined benefit plan survived bankruptcy and as such the pension liability totaling \$6.0 million and \$5.9 million as of December 31, 2012 and 2011, respectively, has been recorded in other liabilities. The following table sets forth the funded status of the Company's pension plan:

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## New Young Broadcasting Holding Co., Inc.

## Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)

	Year Ended December 31, 2012	Year Ended December 31, 2011	Successor Six Months Ended December 31, 2010	Predecessor Six Months Ended June 30, 2010
<i>(amounts in thousands)</i>				
Accumulated benefit obligation	\$ 14,941	\$ 13,967	\$ 12,913	\$ 12,931
<b>Changes in benefit obligations</b>				
Projected benefit obligation at beginning of period	\$ 13,967	\$ 12,913	\$ 12,931	\$ 11,355
Service cost	150	150	75	75
Interest cost	615	667	333	332
Actuarial loss	1,151	1,211	19	1,624
Benefits paid	(942 )	(974 )	\$ (445 )	\$ (455 )
Projected benefit obligation at end of period	14,941	13,967	\$ 12,913	\$ 12,931
<b>Changes in plan assets</b>				
Fair value of plan assets at beginning of period	8,042	7,937	\$ 6,204	\$ 6,818
Actual return of plan assets, net of expenses paid	922	237	\$ 949	\$ (159 )
Employer contributions	938	842	\$ 1,229	\$ -
Benefits paid	(942 )	(974 )	\$ (445 )	\$ (455 )
Fair value of plan assets at end of period	8,960	8,042	\$ 7,937	\$ 6,204
Funded status	\$ (5,981 )	\$ (5,925 )	\$ (4,976 )	\$ (6,727 )

Amounts recognized in the Consolidated Balance Sheet consist of:

	2012	2011
<i>(amounts in thousands)</i>		
Pension liability - (non-current)	\$5,981	\$5,925
Actuarial loss (gain)	(1,668)	(850 )

Amounts recognized in Accumulated Other Comprehensive Income consist of:

	<b>2012</b>	<b>2011</b>	<b>2010</b>
(amounts in thousands)			
Actuarial loss/(gain)	\$ 1,668	\$ 850	(672)

Other changes in Plan Assets and Benefit Obligation recognized in Other Comprehensive Income consist of:

	<b>2012</b>	<b>2011</b>	<b>2010</b>
(amounts in thousands)			
Actuarial loss/(gain)	\$ 818	\$ 1,522	(672)

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**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

The pension plan's investment policy includes target allocation guidelines of 60% equity investments and 40% fixed income investments.

The pension plan seeks to maximize return within reasonable and prudent levels of risk. The overall long-term objective of the pension plan is to achieve a rate of return that exceeds the actuarially assumed rate of return. In the short term, the objective of the pension plan is to achieve a rate of return over three-year rolling periods that ranks in the top 40% of a universe of similarly managed portfolios and that outperforms a target index constructed using the following components and weights:

**Weights Component Index**

60% S&P 500 Index  
 40% LB Intermediate Gov/Credit Bond Index

At December 31, 2012 and 2011, the pension plan assets were invested among the following asset categories based on fair value:

	<b>2012</b>		<b>2011</b>	
Money market funds	3.0	%	1.0	%
Collective funds- fixed	37.0		38.0	
Collective funds- equity	50.0		51.0	
Mutual Funds - equity	10.0		10.0	
	100.0%		100.0%	

Under the investment guidelines, cash equivalent investments will be held as necessary to meet the liquidity needs of the pension plan. The pension plan's cash should be invested in a well-diversified portfolio of high quality cash equivalent instruments or money market funds that use similar diversification and quality constraints.

The domestic equity portfolios will invest in well diversified portfolios of domestic common stocks, American Depository Receipts and issues convertible into common stock that trade on the major U.S. exchanges and in the over-the-counter market. The objective for the domestic equity securities is to achieve a rate of return over a three year period that ranks in the top 40% of a universe of similarly managed equity portfolios and outperforms the S&P 500 Index or a style specified benchmark, net of fees.

The investment grade fixed income portfolio should invest in a well diversified mix of debt instruments, including, domestic treasury, agency, mortgage backed, asset backed, corporate, cash equivalent, Euro-dollar, 144As, and Yankee issues. The portfolio is subject to certain limitations as follows: 1) no more than 5% of the portfolio at market should be invested in issues of a single issuer; 2) a portion of the nondollar denominated issues in aggregate should not exceed 10% of the total portfolio, at market and 3) no less than 80% of the portfolio should be of "investment grade" quality. The objective of the investment grade fixed income portfolio, including cash held in the portfolio is to achieve a rate of return over rolling three year periods that ranks in the top 40% of a universe of similarly managed fixed income portfolios and outperforms the Lehman Brothers Intermediate Government/Credit Bond Index, net of fees.

The pension plan's managers may use derivative instruments, unless they would cause the plan to be leveraged in any way or be exposed to risks that it would not inherently encounter by investing in the securities allowed by the policy.

**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements****Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

The following table sets forth the Company's pension plan assets categorized according to the three-level fair value hierarchy established by the Financial Accounting Standards Board, FASB, which prioritizes the inputs used in measuring fair value:

**At December 31, 2012**  
**Fair Value Measurements at Reporting Date**  
**Using**

	<b>Total</b>	<b>Quoted</b>	<b>Significant</b>	
		<b>Prices</b>	<b>Other</b>	<b>Significant</b>
		<b>in</b>	<b>Observable</b>	<b>Unobservable</b>
		<b>Active</b>	<b>Inputs</b>	<b>Inputs</b>
		<b>Markets</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
		<b>for</b>		
		<b>Identical</b>		
		<b>Assets</b>		
<i>(amounts in thousands)</i>		<b>(Level 1)</b>		
<b>Asset Classes</b>				
Money market funds	\$247	\$ 247	\$ -	\$ -
Collective funds – fixed	3,281	-	3,281	-
Collective funds – equity	4,532	-	4,532	-
Mutual funds – equity	900	900	-	-
Total assets	\$8,960	\$ 1,147	\$ 7,813	\$ -

**At December 31, 2011**  
**Fair Value Measurements at Reporting Date**  
**Using**

<b>Quoted</b>	<b>Significant</b>	
<b>Prices</b>	<b>Other</b>	<b>Significant</b>
<b>in</b>	<b>Observable</b>	<b>Unobservable</b>
<b>Active</b>	<b>Inputs</b>	<b>Inputs</b>
<b>Markets</b>		
<b>for</b>		



<i>(amounts in thousands)</i>	<b>Total</b>	<b>Identical Assets</b>		
		<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<b>Asset Classes</b>				
Money market funds	\$ 106	\$ 106	\$ -	\$ -
Collective funds – fixed	3,055	-	3,055	-
Collective funds – equity	4,056	-	4,056	-
Mutual funds – equity	825	825	-	-
Total assets	\$8,042	\$ 931	\$ 7,111	\$ -

Money market funds are carried at amortized cost which approximates fair value due to the short-term maturity of these investments. The fair value of investments in collective funds are determined using the Net Asset Value (“NAV”) provided by the administrator of the fund. The NAV is determined by each fund’s trustee based upon the fair value of the underlying assets owned by the fund, less liabilities, divided by the number of outstanding units. Investments in mutual funds-equity securities are reported at fair value based on quoted market prices on national security exchanges.

**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements****Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

The following components of net pension cost were as follows:

	<b>Year Ended December 31, 2012</b>	<b>Year Ended December 31, 2011</b>	<b>Successor Six Months Ended December 31, 2010</b>	<b>Predecessor Six Months Ended June 30, 2010</b>
(amounts in thousands)				
Service cost	\$ 150	\$ 150	\$ 75	\$ 75
Interest cost	615	667	333	332
Expected return on plan assets	(588 )	(548 )	(259 )	(312 )
Amortization of net loss	-	-	-	130
Net periodic cost	\$ 177	\$ 269	\$ 149	\$ 225

The service cost attributable to service accruals has been eliminated due to the plan freeze.

The net periodic cost for 2013 is expected to be approximately \$0.1 million. The estimated net transition (asset)/obligation, prior service cost/(credit) and actuarial (gain)/loss for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the following fiscal year are as follows (amounts in thousands):

Net Transition (Asset)/Obligation	\$-
Prior Service Cost/(Credit)	\$-
Net Actuarial (Gain)/Loss	\$22

The weighted average assumptions used to determine projected benefit obligations were as follows:

	<b>2012</b>	<b>2011</b>
Discount rate	3.85%	4.55%
Rate of compensation increase	N/A	N/A

The discount rate is determined using a yield curve approach. This methodology uses an index developed from a series of bonds of varying maturities and applies the yield curve of interest rates from this index to the benefits expected to be paid from the plan over time. Then a single weighted-average discount rate is derived from the information.

For the year ended December 31, 2011, the Company was required to select a new discount rate methodology due to the merger of the actuary. The prior yield curves used are being discontinued as a result of the merger. The Company chose the yield curves that mapped closest to the yield curves used in prior years.

The weighted average assumptions used to determine net periodic pension costs were as follows:

**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements****Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

	<b>Year Ended December 31, 2012</b>	<b>Year Ended December 31, 2011</b>	<b>Six Months Ended December 31, 2010</b>	<b>Six Months Ended June 30, 2010</b>
Discount rate	4.55	% 5.30	% 5.30	% 6.00
Expected long-term return on plan assets	7.50	% 7.50	% 7.50	% 7.50
Rate of compensation increase	N/A	N/A	N/A	N/A

Expected Return on Assets – Our expected rate of return is determined at the beginning of each year and considers asset class index returns over various market and economic conditions, current and expected market conditions, risk premiums associated with asset classes and long-term inflation rates. We determine both a short-term and long-term view and then select a long-term rate of return assumption that matches the duration of our liabilities.

A contribution of approximately \$0.5 million to the benefit plan is expected in 2013.

The following table estimates future benefit payments over the next five years and in aggregate for the five years thereafter. These benefit payments reflect expected future employee services (amounts in thousands):

<b>Years</b>	<b>Amount</b>
2013	\$ 771
2014	777
2015	808
2016	813

2017 827  
2018 – 2022 4,373

## **10. Commitments, Contingencies and Other**

### **Capital Leases**

The Company is obligated under various capital leases for certain broadcast equipment, office furniture, fixtures and other equipment that expire at various dates during the next three years. At December 31, 2012 and 2011, the net amount of property and equipment recorded under capital leases was \$1.3 million and \$1.3 million, respectively. Amortization of assets held under capital leases is included with depreciation and amortization of property and equipment.

### **Operating Leases**

The Company has certain operating leases, primarily for administrative offices, broadcast equipment and vehicles that expire over the next five years. These leases generally contain renewal options for periods of up to five years and require the Company to pay all costs such as maintenance and insurance.

Future minimum lease payments under capital and operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2012 are as follows:

**New Young Broadcasting Holding Co., Inc.****Notes to Consolidated Financial Statements****Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

<i>(amounts in thousands)</i>	<b>Capital Leases</b>	<b>Operating Leases</b>
<b>Year Ending December 31,</b>		
2013	\$ 115	\$ 971
2014	88	667
2015	69	549
2016	58	502
2017	58	506
Thereafter	876	6,640
Total minimum lease payments	\$ 1,264	\$ 9,835

Rental expense under operating leases for each of the years ended December 31, 2012 and December 31, 2011 was approximately \$1.3 million. Rental expense under operating leases for each of the six month periods ended December 31, 2010 and June 30, 2010 was approximately \$1.0 million.

**Gray Liability**

The Company had a management agreement (the "Management Agreement") with Gray Television, Inc. ("Gray") the term of which expired on December 31, 2012. As part of the Management Agreement, if the Company was sold within the term thereof, then Gray would initially receive a portion of the aggregate sales price above a specified threshold. The Company had estimated the fair value of this liability to be \$8.0 million. As of December 31, 2012 the Company was not sold and the liability was reversed against Other income/ (expense), on the Statement of Comprehensive Income.

**Network Affiliation Agreements**

Each of the Company's stations is affiliated with its network pursuant to an affiliation agreement. The following chart provides details concerning the affiliation of our stations and the dates of expiration of the respective affiliation agreements.

<b>Station</b>	<b>Network Affiliation</b>	<b>Expiration Date</b>
WKRN-TV (Nashville, TN)	ABC	August 31, 2015
WTEN-TV (Albany, NY)	ABC	August 31, 2015
WRIC-TV (Richmond, VA)	ABC	August 31, 2015
WATE-TV (Knoxville, TN)	ABC	August 31, 2015
WBAY-TV (Green Bay, WI)	ABC	August 31, 2015
KWQC (Quad Cities)	NBC	January 1, 2015
WLNS (Lansing, MI)	CBS	September 30, 2017
KELO (Sioux Falls, SD)	CBS(1)	April 2, 2015
KCLO (Rapid City, SD)	CBS	April 2, 2015
KLFY (Lafayette, LA)	CBS	September 30, 2017
KRON (San Francisco, CA)	MyNetworkTV	September 30, 2014
WXXA-TV (Albany, NY)	FOX	December 31, 2017

- (1) The Company also operates a separate MyNetworkTV network station using its digital broadcast in Sioux Falls, South Dakota, under an affiliation agreement expiring September 30, 2014.

### **Executive Management Litigation**

The Chapter 11 plan for the Predecessor, that was confirmed on May 10, 2010, provided that three senior officers of the Predecessor (the “Executives”) would receive new employment agreements in lieu of their pre-bankruptcy agreements. In connection therewith, on June 15, 2010, the Predecessor filed a motion in its bankruptcy case to reject the Executives’ pre-bankruptcy employment agreements. On July 15, 2010, the Bankruptcy Court granted the Predecessor’s motion. The Executives then each filed claims under the rejected employment agreements, one of which was subsequently withdrawn. After a preliminary Bankruptcy Court hearing on the merits of the claims of the two Executives, the Company entered into a confidential settlement and release agreement with each of such Executives, who each then withdrew their respective claims. The total settlement amount of \$0.3 million was paid out in March 2011.

**New Young Broadcasting Holding Co., Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended December 31, 2012 and 2011 the Six Months Ended December 31, 2010 (Successor) and the Six Months Ended June 30, 2010 (Predecessor)**

**Other Legal Matters**

The Company is involved in legal proceedings and litigation arising in the ordinary course of business. In the Company's opinion, the outcome of such other proceedings and litigation currently pending will not materially affect the Company's financial condition or results of operations.

**11. Subsequent Event**

On March 1, 2013, the Company entered into a shared services relationship with WLAJ-TV LLC ("WLAJ"). In this shared services relationship, WLAJ, whose immediate parent is Shield Media Lansing LLC., purchased the assets of WLAJ-TV from Sinclair Broadcast Group (SBG) for \$14.4 million. WLAJ's funding for the SBG transaction came from a \$10.0 million term loan from the same lender group as the Young Senior Credit Facility and the proceeds from the Company's purchase of non-license assets of WLAJ-TV from WLAJ. The Company purchased the non-license assets of WLAJ-TV from WLAJ for \$5.4 million. The balance of the proceeds once SBG was paid went toward transaction fees and working capital. Also, similar to the WXXA transaction, Young has guaranteed WLAJ's \$10.0 million term loan. The Company evaluated events and transactions subsequent to December 31, 2012 up to and including the issuance date of these financial statements, March 29, 2013.

**12. Subsequent Event (Unaudited)**

On June 6, 2013, the Company and Media General, Inc ("Media General") announced an agreement to combine the two companies in an all-stock merger transaction. The new company will retain the Media General name and will be headquartered in Richmond, VA. As set forth in the merger agreement, the closing of the transaction depends on a number of conditions being satisfied or waived, including but not limited to, the approval from Media General's stockholders, the approval from the Federal Communications Commission ("FCC") and the effectiveness of a registration statement on Form S-4 to be filed by Media General to register the shares of Media General common stock to be issued.





**New Young Broadcasting Holding Co., Inc.****Unaudited Condensed Consolidated Balance Sheets****at June 30, 2013 and December 31, 2012**

	<b>June 30, 2013</b>	<b>December 31, 2012</b>
(amounts in thousands, except per share data)		
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$21,397	\$ 24,244
Trade accounts receivable, less allowance for doubtful accounts of \$1,293 in 2013 and \$1,171 in 2012	44,335	38,073
Current portion of program license rights	329	571
Current deferred tax asset	1,647	1,647
Prepaid expenses and other current assets	3,988	8,052
Total current assets	71,696	72,587
Property and equipment, net	103,235	100,656
Program license rights, excluding current portion	119	227
Equity investments	2,896	2,870
Deferred tax asset long term	12,578	12,578
Broadcast licenses	213,900	206,200
Goodwill	54,252	51,886
Definite lived intangible assets, net	31,948	33,053
Other assets, net	1,305	1,379
Total assets (a)	\$491,929	\$ 481,436
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Trade accounts payable	\$2,767	\$ 5,645
Accrued salaries and wages	7,149	6,146
Other accrued expenses and other current liabilities	26,796	21,574
Current installments of program license liability	427	804
Current installments of long-term debt	17,513	17,200
Current installments of obligation under capital leases	137	115
Total current liabilities	54,789	51,484
Deferred tax liability and other long-term tax liabilities	24	24
Long-term debt	137,297	135,998
Obligations under capital leases, excluding current installments	1,179	1,149
Other liabilities	6,944	7,551
Total liabilities (a)	200,233	196,206
Commitments and contingencies (Note 7)		
Stockholders' equity		

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Successor Class A Common Stock, \$.01 par value. Authorized 500,000 shares; issued 65,428 at June 30, 2013 and December 31, 2012	.7	.7
Successor Class B Common Stock, \$.01 par value. Authorized 500,000 shares; issued 0 at June 30, 2013 and December 31, 2012	-	-
Additional paid-in capital	132,999	132,999
Accumulated other comprehensive loss	(987 )	(987 )
Retained earnings	159,995	153,175
Total Young Broadcasting stockholders' equity	292,008	285,188
Noncontrolling interests	(312 )	42
Total stockholders' equity	291,696	285,230
Total liabilities and stockholders' equity	\$491,929	\$ 481,436

(a) Our consolidated total assets as of June 30, 2013 and December 31, 2012 include total assets of variable interest entities (VIEs) of \$38.9 million and \$24.9 million, respectively, which can only be used to settle the obligations of the VIEs. Our consolidated total liabilities as of June 30, 2013 and December 31, 2012 include total liabilities of the VIEs of \$4.4 million and \$3.5 million, respectively, for which the creditors of the VIEs have no recourse to us. See Note 1. Summary of Significant Accounting Policies.

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

**New Young Broadcasting Holding Co., Inc.****Unaudited Condensed Consolidated Statements of Comprehensive Income****Three and Six Months Ended June 30, 2013 and 2012**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30, 2013</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>	<b>June 30, 2012</b>
(amounts in thousands)				
Net operating revenue	\$55,782	\$54,997	\$105,827	\$98,741
Operating expenses, excluding depreciation expense	19,575	17,105	38,787	32,969
Amortization of program license rights	2,527	2,158	4,982	4,281
Selling, general and administrative expenses	14,283	13,706	28,747	27,091
Depreciation and amortization	4,644	4,031	9,135	7,948
(Gain) loss on disposal of property and equipment, net	(43 )	9	(43 )	(158 )
Corporate overhead, excluding depreciation and amortization expense	6,611	3,909	8,972	7,614
Operating income	8,185	14,079	15,247	18,996
Interest expense	(2,080 )	(2,445 )	(4,220 )	(4,260 )
Other income (expenses), net	21	(148 )	(80 )	(170 )
	(2,059 )	(2,593 )	(4,300 )	(4,430 )
Income before income taxes	6,126	11,486	10,947	14,566
Provision for income taxes	(2,679 )	(4,647 )	(4,481 )	(5,893 )
Net income	\$3,447	\$6,839	\$6,466	\$8,673
Net loss attributable to the noncontrolling interests	(259 )	-	(354 )	-
Net income attributable to Young Broadcasting Group	\$3,706	\$6,839	\$6,820	\$8,673
Other comprehensive income, after tax:				
Change in unrecognized amounts included in pension obligations net of tax	-	-	-	-
Total comprehensive income	3,706	6,839	6,820	8,673
Other comprehensive income attributable to noncontrolling interest	-	-	-	-
Total comprehensive income attributable to Young Broadcasting	\$3,706	\$6,839	\$6,820	\$8,673

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



## New Young Broadcasting Holding Co., Inc.

## Unaudited Condensed Consolidated Statements of Stockholders' Equity

Six Months Ended June 30, 2013

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	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Comprehensive Loss	Noncontrolling Interest	Total Stockholders' Equity
	Class A	Class B					
<i>(amounts in thousands)</i>							
<b>Balances at December 31, 2012</b>	\$ .7	\$ -	\$ 132,999	\$ 153,175	\$ (987)	) \$ 42	\$ 285,230
Net income/(loss)	-	-	-	6,820	-	(354)	) 6,466
<b>Balances at June 30, 2013</b>	\$ .7	\$ -	\$ 132,999	\$ 159,995	\$ (987)	) (312)	) \$ 291,696

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

**New Young Broadcasting Holding Co., Inc.**

**Unaudited Condensed Consolidated Statement of Cash Flows**

**Six Months Ended June 30, 2013 and 2012**

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	<b>Six Months Ended June June 30, 30, 2013 2012</b>
(amounts in thousands)	

**Operating activities**

Net income