DARDEN RESTAURANTS INC
Form 10-K
July 22, 2011
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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

# FORM 10-K

(Mark One)

**/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** For the fiscal year ended May 29, 2011

**OR**

**/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** For the transition period from __ to __

Commission File Number: 1-13666

# DARDEN RESTAURANTS, INC.

(Exact name of registrant as specified in its charter)

| **Florida** | **59-3305930** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |
| **1000 Darden Center Drive, Orlando, Florida** | **32837** |
| (Address of principal executive offices) | (Zip Code) |

Registrant s telephone number, including area code: **(407) 245-4000**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Name of each exchange on which registered |
|---|---|
| **Common Stock, without par value and Preferred Stock Purchase Rights** | **New York Stock Exchange** |

**Securities registered pursuant to Section 12(g) of the Act: None**

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

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

Indicate by check mark if the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes _X_ No__

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ X ] No [ ]

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

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 definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

(Do not check if a smaller reporting company)

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

The aggregate market value of Common Stock held by non-affiliates of the Registrant, based on the closing price of $49.49 per share as reported on the New York Stock Exchange on November 26, 2010, was approximately: $6,825,052,000.

Number of shares of Common Stock outstanding as of May 29, 2011: 134,641,738 (excluding 152,534,032 shares held in the Company s treasury).

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant s Proxy Statement for its Annual Meeting of Shareholders on September 22, 2011, to be filed with the Securities and Exchange Commission no later than 120 days after May 29, 2011, are incorporated by reference into Part III of this Report, and portions of the Registrant s Annual Report to Shareholders for the fiscal year ended May 29, 2011 are incorporated by reference into Parts I and II of this Report.

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DARDEN RESTAURANTS, INC.

FORM 10-K

FISCAL YEAR ENDED MAY 29, 2011

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**Cautionary Statement Regarding Forward-Looking Statements**

Statements set forth in or incorporated into this report regarding the expected net increase in the number of our restaurants, U.S. same-restaurant sales, total sales growth, diluted net earnings per share growth, and capital expenditures in fiscal 2012, and all other statements that are not historical facts, including without limitation statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of Darden Restaurants, Inc. and its subsidiaries that are preceded by, followed by or that include words such as may, will, expect, intend, anticipate, continue, estimate, project, believe, plan or similar expressions, are forward-looking state meaning of the Private Securities Litigation Reform Act of 1995 and are included, along with this statement, for purposes of complying with the safe harbor provisions of that Act. Any forward-looking statements speak only as of the date on which such statements are made, and we undertake no obligation to update such statements for any reason to reflect events or circumstances arising after such date. By their nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by such forward-looking statements. In addition to the risks and uncertainties of ordinary business obligations, and those described in information incorporated into this report, the forward-looking statements contained in this report are subject to the risks and uncertainties described in Item 1A below under the heading Risk Factors .

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PART I

**Item 1. BUSINESS**
**Introduction**

Darden Restaurants, Inc. is the world s largest company-owned and operated full service restaurant company[1] and served over 404 million meals in fiscal 2011. As of May 29, 2011, we operated through subsidiaries 1,894 restaurants in the United States and Canada. In the United States, we operated 1,860 restaurants in 49 states (the exception being Alaska), including 670 Red Lobster®, 748 Olive Garden®, 354 LongHorn Steakhouse®, 44 The Capital Grille®, 26 Bahama Breeze®, and 17 Seasons 52® restaurants, and one test synergy restaurant which houses both a Red Lobster and Olive Garden restaurant in the same building. In Canada, we operated 34 restaurants, including 28 Red Lobster and six Olive Garden restaurants. Through subsidiaries, we own and operate all of our restaurants in the United States and Canada, except for three restaurants located in Central Florida that are owned by joint ventures we manage. The joint ventures pay management fees to us, and we control the joint ventures use of our service marks. None of our restaurants in the United States or Canada are franchised. Of our 1,894 restaurants open on May 29, 2011, 973 were located on owned sites and 921 were located on leased sites. As of May 29, 2011, we franchised five LongHorn Steakhouse restaurants in Puerto Rico to an unaffiliated franchisee, and 22 Red Lobster restaurants in Japan to an unaffiliated Japanese corporation, under area development and franchise agreements. We also have entered into an area development agreement with an unaffiliated operator to develop and operate Red Lobster, Olive Garden and LongHorn Steakhouse restaurants in the Middle East. As of May 29, 2011, no restaurants had been opened under this agreement, but a Red Lobster opened in Dubai in July 2011.

Darden Restaurants, Inc. is a Florida corporation incorporated in March 1995, and is the parent company of GMRI, Inc., also a Florida corporation. GMRI, Inc. and certain other of our subsidiaries own and operate our restaurants. GMRI, Inc. was originally incorporated in March 1968 as Red Lobster Inns of America, Inc. We were acquired by General Mills, Inc. in 1970 and became a separate publicly held company in 1995 when General Mills distributed all of our outstanding stock to the stockholders of General Mills. Our principal executive offices and restaurant support center are located at 1000 Darden Center Drive, Orlando, Florida 32837, telephone (407) 245-4000. Our corporate website address is www.darden.com. We make our reports on Forms 10-K, 10-Q and 8-K, and Section 16 reports on Forms 3, 4 and 5, and all amendments to those reports available free of charge on our website the same day as the reports are filed with or furnished to the Securities and Exchange Commission. Information on our website is not deemed to be incorporated by reference into this Form 10-K. Unless the context indicates otherwise, all references to Darden, we , our or us include Darden Restaurants, Inc., GMRI, Inc. and our respective subsidiaries.

We have a 52/53 week fiscal year ending the last Sunday in May. Our 2011 fiscal year ended May 29, 2011, had 52 weeks, our 2010 fiscal year ended May 30, 2010 had 52 weeks, and our 2009 fiscal year ended May 31, 2009 had 53 weeks.

The following description of our business should be read in conjunction with the information in our Management s Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference in Item 7 of this Form 10-K and our consolidated financial statements incorporated by reference in Item 8 of this Form 10-K.

**Background**

We opened our first restaurant, a Red Lobster seafood restaurant, in Lakeland, Florida in 1968. Red Lobster was founded by William B. Darden, for whom we are named. Red Lobster has grown from six restaurants in operation at the end of fiscal 1970 to 698 restaurants in North America by the end of fiscal 2011. Olive Garden, an internally developed Italian restaurant brand, opened its first restaurant in Orlando, Florida in fiscal 1983, and by the end of fiscal 2011 had expanded to 754 restaurants in North America. The number of Red Lobster and Olive

[1] Source: Nation s Restaurant News, Special Report: Top 100, June 27, 2011 (based on U.S. foodservice revenue from company-owned restaurants).

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Garden restaurants open at the end of fiscal 2011 increased by four and 31, respectively, as compared to the end of fiscal 2010.

Bahama Breeze is an internally developed brand that provides a Caribbean escape, offering the food, drinks and atmosphere you would find in the islands. In fiscal 1996, Bahama Breeze opened its first restaurant in Orlando, Florida. At the end of fiscal 2011, there were 26 Bahama Breeze restaurants.

Seasons 52 is an internally developed brand that provides a casually sophisticated fresh grill and wine bar with seasonally inspired menus offering fresh ingredients to create great tasting meals that are lower in calories than comparable restaurant meals. Seasons 52 opened its first restaurant in Orlando, Florida in fiscal 2003. At the end of fiscal 2011, there were 17 Seasons 52 restaurants.

On October 1, 2007, we completed the acquisition of the common stock of RARE Hospitality International, Inc. ( RARE ). RARE owned and operated two principal restaurant brands, LongHorn Steakhouse and The Capital Grille, of which 288 and 29 locations, respectively, were in operation as of the date of the acquisition. LongHorn Steakhouse, with locations primarily in the Eastern half of the United States, is a leader in the full service dining steakhouse category, and The Capital Grille, with locations in major metropolitan cities in the United States, is a leader in the premium steakhouse category. The acquired operations are included in our financial statements from the date of the acquisition. At the end of fiscal 2011, there were 354 LongHorn Steakhouse and 44 Capital Grille restaurants.

In March 2011, we opened a test synergy restaurant that houses both a Red Lobster and Olive Garden restaurant in the same building. At the end of fiscal 2011, this was the only synergy restaurant in operation.

The following table shows our growth and lists the number of restaurants operated by Red Lobster, Olive Garden, Bahama Breeze and Seasons 52 as of the end of each fiscal year since 1970, and the number of LongHorn Steakhouse and The Capital Grille restaurants operated by us as of the end of each fiscal year since fiscal 2008. The final column in the table lists our total sales for the years indicated.

**Company-Operated Restaurants Open at Fiscal Year End**

| Fiscal Year | Red Lobster | Olive Garden | LongHorn Steakhouse | The Capital Grille | Bahama Breeze | Seasons 52 | Total Restaurants (1) | Total Company Sales ($ in Millions) (2)(3) |
|---|---|---|---|---|---|---|---|---|
| 1970 | 6 | | | | | | 6 | 3.5 |
| 1971 | 24 | | | | | | 24 | 9.1 |
| 1972 | 47 | | | | | | 47 | 27.1 |
| 1973 | 70 | | | | | | 70 | 48.0 |
| 1974 | 97 | | | | | | 97 | 72.6 |
| 1975 | 137 | | | | | | 137 | 108.5 |
| 1976 | 174 | | | | | | 174 | 174.1 |
| 1977 | 210 | | | | | | 210 | 229.2 |
| 1978 | 236 | | | | | | 236 | 291.4 |
| 1979 | 244 | | | | | | 244 | 337.5 |
| 1980 | 260 | | | | | | 260 | 397.6 |
| 1981 | 291 | | | | | | 291 | 528.4 |
| 1982 | 328 | | | | | | 328 | 614.3 |
| 1983 | 360 | 1 | | | | | 361 | 718.5 |
| 1984 | 368 | 2 | | | | | 370 | 782.3 |
| 1985 | 372 | 4 | | | | | 376 | 842.2 |
| 1986 | 401 | 14 | | | | | 415 | 917.3 |
| 1987 | 433 | 52 | | | | | 485 | 1,097.7 |
| 1988 | 443 | 92 | | | | | 535 | 1,300.8 |
| 1989 | 490 | 145 | | | | | 635 | 1,621.5 |
| 1990 | 521 | 208 | | | | | 729 | 1,927.7 |
| 1991 | 568 | 272 | | | | | 840 | 2,212.3 |
| 1992 | 619 | 341 | | | | | 960 | 2,542.0 |

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| Fiscal Year | Red Lobster | Olive Garden | LongHorn Steakhouse | The Capital Grille | Bahama Breeze | Seasons 52 | Total Restaurants (1) | Total Company Sales ($ in Millions) (2)(3) |
|---|---|---|---|---|---|---|---|---|
| 1993 | 638 | 400 | | | | | 1,038 | 2,737.0 |
| 1994 | 675 | 458 | | | | | 1,133 | 2,963.0 |
| 1995 | 715 | 477 | | | | | 1,192 | 3,163.3 |
| 1996 | 729 | 487 | | | 1 | | 1,217 | 3,191.8 |
| 1997 | 703 | 477 | | | 2 | | 1,182 | 3,171.8 |
| 1998 | 682 | 466 | | | 3 | | 1,151 | 3,261.6 |
| 1999 | 669 | 464 | | | 6 | | 1,139 | 3,432.4 |
| 2000 | 654 | 469 | | | 11 | | 1,134 | 3,671.3 |
| 2001 | 661 | 477 | | | 16 | | 1,154 | 3,966.2 |
| 2002 | 667 | 496 | | | 22 | | 1,185 | 4,303.5 |
| 2003 | 673 | 524 | | | 25 | 1 | 1,223 | 4,530.4 |
| 2004 | 680 | 543 | | | 23 | 1 | 1,247 | 4,794.7 |
| 2005 | 679 | 563 | | | 23 | 3 | 1,268 | 4,977.6 |
| 2006 | 682 | 582 | | | 23 | 5 | 1,292 | 5,353.6 |
| 2007 | 680 | 614 | | | 23 | 7 | 1,324 | 5,567.1 |
| 2008 | 680 | 653 | 305 | 32 | 23 | 7 | 1,700 | 6,626.5 |
| 2009 | 690 | 691 | 321 | 37 | 24 | 8 | 1,771 | 7,217.5 |
| 2010 | 694 | 723 | 331 | 40 | 25 | 11 | 1,824 | 7,113.1 |
| 2011 | 698 | 754 | 354 | 44 | 26 | 17 | 1,894(4) | 7,500.2 |

(1) Includes only Red Lobster, Olive Garden, LongHorn Steakhouse, The Capital Grille, Bahama Breeze and Seasons 52 restaurants included in continuing operations. Excludes other restaurant brands operated by us in these years that are no longer owned by us, and restaurants that were included in discontinued operations. Also excludes two specialty restaurants: Hemenway s Seafood Grille & Oyster Bar and The Old Grist Mill Tavern, that were acquired from RARE in fiscal 2008 and sold in fiscal 2010.
(2) From fiscal 1996 forward, includes only net sales from continuing operations and excludes sales related to all restaurants that were closed and considered discontinued operations. Periods prior to fiscal 1996 include total sales from all of our operations, including sales from restaurant brands besides Red Lobster, Olive Garden, Bahama Breeze and Seasons 52 that are no longer owned or operated by us. Total company sales from 1970 through fiscal 1995 were included in the consolidated operations of our former parent company, General Mills, Inc., prior to our spin-off as a separate publicly traded corporation in May 1995.
(3) Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 605 requires sales incentives to be classified as a reduction of sales. For purposes of this presentation, sales incentives have been reclassified as a reduction of sales for fiscal 1998 through 2011. Sales incentives for fiscal years prior to 1998 have not been reclassified.
(4) Includes one test synergy restaurant housing two restaurant brands in the same building.

**Strategy**

The restaurant industry is generally considered to be comprised of two segments: quick service and full service. The full service segment is highly fragmented and includes many independent operators and small chains. We believe that capable operators of strong multi-unit brands have the opportunity to increase their share of the full service segment. We plan to grow by increasing the number of restaurants in each of our existing brands and by developing or acquiring additional brands that can be expanded profitably.

While we are a leader in the full service dining segment, we know we cannot be successful without a clear sense of who we are. Our core purpose is To nourish and delight everyone we serve. This core purpose is supported by our core values:

- Integrity and fairness;
- Respect and caring;
- Diversity;
- Always learning/always teaching;
- Being of service;

Teamwork; and
Excellence.

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Our mission is to be The best in full service dining, now and for generations. We believe we can achieve this goal by continuing to build on our strategy to be a brand-building company which is focused on:

- Brand relevance;
- Brand support;
- A vibrant business model;
- Competitively superior leadership; and
- A unifying, motivating culture.

**Restaurant Brands**

*Red Lobster*

Red Lobster is the largest full service dining seafood specialty restaurant operator in the United States. It offers an extensive menu featuring fresh fish, shrimp, crab, lobster, scallops and other seafood in a casual atmosphere. The menu includes a variety of specialty seafood and non-seafood entrées, appetizers and desserts.

Most dinner entrée prices range from $10.00 to $33.25, with certain lobster items available by the pound and seasonal/regional fresh fish selections available on a daily fresh fish menu. Most lunch entrée prices range from $6.99 to $12.99. The price of most entrées includes salad, side items and as many of our signature Cheddar Bay Biscuits as a guest desires. During fiscal 2011, the average check per person was approximately $19.75 to $20.25, with alcoholic beverages accounting for 7.7 percent of Red Lobster s sales. Red Lobster maintains different lunch and dinner menus and different menus across its trade areas to reflect geographic differences in consumer preferences, prices and selections, as well as a lower-priced children s menu.

*Olive Garden*

Olive Garden is the largest full service dining Italian restaurant operator in the United States. Olive Garden s menu includes a variety of authentic Italian foods featuring fresh ingredients and a wine list that includes a broad selection of wines imported from Italy. The menu includes flatbreads and other appetizers; soups, salad and garlic breadsticks; baked pastas; sautéed specialties with chicken, seafood and fresh vegetables; grilled meats; and a variety of desserts. Olive Garden also uses coffee imported from Italy for its espresso and cappuccino.

Most dinner menu entrée prices range from $9.25 to $24.50, and most lunch menu entrée prices range from $6.95 to $16.25. The price of each entrée includes as much fresh salad or soup and breadsticks as a guest desires. For fiscal 2011, the average check per person was approximately $16.00 to $16.50, with alcoholic beverages accounting for 7.5 percent of Olive Garden s sales. Olive Garden maintains different menus for dinner and lunch and different menus across its trade areas to reflect geographic differences in consumer preferences, prices and selections, as well as a lower-priced children s menu.

*LongHorn Steakhouse*

LongHorn Steakhouse restaurants are full service establishments serving both lunch and dinner in an attractive and inviting atmosphere reminiscent of the classic American West. With locations in 33 states, primarily in the Eastern half of the United States, LongHorn Steakhouse restaurants feature a variety of top quality menu items including signature fresh steaks, as well as salmon, shrimp, chicken, ribs, pork chops, burgers and prime rib.

Most dinner menu entrée prices range from $12.00 to $23.00, and most lunch menu entrée prices range from $8.00 to $15.00. The price of most entrées includes a side and/or salad and as much freshly baked bread as a guest desires. During fiscal 2011, the average check per person was approximately $18.50 to $19.00, with alcoholic beverages accounting for 9.5 percent of LongHorn Steakhouse s sales. LongHorn Steakhouse maintains different menus for dinner and lunch and different menus across its trade areas to reflect geographic differences in consumer preferences, prices and selections, as well as a lower-priced children s menu.

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*The Capital Grille*

The Capital Grille has locations in major metropolitan cities in the United States and features relaxed elegance and style. Nationally acclaimed for dry aging steaks on the premises, The Capital Grille is also known for fresh seafood flown in daily and culinary specials created by its chefs. The restaurants feature an award-winning wine list offering over 350 selections, personalized service, comfortable club-like atmosphere, and premiere private dining rooms.

Most dinner menu entrée prices range from $26.00 to $47.00 and most lunch menu entrée prices range from $14.00 to $30.00. During fiscal 2011, the average check per person was approximately $70.00 to $71.00, with alcoholic beverages accounting for 30.7 percent of The Capital Grille s sales. The Capital Grille maintains different menus for dinner and lunch and different menus across its trade areas to reflect geographic differences in consumer preferences, prices and selections.

*Bahama Breeze*

Bahama Breeze restaurants bring guests the feeling of a Caribbean escape, offering the food, drinks and atmosphere found in the islands. The menu features distinctive, Caribbean-inspired fresh seafood, chicken and steaks as well as signature specialty drinks. In fiscal 2007, Bahama Breeze wrote down the carrying value of five restaurants and closed nine, but improved the guest experience and unit economics sufficiently at the remaining restaurants that we have restarted modest unit growth, with one restaurant opening in each of the last three fiscal years.

Most dinner menu entrée prices at Bahama Breeze range from $9.00 to $23.00, and most lunch entrée prices range from $8.00 to $13.00. During fiscal 2011, the average check per person was approximately $22.50 to $23.00, with alcoholic beverages accounting for 21.9 percent of Bahama Breeze s sales. Bahama Breeze maintains different menus for dinner and lunch and different menus across its trade areas to reflect geographic differences in consumer preferences, prices and selections, as well as a lower-priced children s menu.

*Seasons 52*

Seasons 52 is a casually sophisticated, fresh grill and wine bar with seasonally inspired menus offering fresh ingredients to create great tasting meals that are lower in calories than comparable restaurant meals. It offers an international wine list of more than 90 wines, with approximately 60 available by the glass.

*Synergy Restaurant*

In March 2011, we opened a test synergy restaurant that houses both a Red Lobster and Olive Garden restaurant in the same building, but with separate front doors, dining rooms and brand-specific menus. The shared building is designed to keep the guest experience the same while delivering cost efficiencies. We developed this concept to test expansion into smaller markets that would not meet our population density requirements to build a single brand. Future synergy restaurants may not be limited to Red Lobster and Olive Garden combinations, but could involve our other brands as well.

**Recent and Planned Growth**

During fiscal 2011, we opened 70 net new restaurants. Our actual and projected net new openings from continuing operations by brand are shown below.

| | Actual Net New Restaurant Openings Fiscal 2011 | Projected Net New Restaurant Openings Fiscal 2012 |
|---|---|---|
| Red Lobster | 4 | 3-5 |
| Olive Garden | 31 | 35-40 |
| LongHorn Steakhouse | 23 | 30-35 |
| The Capital Grille | 4 | 2 |
| Bahama Breeze | 1 | 3-4 |
| Seasons 52 | 6 | 5-6 |
| Other | 1 | 2 |
| Totals | 70 | Approximately 80-90 |

The actual number of openings for each of our brands will depend on many factors, including our ability to locate appropriate sites, negotiate acceptable purchase or lease terms, obtain necessary local governmental permits, complete construction, and recruit and train restaurant management and hourly personnel. Our objective is to continue to expand all of our restaurant brands, and to develop or acquire additional brands that can be expanded profitably. We continue to test new ideas and brands, and also to evaluate potential acquisition candidates to assess whether they would satisfy our strategic and financial objectives.

We consider location to be a critical factor in determining a restaurant s long-term success, and we devote significant effort to the site selection process. Prior to entering a market, we conduct a thorough study to determine the optimal number and placement of restaurants. Our site selection process incorporates a variety of analytical techniques to evaluate key factors. These factors include trade area demographics, such as target population density and household income levels; competitive influences in the trade area; the site s visibility, accessibility and traffic volume; and proximity to activity centers such as shopping malls, hotel/motel complexes, offices and universities. Members of senior management evaluate, inspect and approve each restaurant site prior to its acquisition. Constructing and opening a new restaurant typically takes approximately 180 days on average after permits are obtained and the site is acquired.

The following table illustrates the approximate average capital investment, size and dining capacity of the nine Red Lobster restaurants (seven new restaurants and two relocations), 34 Olive Garden restaurants (33 new restaurants and one relocation) and the 25 LongHorn Steakhouse restaurants (24 new restaurants and one relocation) opened during fiscal 2011. The table excludes any rebuilt restaurants.

| | Capital Investment(1) | Square Feet(2) | Dining Seats(3) | Dining Tables(4) |
|---|---|---|---|---|
| Red Lobster | $ 4,185,000 | 7,029 | 234 | 43 |
| Olive Garden | $ 3,867,000 | 7,555 | 237 | 58 |
| LongHorn Steakhouse | $ 3,106,000 | 6,175 | 202 | 46 |

(1) Estimated final cost includes net present value of lease obligations and working capital credit, but excludes internal overhead.
(2) Includes all space under the roof, including the coolers and freezers.
(3) Includes bar dining seats and patio seating, but excludes bar stools.
(4) Includes patio dining tables.

We systematically review the performance of our restaurants to ensure that each one meets our standards. When a restaurant falls below minimum standards, we conduct a thorough analysis to determine the causes, and implement marketing and operational plans to improve that restaurant s performance. If performance does not improve to acceptable levels, the restaurant is evaluated for relocation, closing or conversion to one of our other brands.

During fiscal 2009, we permanently closed three Red Lobster restaurants, one Olive Garden restaurant and five LongHorn Steakhouse restaurants. During fiscal 2010, we permanently closed three Red Lobster restaurants and three LongHorn Steakhouse restaurants. During fiscal 2011, we permanently closed one Red Lobster restaurant, two Olive Garden restaurants and two LongHorn Steakhouse restaurants. Permanent closures are typically due to

economic changes in trade areas, the expiration of lease agreements, or site selection concerns. Accordingly, we continue to evaluate our site locations in order to minimize the risk of future closures or asset impairment charges.

**Restaurant Operations**

We believe that high-quality restaurant management is critical to our long-term success. Our restaurant management structure varies by brand and restaurant size. We issue detailed operations manuals covering all aspects of restaurant operations, as well as food and beverage manuals which detail the preparation procedures of our recipes. The restaurant management teams are responsible for the day-to-day operation of each restaurant and for ensuring compliance with our operating standards.

Each typical Red Lobster and Olive Garden restaurant is led by a general manager, and each LongHorn Steakhouse restaurant is led by a managing partner. Each also has three to five additional managers, depending on the operating complexity and sales volume of the restaurant. In addition, each restaurant employs approximately 50-185 hourly employees, most of whom work part-time. Restaurant general managers or managing partners report to a director of operations who is responsible for approximately six to 10 restaurants. Restaurants are visited regularly by all levels of supervision to help ensure strict adherence to all aspects of our standards.

Each Bahama Breeze restaurant is led by a general manager, and each The Capital Grille and Seasons 52 restaurant is led by a managing partner. Each also has one to four assistant managers and one to three kitchen managers. In addition, each restaurant employs an average of approximately 70 to 115 hourly employees. The general manager or managing partner of each restaurant reports directly to a director of operations, who has operational responsibility for approximately three to ten restaurants. Restaurants are visited regularly by all levels of supervision to help ensure strict adherence to all aspects of our standards.

Our Learning Center of Excellence in partnership with each brand s head of training, together with senior operations executives, are responsible for developing and maintaining our operations training programs. These efforts include a 12 to 15-week training program for management trainees and continuing development programs for managers, supervisors and directors. The emphasis of the training and development programs varies by restaurant brand, but includes leadership, restaurant business management and culinary skills. We also use a highly structured training program to open new restaurants, including deploying training teams experienced in all aspects of restaurant operations. The opening training teams typically begin work one week prior to opening and remain at the new restaurant for up to three weeks after the opening. They are re-deployed as appropriate to enable a smooth transition to the restaurant s operating staff.

We maintain performance measurement and incentive compensation programs for our management-level employees. We believe that our leadership position, strong success-oriented culture and various short-term and long-term incentive programs, including stock and stock-based compensation, help attract and retain highly motivated restaurant managers.

**Quality Assurance**

Our Total Quality Department helps ensure that all restaurants provide safe, high-quality food in a clean and safe environment. Through rigorous physical evaluation and testing at our North American laboratories and through point source inspection by our international team of Quality Specialists in several foreign countries, we purchase only seafood that meets or exceeds our specifications. We use independent third parties to inspect and evaluate commodity vendors. In addition, any commodity supplier that produces a high-risk product is subject to a food safety evaluation by Darden personnel at least annually. We require our suppliers to maintain sound manufacturing practices and operate with the comprehensive Hazard Analysis and Critical Control Point ( HACCP ) food safety programs adopted by the U.S. Food and Drug Administration. The HACCP programs focus on preventing hazards that could cause food-borne illnesses by applying scientifically-based controls to analyze hazards, identify and monitor critical control points, and establish corrective actions when monitoring shows that a critical limit has not been met. Since 1976, we have required routine microbiological testing of seafood and other commodities for quality and microbiological safety. In addition, our total quality managers and third party auditors visit each restaurant periodically throughout the year to review food handling and to provide education and training in food

safety and sanitation. The total quality managers also serve as a liaison to regulatory agencies on issues relating to food safety.

**Purchasing and Distribution**

Our ability to ensure a consistent supply of high-quality food and supplies at competitive prices to all of our restaurant brands depends on reliable sources of procurement. Our purchasing staff sources, negotiates and purchases food and supplies from more than 2,000 suppliers whose products originate in more than 30 countries. Suppliers must meet strict quality control standards in the development, harvest, catch and production of food products. Competitive bids, long-term contracts and long-term vendor relationships are routinely used to manage availability and cost of products.

We believe that our seafood purchasing capabilities are a significant competitive advantage. Our purchasing staff travels routinely within the United States and internationally to source more than 100 varieties of top-quality seafood at competitive prices. We believe that we have established excellent long-term relationships with key seafood vendors and usually source our product directly from producers (not brokers or middlemen). While the supply of certain seafood species is volatile, we believe we have the ability to identify alternative seafood products and to adjust our menus as necessary. All other essential food products are available, or can be made available upon short notice, from alternative qualified suppliers. Because of the relatively rapid turnover of perishable food products, inventories in the restaurants have a modest aggregate dollar value in relation to sales. Controlled inventories of specified products are distributed to restaurants through third-party national distribution companies. In addition, through agreements between our subsidiary Darden Direct Distribution, Inc. and these distribution companies, we maintain inventory ownership and dedicated operations in select environments enhancing our supply chain s competitive advantage.

Our supplier diversity program is an integral part of our purchasing efforts. Through this program, we identify minority and women-owned vendors and assist them in establishing supplier relationships with us. We are committed to the development and growth of minority and women-owned enterprises, and during fiscal 2011 we spent approximately 5.8 percent and 3.5 percent, respectively, of our purchasing dollars with those firms.

We continue to invest in new technologies to improve our purchasing and restaurant operations. During fiscal 2011, we completed the implementation of iKitchen, a web-based software system, to our regional suppliers. The system is designed to more efficiently handle restaurant product orders, receiving, invoice approval and inventories.

**Advertising and Marketing**

We believe we have developed significant marketing and advertising capabilities. Our size enables us to be a leading advertiser in the full service dining segment of the restaurant industry. Red Lobster and Olive Garden leverage the efficiency of national network television advertising. Olive Garden supplements this with cable, local television and digital advertising, and Red Lobster with cable and digital advertising. LongHorn Steakhouse currently uses local television advertising, and began national cable television advertising in fiscal 2011. The Capital Grille, Bahama Breeze and Seasons 52 do not use national television advertising. Our restaurants appeal to a broad spectrum of consumers and we use advertising to attract customers. We implement periodic promotions as appropriate to maintain and increase our sales and profits, as well as strengthen our brands. We also rely on outdoor billboard, direct mail and email advertising, as well as radio, newspapers, digital coupons, search engine marketing and social media such as Facebook® and Twitter®, as appropriate, to attract and retain customers. We have developed and consistently use sophisticated consumer marketing research techniques to monitor customer satisfaction and evolving expectations.

**Employees**

At the end of fiscal 2011, we employed approximately 178,500 persons. Of these employees, approximately 168,500 were hourly restaurant personnel. The remainder were restaurant management personnel located in the restaurants or in the field, or were located at our restaurant support center facility in Orlando, Florida. Our operating executives have an average of more than 14 years of experience with us. The restaurant general managers average 12 years with us. We believe that we provide working conditions and compensation that compare favorably with those of our competitors. Most employees, other than restaurant management and corporate management, are paid on an hourly basis. None of our employees are covered by a collective bargaining agreement. We consider our employee relations to be good.

In January 2011, we were ranked among Fortune magazine s 100 Best Companies to Work For in America. We were the first full-service restaurant company ever to be named to the list, and are committed to fostering a strong, values-based culture where employees can learn, thrive and grow.

**Information Technology**

We strive for leadership in the restaurant business by using technology as a competitive advantage and as an enabler of our strategy. Since 1975, computers located in the restaurants have been used to assist in the management of the restaurants. We have implemented technology-enabled business solutions targeted at improved financial control, cost management, enhanced guest service and improved employee effectiveness. These solutions are designed to be used across restaurant brands, yet are flexible enough to meet the unique needs of each restaurant brand. Our strategy is to fully integrate systems to drive operational efficiencies and enable restaurant teams to focus on restaurant operations excellence. Over the past few years, we implemented a new meal pacing system, in all Olive Garden and Red Lobster locations, designed to properly pace the preparation of menu items, based on cook-time, to enhance the guest s experience and enhance restaurant capacity by increasing table turns. During fiscal 2012, Bahama Breeze, LongHorn Steakhouse, The Capital Grille and Seasons 52 will pilot and begin implementing this meal pacing system in their locations.

During fiscal 2011, Olive Garden implemented a new table management system to enhance the guest experience by providing accurate wait times and enhance restaurant capacity by increasing table turns. During fiscal 2012, LongHorn Steakhouse will pilot and begin implementing the table management system in its locations. In addition, during fiscal 2011 we continued to work on transformational initiatives to effectively manage our large work force and to manage our costs. During fiscal 2012, a talent acquisition system is being piloted and implemented across all brands for front line employee candidates.

Restaurant hardware and software support for all of our restaurant brands is provided or coordinated from the restaurant support center facility in Orlando, Florida, seven days a week, 24 hours a day. A high-speed data network sends and receives critical business data to and from the restaurants throughout the day and night, providing timely and extensive information on business activity in every location. Our data center contains sufficient computing power to process information from all restaurants quickly and efficiently. Our information is processed in a secure environment to protect both the actual data and the physical assets. We guard against business interruption by maintaining a disaster recovery plan, which includes storing critical business information off-site, testing the disaster recovery plan at a host-site facility and providing on-site power backup via a large diesel generator. We use internally developed proprietary software, as well as purchased software, with proven, non-proprietary hardware. This allows processing power to be distributed effectively to each of our restaurants.

Our management believes that our current systems and practice of implementing regular updates will position us well to support current needs and future growth. We are committed to maintaining an industry leadership position in information systems and computing technology. We use a strategic information systems planning process that involves senior management and is integrated into our overall business planning. Information systems projects are prioritized based upon strategic, financial, regulatory and other business advantage criteria.

**Competition**

The restaurant industry is intensely competitive with respect to the type and quality of food, price, service, restaurant location, personnel, brand, attractiveness of facilities, and effectiveness of advertising and marketing. The

restaurant business is often affected by changes in consumer tastes; national, regional or local economic conditions; demographic trends; traffic patterns; the type, number and location of competing restaurants; and consumers discretionary purchasing power. We compete within each market with national and regional chains and locally-owned restaurants for customers, management and hourly personnel and suitable real estate sites. We also face growing competition from the supermarket industry, which offers convenient meals in the form of improved entrées and side dishes from the deli section. We expect intense competition to continue in all of these areas.

Other factors pertaining to our competitive position in the industry are addressed under the sections entitled Purchasing and Distribution, Advertising and Marketing and Information Technology in this Item 1 and in our Risk Factors in Item 1A of this Form 10-K.

**Trademarks, Service Marks, Franchises and Joint Ventures**

We regard our Darden Restaurants®, Red Lobster®, Olive Garden®, LongHorn Steakhouse®, The Capital Grille®, Bahama Breeze®, and Seasons 52® service marks, and other service marks and trademarks related to our restaurant businesses, as having significant value and as being important to our marketing efforts. Our policy is to pursue registration of our important service marks and trademarks and to oppose vigorously any infringement of them. Generally, with appropriate renewal and use, the registration of our service marks and trademarks will continue indefinitely.

All but three of our 1,894 restaurants in operation at May 29, 2011 are Company-owned and operated. Those three restaurants are located in Central Florida and are owned by joint ventures managed by us. The joint ventures pay management fees to us, and we control the joint ventures use of our service marks. We have one unaffiliated franchisee with the right under an area development and franchise agreement to operate franchised LongHorn Steakhouse restaurants in Puerto Rico. As of May 29, 2011, this franchisee operated five LongHorn Steakhouse restaurants in Puerto Rico. Our restaurant operations outside of North America are conducted through area development and franchise agreements. In Japan, we have an agreement with an unaffiliated Japanese corporation that operated 22 Red Lobster restaurants in Japan as of May 29, 2011. In October 2010, we entered into a formal area development agreement with an unaffiliated operator to develop and operate Red Lobster, Olive Garden and LongHorn Steakhouse restaurants in the Middle East. The agreement calls for the operator to develop a minimum of 60 restaurants in Bahrain, Dubai, Egypt, Kuwait, Lebanon, Qatar, Saudi Arabia and United Arab Emirates over the next five years. As of May 29, 2011, no restaurants had been opened under this agreement, but a Red Lobster opened in Dubai in July 2011. We do not have an ownership interest in these franchisees, but we receive royalty income under the franchise agreements. The amount of income we derive from these joint venture and franchise arrangements is not material to our consolidated financial statements.

**Seasonality**

Our sales volumes fluctuate seasonally. During fiscal 2011 and fiscal 2010, our average sales per restaurant were highest in the winter and spring, followed by the summer, and lowest in the fall. During fiscal 2009, our average sales per restaurant were highest in the summer and spring, followed by the winter, and lowest in the fall. Holidays, changes in the economy, severe weather and similar conditions may impact sales volumes seasonally in some operating regions. Because of the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year.

**Government Regulation**

We are subject to various federal, state and local laws affecting our business. Each of our restaurants must comply with licensing requirements and regulations by a number of governmental authorities, which include health, safety and fire agencies in the state or municipality in which the restaurant is located. The development and operation of restaurants depend on selecting and acquiring suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations. To date, we have not been significantly affected by any difficulty, delay or failure to obtain required licenses or approvals.

During fiscal 2011, 9.2 percent of our sales were attributable to the sale of alcoholic beverages. Regulations governing their sale require licensure by each site (in most cases, on an annual basis), and licenses may

be revoked or suspended for cause at any time. These regulations relate to many aspects of restaurant operation, including the minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling, and storage and dispensing of alcoholic beverages. The failure of a restaurant to obtain or retain these licenses would adversely affect the restaurant s operations. We also are subject in certain states to dram-shop statutes, which generally provide an injured party with recourse against an establishment that serves alcoholic beverages to an intoxicated person who then causes injury to himself or a third party. We carry liquor liability coverage as part of our comprehensive general liability insurance.

We also are subject to federal and state minimum wage laws and other laws governing such matters as overtime, tip credits, working conditions, safety standards, and hiring and employment practices. Changes in these laws during fiscal 2011 have not had a material effect on our operations.

We currently are operating under a Tip Rate Alternative Commitment ( TRAC ) agreement with the Internal Revenue Service. Through increased educational and other efforts in the restaurants, the TRAC agreement reduces the likelihood of potential chain-wide employer-only FICA assessments for unreported tips.

We are subject to federal and state environmental regulations, but these rules have not had a material effect on our operations. During fiscal 2011, there were no material capital expenditures for environmental control facilities and no material expenditures for this purpose are anticipated.

Our facilities must comply with the applicable requirements of the Americans with Disabilities Act of 1990 ( ADA ) and related state accessibility statutes. Under the ADA and related state laws, we must provide equivalent service to disabled persons and make reasonable accommodation for their employment, and when constructing or undertaking significant remodeling of our restaurants, we must make those facilities accessible.

We are reviewing the health care reform law enacted by Congress in March of 2010 ( Health Care Reform Law ). As part of that review, we will evaluate the potential impacts of this new law on our business, and accommodate various parts of the law as they take effect.

We are subject to laws and regulations relating to the preparation and sale of food, including regulations regarding product safety, nutritional content and menu labeling. We are or may become subject to laws and regulations requiring disclosure of calorie, fat, trans fat, salt and allergen content. The Health Care Reform Law requires restaurant companies such as ours to disclose calorie information on their menus. The Food and Drug Administration has proposed rules to implement this provision that would require restaurants to post the number of calories for most items on menus or menu boards and to make available more detailed nutrition information upon request.

We are subject to laws relating to information security, privacy, cashless payments and consumer credit, protection and fraud. An increasing number of governments and industry groups worldwide have established data privacy laws and standards for the protection of personal information, including social security numbers, financial information (including credit card numbers), and health information.

See Item 1A Risk Factors below for a discussion of risks relating to federal, state and local regulation of our business, including in the areas of health care reform, data privacy and environmental matters.

**Executive Officers of the Registrant**

Our executive officers as of the date of this report are listed below.

Clarence Otis, Jr., age 55, has been our Chairman of the Board since November 2005, Chief Executive Officer since November 2004, and a Director since September 2004. Mr. Otis was our Executive Vice President from March 2002 until November 2004 and President of Smokey Bones Barbeque & Grill from December 2002 until November 2004. He served as our Senior Vice President from December 1999 until March 2002, and our Chief Financial Officer from December 1999 until December 2002. He joined us in 1995 as Vice President and Treasurer. He served as our Senior Vice President, Investor Relations from July 1997 to August 1998, and as Senior Vice President, Finance and Treasurer from August 1998 until December 1999. From 1991 to 1995, he was

employed by Chemical Securities, Inc. (now J.P. Morgan Securities, Inc.), an investment banking firm, where he had been Managing Director and Manager of Public Finance.

Andrew H. (Drew) Madsen, age 55, has been our President and Chief Operating Officer since November 2004, and a Director since September 2004. Mr. Madsen was our Senior Vice President and President of Olive Garden from March 2002 until November 2004, and Executive Vice President of Marketing for Olive Garden from December 1998 to March 2002. From 1997 until joining us, he was President of International Master Publishers, Inc., a company that developed and direct-marketed consumer information products. Prior to joining us, he held various positions at James River Corporation (now part of Koch Industries), including Vice President and General Manager for the Dixie consumer products unit. From 1980 until 1992, he held various marketing positions with our former parent company, General Mills, Inc., a manufacturer and marketer of consumer food products.

James J. (J.J.) Buettgen, age 50, has been our Senior Vice President, Chief Marketing Officer since June 2011. Previously, he served as our Senior Vice President, New Business Development from May 2007 until June 2011. He served as our Senior Vice President and President of Smokey Bones Barbeque & Grill, a restaurant concept formerly owned and operated by us, from November 2004 until May 2007, and our Senior Vice President and President-designate of Smokey Bones from August 2004 until November 2004. From July 2003 until August 2004, he was President of Big Bowl Asian Kitchen, a casual dining company owned by Brinker International, Inc., a restaurant operator, and from October 2002 until June 2003 he was Senior Vice President of Marketing and Brand Development for Brinker. From 1999 to 2002, he was Senior Vice President of Marketing and Sales for Disneyland Resorts, a division of the Walt Disney Company, where he helped launch Disney s California Adventure theme park, and from 1998 to 1999 was Senior Vice President of Marketing for Hollywood Entertainment Group, a video retailer. He held several marketing posts with our former parent company, General Mills, Inc., a manufacturer and marketer of consumer food products, from 1989 through 1994. From 1994 to 1998, he was Vice President of Marketing for Olive Garden until being promoted to Senior Vice President of Marketing for Olive Garden in 1998.

John H. Caron, age 53, has been our President, Olive Garden since June 2011. He served as our Senior Vice President, Chief Marketing Officer from April 2010 to June 2011. From April 2003 to April 2010, he was Executive Vice President of Marketing for Olive Garden. From 1985 until joining us, he held various positions at Unilever Bestfoods North America, including Vice President and General Manager of Beverages from 2000 to 2002.

Valerie K. Collins, age 52, has been our Senior Vice President, Corporate Controller since December 2006, and was Senior Vice President, Corporate Controller, and Chief Information Officer from December 2006 until September 2007. She served as our Senior Vice President and Chief Information Officer from January 2003 until December 2006, and Senior Vice President, Finance and Controller for Red Lobster from August 1998 until January 2003. She joined Red Lobster in 1985 as Manager of Accounting Systems and held progressively more responsible positions until being promoted to Vice President Finance and Controller for Olive Garden in 1994 and to Senior Vice President Finance and Controller for Olive Garden in 1996.

David C. George, age 55, has been our President of LongHorn Steakhouse since our acquisition of RARE on October 1, 2007. Prior to the acquisition, he served as RARE s President of LongHorn Steakhouse from May 2003 until October 2007. From October 2001 until May 2003, he was RARE s Senior Vice President of Operations for LongHorn Steakhouse, and from May 2000 until October 2001 was RARE s Vice President of Operations for The Capital Grille.

Eugene I. (Gene) Lee, Jr., age 50, has been President of our Specialty Restaurant Group since our acquisition of RARE on October 1, 2007. Prior to the acquisition, he served as RARE s President and Chief Operating Officer from January 2001 to October 2007. From January 1999 until January 2001, he served as RARE s Executive Vice President and Chief Operating Officer.

Kim A. Lopdrup, age 53, has been our Senior Vice President of Business Development since June 2011. He served as President of Red Lobster from May 2004 until June 2011. He joined us in November 2003 as Executive Vice President of Marketing for Red Lobster. From 2001 until 2002, he served as Executive Vice President and Chief Operating Officer for North American operations of Burger King Corporation, an operator and franchiser of fast food restaurants. From 1985 until 2001, he worked for Allied Domecq Quick Service Restaurants ( ADQSR ), a franchiser of quick service restaurants including Dunkin Donuts, Baskin-Robbins and Togo s

Eateries, where he held progressively more responsible positions in marketing, strategic planning and general management roles, eventually serving as Chief Executive Officer of ADQSR International.

Robert McAdam, age 53, has been our Senior Vice President of Government and Community Affairs since December 2006. Prior to joining us, he was employed by retailer Wal-Mart Inc. as Vice President, Corporate Affairs from 2004 to 2006, and Vice President, State and Local Governmental Relations from 2000 to 2004. From 1997 to 2000, he was a Senior Vice President of Fleishman-Hillard, an international public relations firm.

Daisy Ng, age 53, has been our Senior Vice President, Chief Human Resources Officer since June 2009. From October 2005 to June 2009, she was our Senior Vice President of Talent Management. Prior to joining us, she was Chief Learning Officer and Vice President, Workforce Development for Hewlett-Packard, a technology company, from November 2003 to August 2005.

David T. Pickens, age 56, has been our President, Red Lobster since June 2011. He served as our President, Olive Garden from December 2004 until June 2011. He joined us in 1973 as a Red Lobster hourly employee and progressed from manager trainee to regional operations manager, director of operations, and ultimately was promoted to a division Senior Vice President of Operations for Red Lobster. He joined Olive Garden in 1995 as Senior Vice President of Operations for the Orlando division and was promoted to Executive Vice President of Operations in September 1999, where he served until his promotion to President of Olive Garden in December 2004.

C. Bradford (Brad) Richmond, age 52, has been our Senior Vice President and Chief Financial Officer since December 2006. From August 2005 to December 2006, he served as our Senior Vice President and Corporate Controller. He served as Senior Vice President Finance, Strategic Planning and Controller of Red Lobster from January 2003 to August 2005, and previously was Senior Vice President, Finance and Controller at Olive Garden from August 1998 to January 2003. He joined us in 1982 as a food and beverage analyst for Casa Gallardo, a restaurant brand formerly owned and operated by us, and from June 1985 to August 1998 held progressively more responsible finance and marketing positions with our York Steak House, Red Lobster and Olive Garden brands in both the United States and Canada.

Teresa M. Sebastian, age 53, has been our Senior Vice President, General Counsel and Secretary since October 2010. Prior to joining us, she served as Vice President, General Counsel and Corporate Secretary for Veyance Technologies, Inc., a manufacturer of industrial rubber products and exclusive manufacturer and marketer of Goodyear® Engineered Products from May 2008 until October 2010. She also served as Senior Vice President and General Counsel and was with Information Resources, Inc. from May 2007 to April 2008; Assistant General Counsel and Assistant Corporate Secretary for DTE Energy Company from September 2001 to May 2007; and Senior Corporate Counsel for CMS Energy Corporation from September 1994 to September 2001.

**Item 1A. RISK FACTORS**

Various risks and uncertainties could affect our business. Any of the risks described below or elsewhere in this report or our other filings with the Securities and Exchange Commission could have a material impact on our business, financial condition or results of operations. It is not possible to predict or identify all risk factors. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations. Therefore, the following is not intended to be a complete discussion of all potential risks or uncertainties.

***Food safety and food-borne illness concerns throughout the supply chain may have an adverse effect on our business.***

Food safety is a top priority, and we dedicate substantial resources to ensuring that our customers enjoy safe, quality food products. However, food safety issues could be caused by food suppliers or distributors and, as a result, be out of our control. In addition, regardless of the source or cause, any report of food-borne illnesses such as E. coli, hepatitis A, trichinosis or salmonella, and other food safety issues including food tampering or contamination, at one of our restaurants could adversely affect the reputation of our brands and have a negative impact on our sales. Even instances of food-borne illness, food tampering or food contamination occurring solely at

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restaurants of our competitors could result in negative publicity about the food service industry generally and adversely impact our sales. The occurrence of food-borne illnesses or food safety issues could also adversely affect the price and availability of affected ingredients, resulting in higher costs and lower margins.

***Litigation, including allegations of illegal, unfair or inconsistent employment practices, may adversely affect our business, financial condition and results of operations.***

Our business is subject to the risk of litigation by employees, guests, suppliers, shareholders, government agencies or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. These actions and proceedings may involve allegations of illegal, unfair or inconsistent employment practices, including wage and hour violations and employment discrimination; guest discrimination; food safety issues including poor food quality, food-borne illness, food tampering, food contamination, and adverse health effects from consumption of various food products or high-calorie foods (including obesity); other personal injury; violation of dram shop laws (providing an injured party with recourse against an establishment that serves alcoholic beverages to an intoxicated party who then causes injury to himself or a third party); trademark infringement; violation of the federal securities laws; or other concerns. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend litigation may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of our brands, regardless of whether the allegations are valid or we ultimately are found liable. Litigation could impact our operations in other ways as well. Allegations of illegal, unfair or inconsistent employment practices, for example, could adversely affect employee acquisition and retention. As a result, litigation may adversely affect our business, financial condition and results of operations.

***Unfavorable publicity, or a failure to respond effectively to adverse publicity, could harm our reputation and adversely impact our guest counts and sales.***

The good reputation of our restaurant brands is a key factor in the success of our business. Actual or alleged incidents at any of our restaurants could result in negative publicity that could harm our brands. Even incidents occurring at restaurants operated by our competitors or in the supply chain generally could result in negative publicity that could harm the restaurant industry overall and, indirectly, our own brands. Negative publicity may result from allegations of illegal, unfair or inconsistent employment practices, guest discrimination, illness, injury, or any of the other matters discussed above that could give rise to litigation. Regardless of whether the allegations or complaints are valid, unfavorable publicity relating to a limited number of our restaurants, or only to a single restaurant, could adversely affect public perception of the entire brand. Negative publicity also may result from health concerns including food safety and flu outbreaks, publication of government or industry findings concerning food products, environmental disasters, crime incidents, data privacy breaches, scandals involving our employees, or operational problems at our restaurants, all of which could make our brands and menu offerings less appealing to our guests and negatively impact our guest counts and sales. Adverse publicity and its effect on overall consumer perceptions of our brands, or our failure to respond effectively to adverse publicity, could have a material adverse effect on our business.

***We are subject to a number of risks relating to federal, state and local regulation of our business, including in the areas of health care reform, environmental matters, minimum wage, data privacy, menu labeling, immigration requirements and taxes, and an insufficient or ineffective response to government regulation may impact our cost structure, operational efficiencies and talent availability.***

The restaurant industry is subject to extensive federal, state and local laws and regulations. The development and operation of restaurants depend to a significant extent on the selection and acquisition of suitable sites, which are subject to building, zoning, land use, environmental, traffic and other regulations and requirements. We are subject to licensing and regulation by state and local authorities relating to health, sanitation, safety and fire standards and the sale of alcoholic beverages. We are subject to laws and regulations relating to the preparation and sale of food, including regulations regarding product safety, nutritional content and menu labeling. We are subject to federal and state laws governing minimum wages, unionization and other labor issues. These include the Fair Labor Standards Act of 1938 and requirements concerning overtime, family leave, tip credits, working conditions and safety standards. They also include the Immigration Reform and Control Act of 1986, which requires among other things the preparation of Form I-9 to verify that employees are authorized to accept employment in the United States.

We also are subject to federal and state laws which prohibit discrimination and other laws regulating the design and operation of facilities, such as the Americans With Disabilities Act of 1990. Compliance with these laws and regulations can be costly and increase our exposure to litigation and governmental proceedings, and a failure or perceived failure to comply with these laws could result in negative publicity that could harm our reputation. New or changing laws and regulations relating to union organizing rights and activities may impact our operations at the restaurant level and increase our cost of labor.

We are reviewing the Health Care Reform Law. As part of that review, we will evaluate the potential impacts of this new law on our business, and accommodate various parts of the law as they take effect. There are no assurances that a combination of cost management and price increases can accommodate all of the costs associated with compliance. We did not receive tax-free subsidies for providing prescription drugs to retirees under Medicare Part D. Therefore, we have no deferred tax assets associated with our retiree medical plan that would be impacted by this law. The Health Care Reform Law also requires restaurant companies such as ours to disclose calorie information on their menus. We do not expect to incur any material costs from compliance with this provision, but cannot anticipate any changes in guest behavior resulting from the implementation of this portion of the law, which could have an adverse effect on our sales or results of operations.

We are subject to a variety of federal, state and local laws and regulations relating to the use, storage, discharge, emission and disposal of hazardous materials. There also has been increasing focus by U.S. and overseas governmental authorities on other environmental matters, such as climate change, the reduction of greenhouse gases and water consumption. This increased focus may lead to new initiatives directed at regulating an as yet unspecified array of environmental matters, such as the emission of greenhouse gases, where cap and trade initiatives could effectively impose a tax on carbon emissions. Legislative, regulatory or other efforts to combat climate change or other environmental concerns could result in future increases in the cost of raw materials, taxes, transportation and utilities, which could decrease our operating profits and necessitate future investments in facilities and equipment.

We are subject to laws relating to information security, privacy, cashless payments and consumer credit, protection and fraud. An increasing number of governments and industry groups worldwide have established data privacy laws and standards for the protection of personal information, including social security numbers, financial information (including credit card numbers), and health information. Compliance with these laws and regulations can be costly, and any failure or perceived failure to comply with those laws could harm our reputation or lead to litigation, which could adversely affect our financial condition.

The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations, or an insufficient or ineffective response to significant regulatory or public policy issues, could increase our cost structure, operational efficiencies and talent availability, and therefore have an adverse effect on our results of operations. Failure to comply with the laws and regulatory requirements of federal, state and local authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings.

***We may be subject to increased labor and insurance costs.***

Our restaurant operations are subject to federal and state laws governing such matters as minimum wages, working conditions, overtime and tip credits. As federal and state minimum wage rates increase, we may need to increase not only the wages of our minimum wage employees but also the wages paid to employees at wage rates that are above minimum wage. Labor shortages, increased employee turnover and health care mandates could also increase our labor costs. This in turn could lead us to increase prices which could impact our sales. Conversely, if competitive pressures or other factors prevent us from offsetting increased labor costs by increases in prices, our profitability may decline. In addition, the current premiums that we pay for our insurance (including workers compensation, general liability, property, health, and directors and officers liability) may increase at any time, thereby further increasing our costs. The dollar amount of claims that we actually experience under our workers compensation and general liability insurance, for which we carry high per-claim deductibles, may also increase at any time, thereby further increasing our costs. Further, the decreased availability of property and liability insurance has the potential to negatively impact the cost of premiums and the magnitude of uninsured losses.

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***We rely heavily on information technology in our operations, and any material failure, inadequacy, interruption or breach of security of that technology could harm our ability to effectively operate our business.***

We rely heavily on information systems across our operations, including for management of our supply chain, point-of-sale processing system in our restaurants, and various other processes and transactions. Our ability to effectively manage our business and coordinate the production, distribution and sale of our products depends significantly on the reliability and capacity of these systems. The failure of these systems to operate effectively, problems with transitioning to upgraded or replacement systems, a material network breach in the security of these systems as a result of a cyber attack, or any other failure to maintain a continuous and secure cyber network could result in substantial harm or inconvenience to us or an individual. This could include the theft of our intellectual property or trade secrets, or the improper use of personal information or other identity theft. Each of these situations or data privacy breaches may cause delays in customer service, reduce efficiency in our operations, require significant capital investments to remediate the problem, or result in negative publicity that could harm our reputation.

***Our inability or failure to execute on a comprehensive business continuity plan following a major natural disaster such as a hurricane or manmade disaster, including terrorism, at our corporate facility could materially adversely impact our business.***

Many of our corporate systems and processes and corporate support for our restaurant operations are centralized at one Florida location. We have disaster recovery procedures and business continuity plans in place to address most events of a crisis nature, including hurricanes and other natural disasters, and back up and off-site locations for recovery of electronic and other forms of data and information. However, if we are unable to fully implement our disaster recovery plans, we may experience delays in recovery of data, inability to perform vital corporate functions, tardiness in required reporting and compliance, failures to adequately support field operations and other breakdowns in normal communication and operating procedures that could have a material adverse effect on our financial condition, results of operation and exposure to administrative and other legal claims.

***Health concerns arising from food-related pandemics, outbreaks of flu viruses or other diseases may have an adverse effect on our business.***

The United States and other countries have experienced, or may experience in the future, outbreaks of viruses, such as norovirus, avian flu or SARS , and H1N1 or swine flu , or other diseases such as bovine spongiform encephalopathy, commonly known as mad cow disease. To the extent that a virus or disease is food-borne, or perceived to be food-borne, future outbreaks may adversely affect the price and availability of certain food products and cause our guests to eat less of a product, or could reduce public confidence in food handling and/or public assembly. For example, health concerns relating to the consumption of beef or to specific events such as an outbreak of mad cow disease may adversely impact sales at LongHorn Steakhouse and The Capital Grille restaurants that offer beef as a primary menu item. In addition, public concern over avian flu may cause fear about the consumption of chicken, eggs and other products derived from poultry. The inability to serve beef or poultry-based products would restrict our ability to provide a variety of menu items to our guests. If we change a restaurant menu in response to such concerns, we may lose customers who do not prefer the new menu, and we may not be able to attract a sufficient new customer base to produce the sales needed to make the restaurant profitable. We also may have different or additional competitors for our intended customers as a result of such a change and may not be able to successfully compete against such competitors. If a virus is transmitted by human contact, our employees or guests could become infected, or could choose, or be advised, to avoid gathering in public places, any of which could adversely affect our restaurant guest traffic, and our ability to adequately staff our restaurants, receive deliveries on a timely basis or perform functions at the corporate level. We also could be adversely affected if jurisdictions in which we have restaurants impose mandatory closures, seek voluntary closures or impose restrictions on operations. Even if such measures are not implemented and a virus or other disease does not spread significantly, the perceived risk of infection or significant health risk may adversely affect our business.

***We face intense competition, and if we are unable to continue to compete effectively, our business, financial condition and results of operations would be adversely affected.***

The full service dining sector of the restaurant industry is intensely competitive with respect to pricing, service, location, personnel and type and quality of food, and there are many well-established competitors. We

compete within each market with national and regional restaurant chains and locally-owned restaurants. We also face growing competition as a result of the trend toward convergence in grocery, deli and restaurant services, particularly in the supermarket industry which offers convenient meals in the form of improved entrées and side dishes from the deli section. We compete primarily on the quality, variety and value perception of menu items. The number and location of restaurants, type of brand, quality and efficiency of service, attractiveness of facilities and effectiveness of advertising and marketing programs are also important factors. We anticipate that intense competition will continue with respect to all of these factors. If we are unable to continue to compete effectively, our business, financial condition and results of operations would be adversely affected.

***Our failure to drive sufficient profitable sales growth through brand relevance, operating excellence, opening new restaurants and developing or acquiring new dining brands could result in poor financial performance.***

As part of our business strategy, we intend to drive profitable sales growth by increasing same-restaurant sales at existing restaurants, continuing to expand our current portfolio of restaurant brands, and developing or acquiring additional brands that can be expanded profitably. This strategy involves numerous risks, and we may not be able to achieve our growth objectives. We may not be able to maintain brand relevance and restaurant operating excellence at existing brands to achieve sustainable same-restaurant sales growth and warrant new unit growth. A failure to define and deliver clear, relevant brands that generate sustainable same-restaurant traffic growth and produce non-traditional sales and earnings growth opportunities, or to evolve in-restaurant and brand support cost structures so that competitively strong sales growth results in stable and improving profit margins, could have an adverse effect on our results of operations. In addition, we may not be able to support sustained new unit growth or open all of our planned new restaurants, and the new restaurants that we open may not be profitable or as profitable as our existing restaurants. New restaurants typically experience an adjustment period before sales levels and operating margins normalize, and even sales at successful newly-opened restaurants generally do not make a significant contribution to profitability in their initial months of operation. The opening of new restaurants can also have an adverse effect on sales levels at existing restaurants. Furthermore, we may not be able to develop or acquire additional brands that are as profitable as our existing restaurants. Growth through acquisitions may involve additional risks. For example, we may pay too much for a brand relative to the actual economic return, be required to borrow funds to make our acquisition (which would increase our interest expense) or be unable to successfully integrate an acquired brand into our operations.

The ability to open and profitably operate restaurants is subject to various risks, such as the identification and availability of suitable and economically viable locations, the negotiation of acceptable lease or purchase terms for new locations, the need to obtain all required governmental permits (including zoning approvals and liquor licenses) on a timely basis, the need to comply with other regulatory requirements, the availability of necessary contractors and subcontractors, the ability to meet construction schedules and budgets, the ability to manage union activities such as picketing or hand billing which could delay construction, increases in labor and building material costs, the availability of financing at acceptable rates and terms, changes in weather or other acts of God that could result in construction delays and adversely affect the results of one or more restaurants for an indeterminate amount of time, our ability to hire and train qualified management personnel and general economic and business conditions. At each potential location, we compete with other restaurants and retail businesses for desirable development sites, construction contractors, management personnel, hourly employees and other resources. If we are unable to successfully manage these risks, we could face increased costs and lower than anticipated sales and earnings in future periods.

***We incurred substantial additional indebtedness to finance the RARE acquisition, which may decrease our business flexibility and increase our borrowing costs.***

We incurred substantial additional indebtedness to finance the RARE acquisition. Although our adjusted debt to adjusted total capital ratio has fallen to near pre-acquisition levels, it remains higher than it was before the acquisition. Our increased indebtedness and higher adjusted debt to adjusted total capital ratio, as compared to that which existed on a historical basis, may have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and increasing borrowing costs.

Our level of indebtedness could have important consequences. For example, it may:

- require a substantial portion of our cash flow from operations for the payment of principal of, and interest on, our indebtedness and reduce our ability to use our cash flow to fund working capital, capital expenditures and general corporate requirements;
- limit our ability to obtain additional financing to fund working capital, capital expenditures, additional acquisitions or general corporate requirements, particularly if the ratings assigned to our debt securities by rating organizations were revised downward; and
- limit our flexibility to adjust to changing business and market conditions and make us more vulnerable to a downturn in general economic conditions as compared to our competitors.

There are various financial covenants and other restrictions in our debt instruments. If we fail to comply with any of these requirements, the related indebtedness (and other unrelated indebtedness) could become due and payable prior to its stated maturity. A default under our debt instruments may also significantly affect our ability to obtain additional or alternative financing.

Our ability to make scheduled payments or to refinance our debt obligations with respect to indebtedness will depend on our operating and financial performance, which in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control.

***Our plans to expand our newer brands Bahama Breeze and Seasons 52 and the testing of synergy restaurants that have not yet proven their long-term viability may not be successful, which could require us to make substantial further investments in those brands and test formats and result in losses and impairments.***

While each of our restaurant brands, as well as each of our individual restaurants, are subject to the risks and uncertainties described above, there is an enhanced level of risk and uncertainty related to the operation and expansion of our newer brands such as Bahama Breeze and Seasons 52 and the testing of new restaurant formats such as synergy restaurants. These brands and test formats have not yet proven their long-term viability or growth potential. We have made substantial investments in the development and expansion of each of these brands and test formats, and further investment is required. While we have implemented a number of changes to operations at Bahama Breeze, and believe we have improved the guest experience and unit economics sufficiently to restart modest unit growth, there can be no assurance that these changes will continue to be successful or that additional new unit growth will occur. Seasons 52 also is in the early stages of its development and will require additional resources to support further growth. There likewise can be no assurances that the testing of the synergy restaurant format will prove successful. In each case, these brands and formats will continue to be subject to the risks and uncertainties that accompany any emerging restaurant brand or format.

***A lack of availability of suitable locations for new restaurants or a decline in the quality of the locations of our current restaurants may adversely affect our sales and results of operations.***

The success of our restaurants depends in large part on their locations. As demographic and economic patterns change, current locations may not continue to be attractive or profitable. Possible declines in neighborhoods where our restaurants are located or adverse economic conditions in areas surrounding those neighborhoods could result in reduced sales in those locations. In addition, desirable locations for new restaurant openings or for the relocation of existing restaurants may not be available at an acceptable cost when we identify a particular opportunity for a new restaurant or relocation. The occurrence of one or more of these events could have a significant adverse effect on our sales and results of operations.

***We may experience higher-than-anticipated costs associated with the opening of new restaurants or with the closing, relocating and remodeling of existing restaurants, which may adversely affect our results of operations.***

Our sales and expenses can be impacted significantly by the number and timing of the opening of new restaurants and the closing, relocating and remodeling of existing restaurants. We incur substantial pre-opening expenses each time we open a new restaurant and other expenses when we close, relocate or remodel existing restaurants. The expenses of opening, closing, relocating or remodeling any of our restaurants may be higher than anticipated. An increase in such expenses could have an adverse effect on our results of operations.

***Increased advertising and marketing costs could adversely affect our results of operations.***

If our competitors increase their spending on advertising and promotions, if our advertising, media or marketing expenses increase, or if our advertising and promotions become less effective than those of our competitors, we could experience a material adverse effect on our results of operations. Inadequate or ineffective advertising could inhibit our ability to maintain brand relevance and drive increased sales.

***A failure to develop and recruit effective leaders, the loss of key personnel or a significant shortage of high-quality restaurant employees could jeopardize our ability to meet our growth targets.***

Our future growth depends substantially on the contributions and abilities of key executives and other employees. Our future growth also depends substantially on our ability to recruit and retain high-quality employees to work in and manage our restaurants. We must continue to recruit, retain and motivate management and other employees in order to maintain our current business and support our projected growth. A failure to maintain appropriate organizational capacity and capability to support leadership excellence and build adequate bench strength required for growth, a loss of key employees or a significant shortage of high-quality restaurant employees could jeopardize our ability to meet our growth targets.

***The price and availability of key food products, ingredients and utilities used by our restaurants and a failure to achieve economies of scale in purchasing could adversely affect our sales and results of operations.***

Our results of operations depend significantly on our ability to anticipate and react to changes in the price and availability of food, ingredients, utilities and other related costs over which we may have little control. Operating margins for our restaurants are subject to changes in the price and availability of food commodities, including shrimp, lobster, crab and other seafood, as well as beef, pork, chicken, cheese and produce. The introduction of or changes to tariffs on imported shrimp or other food products could increase our costs and possibly impact the supply of those products. We attempt to leverage our size to achieve economies of scale in purchasing, but there can be no assurances that we can always do so effectively. We are subject to the general risks of inflation. Our restaurants operating margins are also affected by fluctuations in the price of utilities such as electricity and natural gas, whether as a result of inflation or otherwise, on which the restaurants depend for their energy supply. In addition, interruptions to the availability of gas, electric, water or other utilities, whether due to aging infrastructure, weather conditions, fire, animal damage, trees, digging accidents or other reasons largely out of our control, may adversely affect our operations. Some climatologists predict that the long-term effects of climate change may result in more severe, volatile weather. Our inability to anticipate and respond effectively to an adverse change in any of these factors could have a significant adverse effect on our sales and results of operations.

***We may lose sales or incur increased costs if our restaurants experience shortages or interruptions in the delivery of food and other products from our third party vendors and suppliers.***

Possible shortages or interruptions in the supply of food items and other supplies to our restaurants caused by inclement weather, natural disasters such as floods and earthquakes, the inability of our vendors to obtain credit in a tightened credit market or remain solvent given disruptions in the financial markets, or other conditions beyond our control could adversely affect the availability, quality and cost of the items we buy and the operations of our restaurants. We may have a limited number of suppliers for certain of our products. Supply chain risk could increase our costs and limit the availability of products that are critical to our restaurant operations. If we temporarily close a restaurant or remove popular items from a restaurant s menu, that restaurant may experience a significant reduction in sales during the time affected by the shortage or thereafter as a result of our customers changing their dining habits.

***Volatility in the market value of derivatives we use to hedge exposures to fluctuations in commodity prices may cause volatility in our gross margins and net earnings.***

We use or may use derivatives to hedge price risk for some of our principal ingredient and energy costs, including but not limited to coffee, butter, wheat, soybean oil, pork, beef, diesel fuel, gasoline and natural gas. Changes in the values of these derivatives are recorded in earnings currently, resulting in volatility in both gross margin and net earnings. These gains and losses are reported as a component of cost of sales in our Consolidated Statements of Earnings included in our consolidated financial statements. We may experience volatile earnings as a result of these accounting treatments.

***Certain economic and business factors specific to the restaurant industry and other general macroeconomic factors including unemployment, energy prices and interest rates that are largely out of our control may adversely affect consumer behavior and our results of operations.***

Our business results depend on a number of industry-specific and general economic factors, many of which are beyond our control. The full service dining sector of the restaurant industry is affected by changes in national, regional and local economic conditions, seasonal fluctuation of sales volumes, consumer spending patterns and consumer preferences, including changes in consumer tastes and dietary habits, and the level of consumer acceptance of our restaurant brands. The performance of individual restaurants may also be adversely affected by factors such as demographic trends, severe weather including hurricanes, traffic patterns and the type, number and location of competing restaurants.

General economic conditions may also adversely affect our results of operations. Recessionary economic cycles, a protracted economic slowdown, a worsening economy, increased unemployment, increased energy prices, rising interest rates or other industry-wide cost pressures could affect consumer behavior and spending for restaurant dining occasions and lead to a decline in sales and earnings. Job losses, foreclosures, bankruptcies and falling home prices could cause customers to make fewer discretionary purchases, and any significant decrease in our customer traffic or average profit per transaction will negatively impact our financial performance. In addition, if gasoline, natural gas, electricity and other energy costs increase, and credit card, home mortgage and other borrowing costs increase with rising interest rates, our guests may have lower disposable income and reduce the frequency with which they dine out, may spend less on each dining out occasion, or may choose more inexpensive restaurants.

Furthermore, we cannot predict the effects that actual or threatened armed conflicts, terrorist attacks, efforts to combat terrorism, heightened security requirements, or a failure to protect information systems for critical infrastructure, such as the electrical grid and telecommunications systems, could have on our operations, the economy or consumer confidence generally. Any of these events could affect consumer spending patterns or result in increased costs for us due to security measures.

Unfavorable changes in the above factors or in other business and economic conditions affecting our customers could increase our costs, reduce traffic in some or all of our restaurants or impose practical limits on pricing, any of which could lower our profit margins and have a material adverse effect on our financial condition and results of operations.

***Disruptions in the financial and credit markets may adversely impact consumer spending patterns, affect the availability and cost of credit and increase pension plan expenses.***

Our ability to make scheduled payments or to refinance our debt and to obtain financing for acquisitions or other general corporate and commercial purposes will depend on our operating and financial performance, which in turn is subject to prevailing economic conditions and to financial, business and other factors beyond our control. Global credit markets and the financial services industry have been experiencing a period of unprecedented turmoil recently, characterized by the bankruptcy, failure or sale of various financial institutions and an unprecedented level of intervention from the United States and other governments. These events may adversely impact the availability of credit already arranged, and the availability and cost of credit in the future. There can be no assurances that we will be able to arrange credit on terms we believe are acceptable or that permit us to finance our business with historical margins. The lack of credit, along with the macroeconomic factors previously discussed, may have an adverse impact on certain of our suppliers, landlords and other tenants in retail centers in which we are located. If these issues continue or worsen, they could further materially impact these parties, which in turn could negatively affect our financial results. Any new or continuing disruptions in the financial markets may also adversely affect the U.S. and world economy, which could negatively impact consumer spending patterns. There can be no assurances as to how or when this period of turmoil will be resolved. Changes in the capital markets could also have significant effects on our pension plan. Our pension income or expense is affected by factors including the market performance of the assets in the master pension trust maintained for the pension plans for some of our employees, the weighted average asset allocation and long-term rate of return of our pension plan assets, the discount rate used to determine the service and interest cost components of our net periodic pension cost and assumed rates of increase in our employees future compensation. If our pension plan assets do not achieve positive rates of return, or if our estimates

and assumed rates are not accurate, our earnings may decrease because net periodic pension costs would rise and we could be required to provide additional funds to cover our obligations to employees under the pension plan.

***We face a variety of risks associated with doing business with franchisees, business partners and vendors in foreign markets.***

Our expansion into international markets could create risks to our brands and reputation. We believe that we have selected high-caliber international operating partners and franchisees with significant experience in restaurant operations, and provide them with training and support. However, the ultimate success and quality of any franchise restaurant rests with the franchisee. If the franchisee does not successfully operate its restaurants in a manner consistent with our standards, or customers have negative experiences due to issues with food quality or operational execution, our brand values could suffer, which could have an adverse effect on our business.

There also is no assurance that international operations will be profitable or that international growth will continue. Our international operations are subject to all of the same risks associated with our domestic operations, as well as a number of additional risks. These include, among other things, international economic and political conditions, foreign currency fluctuations, and differing cultures and consumer preferences.

We also are subject to governmental regulations throughout the world that impact the way we do business with our international franchisees and vendors. These include antitrust and tax requirements, anti-boycott regulations, import/export/customs regulations and other international trade regulations, the USA Patriot Act and the Foreign Corrupt Practices Act. Failure to comply with any such legal requirements could subject us to monetary liabilities and other sanctions, which could harm our business, results of operations and financial condition.

***Failure to protect our service marks or other intellectual property could harm our business.***

We regard our Darden Restaurants®, Red Lobster®, Olive Garden®, LongHorn Steakhouse®, The Capital Grille®, Bahama Breeze®, and Seasons 52® service marks, and other service marks and trademarks related to our restaurant businesses, as having significant value and being important to our marketing efforts. We rely on a combination of protections provided by contracts, copyrights, patents, trademarks, service marks and other common law rights, such as trade secret and unfair competition laws, to protect our restaurants and services from infringement. We have registered certain trademarks and service marks in the United States and foreign jurisdictions. However, we are aware of names and marks identical or similar to our service marks being used from time to time by other persons. Although our policy is to oppose any such infringement, further or unknown unauthorized uses or other misappropriation of our trademarks or service marks could diminish the value of our brands and adversely affect our business. In addition, effective intellectual property protection may not be available in every country in which we have or intend to open or franchise a restaurant. Although we believe have taken appropriate measures to protect our intellectual property, there can be no assurance that these protections will be adequate, and defending or enforcing our service marks and other intellectual property could result in the expenditure of significant resources.

***Impairment of the carrying value of our goodwill or other intangible assets could adversely affect our financial condition and consolidated results of operations.***

Goodwill represents the difference between the purchase price of acquired companies and the related fair values of net assets acquired. We test goodwill for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. We compare the carrying value of a reporting unit, including goodwill, to the fair value of the unit. Carrying value is based on the assets and liabilities associated with the operations of that reporting unit. If the carrying value is less than the fair value, no impairment exists. If the carrying value is higher than the fair value, there is an indication of impairment. A significant amount of judgment is involved in determining if an indication of impairment exists. Factors may include, among others: a significant decline in our expected future cash flows; a sustained, significant decline in our stock price and market capitalization; a significant adverse change in legal factors or in the business climate; unanticipated competition; the testing for recoverability of a significant asset group within a reporting unit; and slower growth rates. Any adverse change in these factors would have a significant impact on the recoverability of these assets and negatively affect our financial condition and consolidated results of operations. We compute the amount of impairment by comparing the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. We are required to record a non-cash impairment charge if the testing performed indicates that goodwill has been impaired.

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We evaluate the useful lives of our other intangible assets, primarily the LongHorn Steakhouse® and The Capital Grille® trademarks, to determine if they are definite or indefinite-lived. Reaching a determination on useful life requires significant judgments and assumptions regarding the future effects of obsolescence, demand, competition, other economic factors (such as the stability of the industry, legislative action that results in an uncertain or changing regulatory environment, and expected changes in distribution channels), the level of required maintenance expenditures, and the expected lives of other related groups of assets.

As with goodwill, we test our indefinite-lived intangible assets (primarily trademarks) for impairment annually and whenever events or changes in circumstances indicate that their carrying value may not be recoverable. We estimate the fair value of the trademarks based on an income valuation model using the relief from royalty method, which requires assumptions related to projected sales from our annual long-range plan, assumed royalty rates that could be payable if we did not own the trademarks and a discount rate.

We cannot accurately predict the amount and timing of any impairment of assets. Should the value of goodwill or other intangible assets become impaired, there could be an adverse effect on our financial condition and consolidated results of operations.

***Failure of our internal controls over financial reporting and future changes in accounting standards may cause adverse unexpected operating results, affect our reported results of operations or otherwise harm our business and financial results.***

Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Our growth and acquisition of other restaurant companies with procedures not identical to our own could place significant additional pressure on our system of internal control over financial reporting. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. A significant financial reporting failure or material weakness in internal control over financial reporting could cause a loss of investor confidence and decline in the market price of our common stock.

A change in accounting standards can have a significant effect on our reported results and may affect our reporting of transactions before the change is effective. New pronouncements and varying interpretations of pronouncements have occurred and may occur in the future. Changes to existing accounting rules or the questioning of current accounting practices may adversely affect our reported financial results. Additionally, our assumptions, estimates and judgments related to complex accounting matters could significantly affect our financial results. Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to, revenue recognition, fair value of investments, impairment of long-lived assets, leases and related economic transactions, derivatives, pension and post-retirement benefits, intangibles, self-insurance, income taxes, property and equipment, unclaimed property laws and litigation, and stock-based compensation are highly complex and involve many subjective assumptions, estimates and judgments by us. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by us could significantly change our reported or expected financial performance.

**Item 1B. UNRESOLVED STAFF COMMENTS**

None.

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**Item 2. PROPERTIES**
**Restaurant Properties Continuing Operations**

As of May 29, 2011, we operated 1,894 restaurants (consisting of 698 Red Lobster, 754 Olive Garden, 354 LongHorn Steakhouse, 44 The Capital Grille, 26 Bahama Breeze, 17 Seasons 52 and one Synergy), in the following locations:

| | | | |
|---|---|---|---|
| Alabama (40) | Indiana (51) | Nebraska (8) | South Carolina (38) |
| Arkansas (17) | Iowa (18) | Nevada (14) | South Dakota (4) |
| Arizona (44) | Kansas (20) | New Hampshire (10) | Tennessee (52) |
| California (106) | Kentucky (25) | New Jersey (55) | Texas (148) |
| Colorado (31) | Louisiana (19) | New Mexico (13) | Utah (17) |
| Connecticut (17) | Maine (9) | New York (59) | Vermont (2) |
| Delaware (7) | Maryland (40) | North Carolina (56) | Virginia (59) |
| District of Columbia (1) | Massachusetts (33) | North Dakota (5) | Washington (31) |
| Florida (207) | Michigan (58) | Ohio (101) | West Virginia (11) |
| Georgia (115) | Minnesota (25) | Oklahoma (21) | Wisconsin (23) |
| Hawaii (1) | Mississippi (15) | Oregon (14) | Wyoming (3) |
| Idaho (8) | Missouri (47) | Pennsylvania (92) | Canada (34) |
| Illinois (65) | Montana (2) | Rhode Island (3) | |

Of these 1,894 restaurants open on May 29, 2011, 973 were located on owned sites and 921 were located on leased sites. The 921 leases are classified as follows:

| | |
|---|---|
| Land-Only Leases (we own buildings and equipment) | 726 |
| Ground and Building Leases | 73 |
| Space/In-Line/Other Leases | 122 |
| Total | 921 |

**Properties General**

During fiscal 1999, we formed two subsidiary corporations, each of which elected to be taxed as a Real Estate Investment Trust ( REIT ) under Sections 856 through 860 of the Internal Revenue Code. These elections limit the activities of both corporations to holding certain real estate assets. The formation of these two REITs is designed primarily to assist us in managing our real estate portfolio and possibly to provide a vehicle to access capital markets in the future.

Both REITs are non-public REITs. Through our subsidiary companies, we indirectly own 100 percent of all voting stock and greater than 99.5 percent of the total value of each REIT. For financial reporting purposes, both REITs are included in our consolidated financial statements.

On June 20, 2006, we entered into an agreement to sell and lease back the 10 buildings that we previously owned which comprised the majority of our Restaurant Support Center. These buildings included our executive offices, culinary center, training facilities and supporting warehouses in Orange County (Orlando metro area), Florida. The sale and the commencement of our leases for those buildings occurred in August 2006. The leases for those buildings terminated in late December 2009.

In connection with the sale and lease back of our former Restaurant Support Center buildings, we purchased several adjacent parcels of vacant land in Orange County, Florida, and relocated our headquarters to this site during the second quarter of fiscal 2010. The site includes a main headquarters building, data center and parking deck. The Restaurant Support Center campus at this new location offers a more collaborative and unified environment with additional room for future growth.

As part of the acquisition of RARE, we acquired ownership of the former RARE executive offices and central training facility located in six office buildings in Atlanta, Georgia. As of May 29, 2011, we have sold four of those buildings, and the remaining buildings continue to be marketed for sale.

Except in limited instances, our present restaurant sites and other facilities are not subject to mortgages or encumbrances securing money borrowed by us from outside sources. In our opinion, our current buildings and equipment generally are in good condition, suitable for their purposes and adequate for our current needs. See also Note 5 Land, Buildings and Equipment, Net and Note 14 Leases under Notes to Consolidated Financial Statements in our 2011 Annual Report to Shareholders, which is incorporated herein by reference.

**Item 3. LEGAL PROCEEDINGS**

See the discussion of legal proceedings contained in the third paragraph of Note 19 Commitments and Contingencies under Notes to Consolidated Financial Statements in our 2011 Annual Report to Shareholders, which is incorporated herein by reference.

## PART II

**Item 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

The principal United States market on which our common shares are traded is the New York Stock Exchange, where our shares are traded under the symbol DRI. As of June 30, 2011, there were approximately 40,939 registered holders of record of our common shares. The information concerning the dividends and high and low intraday sales prices for our common shares traded on the New York Stock Exchange for each full quarterly period during fiscal 2011 and 2010 contained in Note 21 Quarterly Data (Unaudited) under Notes to Consolidated Financial Statements in our 2011 Annual Report to Shareholders is incorporated herein by reference. We have not sold any securities during the last fiscal year that were not registered under the Securities Act of 1933, as amended.

The table below provides information concerning our repurchase of shares of our common stock during the quarter ended May 29, 2011. Since commencing our repurchase program in December 1995, we have repurchased a total of 162.7 million shares through May 29, 2011 under authorizations from our Board of Directors to repurchase an aggregate of 187.4 million shares.

| Period | Total Number of Shares Purchased (1) | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (2) |
|---|---|---|---|---|
| February 28, 2011 through April 3, 2011 | 487,150 | $48.07 | 487,150 | 26,536,361 |
| April 4, 2011 through May 1, 2011 | 1,817,891 | $47.38 | 1,817,891 | 24,718,470 |
| May 2, 2011 through May 29, 2011 | 560 | $47.72 | 560 | 24,717,910 |
| Total | 2,305,601 | $47.53 | 2,305,601 | 24,717,910 |

(1) All of the shares purchased during the quarter ended May 29, 2011 were purchased as part of our repurchase program, the most recent authority for which was announced in a press release issued on December 20, 2010. There is no expiration date for our program. The number of shares purchased includes shares withheld for taxes on vesting of restricted stock, shares delivered or deemed to be delivered to us on tender of stock in payment for the exercise price of options and shares reacquired pursuant to tax withholding on option exercises. These shares are included as part of our repurchase program and reduce the repurchase authority granted by our Board. The number of shares repurchased excludes shares we reacquired pursuant to forfeiture of restricted stock.

(2) Repurchases are subject to prevailing market prices, may be made in open market or private transactions, and may occur or be discontinued at any time. There can be no assurance that we will repurchase any additional shares.

**Item 6. SELECTED FINANCIAL DATA**

The information for fiscal 2007 through 2011 contained in the Five-Year Financial Summary in our 2011 Annual Report to Shareholders is incorporated herein by reference.

**Item 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The information set forth in the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations in our 2011 Annual Report to Shareholders is incorporated herein by reference.

**Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The information set forth in the section entitled Quantitative and Qualitative Disclosures About Market Risk contained within Management s Discussion and Analysis of Financial Condition and Results of Operations in our 2011 Annual Report to Shareholders is incorporated herein by reference.

**Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The Report of Management Responsibilities, Management s Report on Internal Control Over Financial Reporting, Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting, Report of Independent Registered Public Accounting Firm, Consolidated Statements of Earnings, Consolidated Balance Sheets, Consolidated Statements of Changes in Stockholders Equity and Accumulated Other Comprehensive Income (Loss), Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements in our 2011 Annual Report to Shareholders are incorporated herein by reference.

**Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

There were no changes in or disagreements with accountants on accounting and financial disclosure requiring disclosure under this Item.

**Item 9A. CONTROLS AND PROCEDURES**

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the Exchange Act )) as of May 29, 2011, the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of May 29, 2011.

During the fiscal quarter ended May 29, 2011, there was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

The annual report of our management on internal control over financial reporting, and the audit report of KPMG LLP, our independent registered public accounting firm, regarding our internal control over financial reporting included in our 2011 Annual Report to Shareholders, are incorporated herein by reference.

**Item 9B. OTHER INFORMATION**

None.

## PART III

### Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information contained in the sections entitled Proposal 1 Election of Twelve Directors From the Named Director Nominees, Meetings of the Board of Directors and Its Committees, Corporate Governance and Board Administration and Section 16(a) Beneficial Ownership Reporting Compliance in our definitive Proxy Statement for our 2011 Annual Meeting of Shareholders is incorporated herein by reference. Information regarding executive officers is contained in Part I above under the heading Executive Officers of the Registrant.

All of our employees are subject to our Code of Business Conduct and Ethics. Appendix A to the Code provides a special Code of Ethics with additional provisions that apply to our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions (the Senior Financial Officers ). Appendix B to the Code provides a Code of Business Conduct and Ethics for members of our Board of Directors. These documents are posted on our internet website at www.darden.com and are available in print free of charge to any shareholder who requests them. We will disclose any amendments to or waivers of these Codes for directors, executive officers or Senior Financial Officers on our website.

We also have adopted a set of Corporate Governance Guidelines and charters for all of our Board Committees, including the Audit Committee, which was established in accordance with Section 5(a)(58)(A) of the Exchange Act, Compensation Committee, and Nominating and Governance Committee. The Corporate Governance Guidelines and committee charters are available on our website at www.darden.com and in print free of charge to any shareholder who requests them. Written requests for our Code of Business Conduct and Ethics, Corporate Governance Guidelines and committee charters should be addressed to Darden Restaurants, Inc., 1000 Darden Center Drive, Orlando, Florida 32837, Attention: Corporate Secretary.

### Item 11. EXECUTIVE COMPENSATION

The information contained in the sections entitled Director Compensation, Executive Compensation, Compensation Discussion and Analysis, Compensation Committee Report and Corporate Governance and Board Administration in our definitive Proxy Statement for our 2011 Annual Meeting of Shareholders is incorporated herein by reference.

### Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information contained in the sections entitled Stock Ownership of Principal Shareholders, Stock Ownership of Management and Equity Compensation Plan Information in our definitive Proxy Statement for our 2011 Annual Meeting of Shareholders is incorporated herein by reference.

### Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information contained in the sections entitled Related Party Transactions, Meetings of the Board of Directors and Its Committees and Corporate Governance and Board Administration in our definitive Proxy Statement for our 2011 Annual Meeting of Shareholders is incorporated herein by reference.

### Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information contained in the section entitled Independent Registered Public Accounting Firm Fees and Services in our definitive Proxy Statement for our 2011 Annual Meeting of Shareholders is incorporated herein by reference.

## PART IV

### Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

**(a) 1. Financial Statements:**

Report of Management Responsibilities.

Management s Report on Internal Control over Financial Reporting.

Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting.

Report of Independent Registered Public Accounting Firm.

Consolidated Statements of Earnings for the fiscal years ended May 29, 2011, May 30, 2010 and May 31, 2009.

Consolidated Balance Sheets at May 29, 2011 and May 30, 2010.

Consolidated Statements of Changes in Stockholders Equity and Accumulated Other Comprehensive Income (Loss) for the fiscal years ended May 29, 2011, May 30, 2010 and May 31, 2009.

Consolidated Statements of Cash Flows for the fiscal years ended May 29, 2011, May 30, 2010 and May 31, 2009.

Notes to Consolidated Financial Statements.

**2. Financial Statement Schedules:**

Not applicable.

**3. Exhibits:**

The exhibits listed in the accompanying Exhibit Index are filed as part of this Form 10-K and incorporated herein by reference. Pursuant to Item 601(b)(4)(iii) of Regulation S-K, copies of certain instruments defining the rights of holders of certain of our long-term debt are not filed, and in lieu thereof, we agree to furnish copies thereof to the Securities and Exchange Commission upon request. The Exhibit Index specifically identifies with an asterisk each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K. We will furnish copies of any exhibit listed on the Exhibit Index upon request upon the payment of a reasonable fee to cover our expenses in furnishing such exhibits.

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**SIGNATURES**

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

Dated: July 22, 2011

DARDEN RESTAURANTS, INC.

By: /s/ Clarence Otis, Jr.
Clarence Otis, Jr., Chairman of the Board

and Chief Executive Officer

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

| Signature | Title | Date |
|---|---|---|
| /s/ Clarence Otis, Jr. | Director, Chairman of the Board and | |
| Clarence Otis, Jr. | Chief Executive Officer (Principal executive officer) | July 22, 2011 |
| /s/ C. Bradford Richmond | Senior Vice President and Chief Financial Officer | |
| C. Bradford Richmond | (Principal financial and accounting officer) | July 22, 2011 |
| /s/ Leonard L. Berry* | Director | |
| Leonard L. Berry | | |
| /s/ Odie C. Donald* | Director | |
| Odie C. Donald | | |
| /s/ Christopher J. (CJ) Fraleigh* | Director | |
| Christopher J. (CJ) Fraleigh | | |
| /s/ Victoria D. Harker* | Director | |
| Victoria D. Harker | | |
| /s/ David H. Hughes* | Director | |
| David H. Hughes | | |
| /s/ Charles A. Ledsinger, Jr.* | Director | |
| Charles A. Ledsinger, Jr. | | |
| /s/ William M. Lewis, Jr.* | Director | |

| | |
|---|---|
| William M. Lewis, Jr. | |
| /s/ Andrew H. Madsen* | Director |
| Andrew H. Madsen | |
| /s/ Cornelius McGillicuddy, III* ** | Director |
| Cornelius McGillicuddy, III | |
| /s/ Michael D. Rose* | Director |
| Michael D. Rose | |
| /s/ Maria A. Sastre* | Director |
| Maria A. Sastre | |

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*By: /s/ Teresa M. Sebastian
Teresa M. Sebastian, Attorney-In-Fact
July 22, 2011

** Popularly known as Senator Connie Mack, III. Senator Mack signs legal documents, including this Form 10-K, under his legal name of Cornelius McGillicuddy, III.

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**EXHIBIT INDEX**

| Exhibit Number | Title |
| --- | --- |
| 2 | Agreement and Plan of Merger, dated as of August 16, 2007, among us, Surf & Turf Merger Corp. and RARE Hospitality International, Inc. (incorporated herein by reference to Exhibit 2.01 to our Current Report on Form 8-K filed August 17, 2007). |
| 3(a) | Articles of Incorporation as amended May 26, 2005 (incorporated by reference to Exhibit 3(a) to our Annual Report on Form 10-K for the fiscal year ended May 29, 2005, filed July 29, 2005). |
| 3(b) | Bylaws as amended June 14, 2007 (incorporated by reference to Exhibit 3(ii) to our Current Report on Form 8-K filed June 19, 2007). |
| 4(a) | Rights Agreement dated as of May 16, 2005, by and between us and Wachovia Bank, National Association, as Rights Agent (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed May 16, 2005). |
| 4(b) | Amendment to Rights Agreement dated as of June 2, 2006, by and between us, Wachovia Bank, National Association and Wells Fargo Bank, National Association, as successor Rights Agent (incorporated by reference to Exhibit 4 to our Current Report on Form 8-K filed June 5, 2006). |
| 4(c) | Indenture dated as of January 1, 1996, between us and Wells Fargo Bank, National Association (as successor to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association) (incorporated by reference to Exhibit 4.1 to our Registration Statement on Form S-3 (Commission File No. 333-146582) filed October 9, 2007). |
| *10(a) | Darden Restaurants, Inc. Stock Option and Long-Term Incentive Plan of 1995, as amended March 19, 2003 (incorporated herein by reference to Exhibit 10(b) to our Quarterly Report on Form 10-Q for the fiscal quarter ended February 23, 2003). |
| *10(b) | Darden Restaurants, Inc. FlexComp Plan, as amended (incorporated herein by reference to Exhibit 10(a) to our Quarterly Report on Form 10-Q for the quarter ended November 23, 2008). |
| *10(c) | Darden Restaurants, Inc. Stock Plan for Directors, as amended (incorporated by reference to Exhibit 10(c) to our Quarterly Report on Form 10-Q for the fiscal quarter ended November 23, 2008). |
| *10(d) | Darden Restaurants, Inc. Compensation Plan for Non-Employee Directors, as amended (incorporated herein by reference to Exhibit 10(d) to our Quarterly Report on Form 10-Q for the fiscal quarter ended November 23, 2008). |
| *10(e) | Darden Restaurants, Inc. Management and Professional Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(e) to our Annual Report on Form 10-K for the fiscal year ended May 31, 2009, filed July 24, 2009). |
| *10(f) | Amended and Restated Darden Restaurants, Inc. Benefits Trust Agreement dated as of March 23, 2011, between us and Wells Fargo Bank, National Association (as successor to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association) (incorporated herein by reference to Exhibit 10 to our Quarterly Report on Form 10-Q for the quarter ended February 27, 2011, filed April 4, 2011). |

| | |
|---|---|
| *10(g) | Form of Amended and Restated Management Continuity Agreement between us and our executive officers (incorporated herein by reference to Exhibit 10(i) to our Annual Report on Form 10-K for the fiscal year ended May 31, 2009, filed July 24, 2009). |
| *10(h) | Darden Restaurants, Inc. Restaurant Management and Employee Stock Plan of 2000, as amended June 19, 2003 (incorporated by reference to Exhibit 10(l) to our Annual Report on Form 10-K for the fiscal year ended May 25, 2003, filed August 22, 2003). |
| *10(i) | Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 10 to our Current Report on Form 8-K filed September 17, 2010). |
| 10(j) | Credit Agreement, dated as of September 20, 2007, among Darden Restaurants, Inc., certain lenders party thereto and Bank of America, N.A., as administrative agent (incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed September 24, 2007). |
| *10(k) | Darden Restaurants, Inc. Director Compensation Program, as amended (incorporated herein by reference to Exhibit 10(b) to our Quarterly Report on Form 10-Q for the fiscal quarter ended November 23, 2008). |
| *10(l) | Form of Non-Qualified Stock Option Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(o) to our Annual Report on Form 10-K for the fiscal year ended May 31, 2009, filed July 24, 2009). |
| *10(m) | Form of fiscal 2010 Performance Stock Units Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(p) to our Annual Report on Form 10-K for the fiscal year ended May 31, 2009, filed July 24, 2009). |
| *10(n) | Form of fiscal 2009 Performance Stock Units Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(q) to our Annual Report on Form 10-K for the fiscal year ended May 31, 2009, filed July 24, 2009). |
| *10(o) | Form of fiscal 2008 Performance Stock Units Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(r) to our Annual Report on Form 10-K for the fiscal year ended May 27, 2007, filed July 19, 2007). |
| *10(p) | Form of fiscal 2007 Performance Stock Units Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(g) to our Current Report on Form 8-K filed June 20, 2006). |
| *10(q) | Form of Amendment to Exhibit A to the form of fiscal 2007, 2008 and 2009 Performance Stock Unit Award Agreements under the Darden Restaurants Inc. 2002 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(t) to our Annual Report on Form 10-K for the fiscal year ended May 31, 2009, filed July 24, 2009). |
| *10(r) | Employment Agreement dated April 28, 2003 between RARE Hospitality International, Inc. and Eugene I. Lee, Jr. (incorporated herein by reference from Exhibit 10.2 of the RARE Hospitality International, Inc. Quarterly Report on Form 10-Q (Commission File No. 000-19924) for the fiscal quarter ended June 29, 2003). |
| *10(s) | First Amendment of Employment Agreement dated October 27, 2004 between RARE Hospitality International, Inc. and Eugene I. Lee, Jr. (incorporated herein by reference from Exhibit 10.2 of the RARE Hospitality International, Inc. Quarterly Report on Form 10-Q (Commission File No. 000-19924) for the fiscal quarter ended September 26, 2004). |
| *10(t) | Second Amendment of Employment Agreement, dated October 27, 2005 between RARE Hospitality International, Inc. and Eugene I. Lee, Jr. (incorporated herein by reference from Exhibit 10.2 of the |

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| | |
|---|---|
| | RARE Hospitality International, Inc. Quarterly Report on Form 10-Q (Commission File No. 000-19924) for the fiscal quarter ended September 25, 2005). |
| *10(u) | Third Amendment of Employment Agreement, dated October 27, 2006 between RARE Hospitality International, Inc. and Eugene I. Lee, Jr. (incorporated herein by reference from Exhibit 10.2 of the RARE Hospitality International, Inc. Quarterly Report on Form 10-Q (Commission File No. 000-19924) for the fiscal quarter ended October 1, 2006). |
| *10(v) | Fourth Amendment of Employment Agreement, dated December 15, 2006 between RARE Hospitality International, Inc. and Eugene I. Lee, Jr. (incorporated herein by reference from Exhibit 10(24) of the RARE Hospitality International, Inc. Annual Report filed on Form 10-K (Commission File No. 000-19924) for fiscal year ended December 31, 2006). |
| *10(w) | Letter Agreement, dated August 16, 2007, between us and Eugene I. Lee, Jr. (incorporated herein by reference from Exhibit (e)(22) of the RARE Hospitality International, Inc. Schedule 14D-9 (Commission File No. 000-19924) filed August 31, 2007). |
| *10(x) | RARE Hospitality International, Inc. Amended and Restated 2002 Long-Term Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(aa) to our Annual Report on Form 10-K for the fiscal year ended May 31, 2009, filed July 24, 2009). |
| *10(y) | Form of Non-Qualified Stock Option Award Agreement under the RARE Hospitality International, Inc. Amended and Restated 2002 Long-Term Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(bb) to our Annual Report on Form 10-K for the fiscal year ended May 31, 2009, filed July 24, 2009). |
| 12 | Computation of Ratio of Consolidated Earnings to Fixed Charges. |
| 13 | Portions of 2011 Annual Report to Shareholders. |
| 21 | Subsidiaries of Darden Restaurants, Inc. |
| 23 | Consent of Independent Registered Public Accounting Firm. |
| 24 | Powers of Attorney. |
| 31(a) | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31(b) | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32(a) | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32(b) | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Schema Document |
| 101.CAL | XBRL Calculation Linkbase Document |
| 101.DEF | XBRL Definition Linkbase Document |
| 101.LAB | XBRL Label Linkbase Document |
| 101.PRE | XBRL Presentation Linkbase Document |

* Items marked with an asterisk are management contracts or compensatory plans or arrangements required to be filed as an exhibit pursuant to Item 15 of Form 10-K and Item 601(b)(10)(iii)(A) of Regulation S-K.

GROUND-COLOR: #ffffff; WIDTH: 1%; FONT-FAMILY: Times New Roman, Times, serif; MARGIN-LEFT: 0pt; FONT-SIZE: 10pt; VERTICAL-ALIGN: bottom"
id=TBL1083.finRow.5.symb.5>$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 |
|---|---|---|---|---|---|---|---|
| | *(In thousands, except per share amounts)* | | | | | | |
| **Other Financial Data** | | | | | | | |
| 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**

| Successor | | | Predecessor |
|---|---|---|---|
| For the | For the | Six | |

| Statement of Operations Data | six months ended June 30, 2013 | six months ended June 30, 2012 | Year ended December 31, 2012 | Year ended December 31, 2011 | months ended December 31, 2010 | Six months ended June 30, 2010 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| | *(In thousands, except per share amounts)* | | | | | | | |
| 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) [a] | 6,466 | 8,673 | 35,963 | 102,163 | 15,091 | 609,627 | (22,537 ) | (369,699 ) |

| Balance Sheet Data | Successor June 30, 2013 | December 31, 2012 | December 31, 2011 | December 31, 2010 | Predecessor December 31, 2009 | December 31, 2008 |
|---|---|---|---|---|---|---|
| | *(In thousands, except per share amounts)* | | | | | |
| Total current assets | $71,696 | $72,587 | $95,901 | $84,441 | $58,483 | $68,376 |
| Total assets [b] | 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 [c] | 156,126 | 154,462 | 82,587 | 75,758 | - | 823,679 |
| Liabilities subject to compromise | - | - | - | - | 875,920[d] | - |

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.

(a) 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 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.

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

(c) In 2010, Young Broadcasting Inc. extinguished $822 million of long-term debt as a result of the Chapter 11 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.

(d) Liabilities subject to compromise as of December 31, 2009, consisted of Young Broadcasting Inc.'s pre-petition 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*. Young will be the acquirer solely for financial accounting purposes. See “The Transaction-Accounting Treatment of the Transaction” beginning on page 92. Accordingly, Young’s purchase price to acquire Media General 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, Young’s purchase price to acquire Media General 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 Young’s acquisition of Media General 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 Media General'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)*

| | Young<br>Historical | Media General<br>Historical | Pro Forma<br>Adjustments | Pro Forma<br>Combined |
|---|---|---|---|---|
| Total current assets | $ 71,696 | $ 96,575 | $ (13,564 ) | $ 154,707 |
| Total assets | 491,929 | 739,637 | 509,894 | 1,741,460 |
| Total current liabilities, excluding current portion of long-term debt and capital lease obligations | 37,139 | 65,964 | (6,136 ) | 96,967 |
| Long-term debt, including current portion and capital lease obligations | 156,126 | 556,670 | 109,744 | 822,540 |
| Total Stockholders' (deficit) equity | 291,696 | (206,371 ) | 478,290 | 563,615 |

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

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

| | Young<br><br>Historical | Media General<br><br>Historical | Pro Forma<br><br>Adjustments | Pro Forma<br><br>Combined |
|---|---|---|---|---|
| Net operating revenue | $ 228,183 | $ 359,722 | $ - | $ 587,905 |
| Total operating costs | 172,690 | 273,057 | 14,824 | 460,571 |
| Operating income | 55,493 | 86,665 | (14,824 ) | 127,334 |
| Income (loss) from continuing operations | 35,963 | (39,957 ) | 3,971 | (23 ) |
| Income (loss) from continuing operations per common share (basic) | 602.41 | | - | (0.00 ) |
| Income (loss) from continuing operation per common share (assuming dilution) | 385.83 | | - | (0.00 ) |

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

**June 30, 2013**

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

| | Young<br><br>Historical | Media General<br><br>Historical | Pro Forma<br><br>Adjustments | Pro Forma<br><br>Combined |
|---|---|---|---|---|
| Net operating revenue | $ 105,827 | $ 155,959 | $ - | $ 261,786 |
| Total operating costs | 90,580 | 145,236 | (3,976 ) | 231,840 |
| Operating income | 15,247 | 10,723 | 3,976 | 29,946 |
| Income (loss) from continuing operations | 6,466 | (33,398 ) | 9,175 | (17,757 ) |
| Income (loss) from continuing operations per common share (basic) | 104.24 | | - | (0.20 ) |
| Income (loss) from continuing operations per common share (assuming dilution) | 82.78 | | - | (0.20 ) |

**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.

| | **As of and for the six months ended June 30, 2013** | | | **As of and for the year ended December 31, 2012** | | |
|---|---|---|---|---|---|---|
| **Young Historical Per Share Data:** | | | | | | |
| Net income per share (basic) | $ | 104.24 | | $ | 602.41 | |
| Net income per share (assuming dilution) | | 82.78 | | | 385.83 | |
| Cash dividends per share | | - | | | - | |
| Book value per share | | 4,463.04 | | | 4,358.81 | |
| **Media General Historical Per Share Data:** | | | | | | |
| 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 | ) |
| **Pro Forma and Media General Equivalent Pro Forma Per Share Data:[(1)]** | | | | | | |
| Income (loss) from continuing operations available to common shares per share | | (0.20 | ) | | - | |
| Cash dividends per share | | - | | | - | |
| Book value per share | | 6.35 | | | - | |

(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.

| | **Price Range of Class A Common Stock** | |
|---|---|---|
| | **High** | **Low** |
| 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 September 25, 2013) | 13.35 | 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.



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***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 (or approximately 31% if certain transfers among the Young equityholders are completed prior to closing). See "Post-Transaction Pro Forma Security Ownership" beginning on page 129. 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 be 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," "e "continue," "potential," "plan," "aim," "seek," "forecast" and other similar words. These include, but are not limited to, statem 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 111 North 4th 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;"

- consider and vote on a proposal to amend the Articles of Incorporation of Media General to clarify that only the holders of Class B Common Stock are entitled to vote on the reclassification proposal, which we refer to as the "first amendment proposal;" and

- consider and vote on a proposal to amend the Articles of Incorporation of Media General to clarify that Berkshire Hathaway may be issued Non-Voting Common Stock in the reclassification, which we refer to as the " second 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 first amendment proposal referred to above;

- the second 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, the first amendment proposal, the second amendment proposal and the 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, the first amendment proposal and the second 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.

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 first 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 second 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 first amendment proposal, or you fail to return a proxy card, it will have the same effect as a vote “AGAINST” the first amendment proposal. If you mark “abstain” or attend the Special Meeting and fail to vote on the second amendment proposal, or you fail to return a proxy card, it

will have the same effect as a vote "AGAINST" the second 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 first amendment proposal, the second 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 first amendment proposal,

the holders of Class A Common Stock and Class B Common Stock vote "**FOR**" the second 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 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.

Under Media General's current Articles of Incorporation, the approval of the holders of shares of Class A Common Stock and shares of Class B Common Stock, voting together as a single class, is required for an acquisition involving the issuance of shares of stock representing 20% or more of Media General's outstanding shares, unless Media General receives the consent of the NYSE to the taking of this action without the approval of the Stockholders of Media General. In light of the fact that the rules of the NYSE include a substantially similar stockholder approval requirement, no such consent was requested. To satisfy the approval requirements of Media General's current Articles of Incorporation and the NYSE rules, Media General is submitting the Share Issuance Proposal for approval by holders of shares of Class A Common Stock and shares of Class B Common Stock, voting together as a single class.

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(a) – FIRST 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 included in the attached Annex E to this proxy statement/prospectus, which 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 this amendment to Media General's Articles of Incorporation before voting on this proposal.

The first amendment proposal 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 pursuant to the reclassification merger and described below.

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 first 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 first 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 first 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.

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.

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

Pursuant to the reclassification merger, the Articles of Incorporation of Media General will be amended (i) to authorize the combined company to issue new classes of Voting Common Stock and Non-Voting Common Stock as described under "Description of Combined Company Capital Stock – Authorized Shares of Capital Stock of the Combined Company" beginning on page 175, (ii) to set forth the voting and dividend rights of the Voting Common Stock and Non-Voting Common Stock, as described under "Description of Combined Company Capital Stock – Stockholder Voting" beginning on page 175, and "Description of Combined Company Capital Stock – Dividends and Other Distributions" beginning on page 176, (iii) to implement restrictions on the ownership and transfer of shares of the combined company's common stock to facilitate compliance by the combined company with the ownership rules and regulations of the FCC as described under "Description of Combined Company Capital Stock – Restrictions on Stock Ownership and Transfer" beginning on page 178, and (iv) to reflect corporate governance arrangements of the combined company to be effective following the closing of the transaction, including the future composition of the Board of Directors of the combined company and its committees as described under "Directors and Executive Officers of the Combined Company – Future Composition of the Board of Directors of the Combined Company," " – Board Approval of Certain Matters" and " – Committees," on pages 171-172. A detailed summary of the significant differences between the provisions of Media General's current Articles of Incorporation, as amended by the first amendment proposal and the second amendment proposal, and the provisions of the combined company's Articles of Incorporation as amended pursuant to the reclassification is included under "Comparison of Stockholder Rights," beginning on page 180.

**Vote Required for Approval**

Approval of the first 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. The first amendment proposal and the second amendment proposal described below are the sole proposals to be considered at the Special Meeting that require 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 FIRST AMENDMENT PROPOSAL.

**PROPOSAL NO. 2(b) - SECOND AMENDMENT PROPOSAL**

If the second amendment proposal is approved by Stockholders, Media General's Articles of Incorporation will include provisions (a) authorizing Media General to restrict the ownership, conversion or proposed ownership of its shares by any person if such ownership, conversion or proposed ownership would impose restrictions or limitations on Media General 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 an "FCC Limitation," and (b) providing that, if in connection with any proposed plan of merger, share exchange or entity conversion, any holder of shares of Media General would be entitled to receive, or would beneficially own, voting stock of Media General or any other surviving corporation that would be deemed to give rise to an FCC Limitation, Media General may provide in such plan of merger, share exchange or entity conversion that the holder shall instead receive non-voting stock of Media General or the surviving corporation to the extent necessary to ensure that the transaction will not be deemed to give rise to an FCC Limitation, so long as the shares of non-voting stock received by the holder, as determined by the Board of Directors in good faith, will have all of the same preferences, limitations and relative rights as the voting stock of Media General or the surviving corporation other than voting rights. These provisions will be in effect from the time of the approval by Stockholders of the second amendment proposal until the reclassification is completed.

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

**Vote Required for Approval**

Approval of the second 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. The second amendment proposal and the first amendment proposal described above are the sole proposals to be considered at the Special Meeting that require 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 SECOND 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.



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**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(a), 2(b) and 3.

In addition, if the share issuance proposal, the first amendment proposal and the second 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 amendments to the Articles of Incorporation that is contemplated by the first amendment proposal and the second amendment proposal have been filed with the State Corporation Commission of the Commonwealth of Virginia and have become effective. Once the amendments have 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.



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**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 amendments to the Articles of Incorporation of Media General, the forms of which are 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 (or approximately 30% if certain transfers among the Young equityholders are completed prior to closing). See "Post-Transaction Pro Forma Security Ownership" beginning on page 129.

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 (summarized below under the caption “ – Opinion of Stephens Inc., Financial Advisor to the Independent Members of Media General's Board of Directors”) 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 to the full Board of Directors a written report, substantially similar to that provided on June 4, 2013 to the independent members of Media General's Board of Directors, regarding its financial analysis of the proposed transaction (summarized below under the caption " – Opinion of Stephens Inc., Financial Advisor to the Independent Members of Media General's Board of Directors") and its oral opinion, 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 first amendment proposal, (iii) holders of Class A Common Stock and Class B Common Stock vote "**FOR**" the second amendment proposal, (iv) holders of Class B Common Stock vote "**FOR**" the reclassification proposal, (v) holders of Class B Common Stock vote "**FOR**" the say on compensation proposal, and (vi) 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;



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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

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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

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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.**

*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.

In deriving an implied aggregate equity value reference range for Young from the selected public companies analysis described above, 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 such as Media General's and Young's respective markets, stations, profitability, growth potential and leverage, 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.

Utilizing 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 pro forma equity ownership percentage ranges for Media General Stockholders in the combined company, based on the estimated EBITDA and EBITDAP multiples and FCF yields described above, of approximately 21% to 34%, 4% to 21% and 15% to 41%, respectively. These pro forma equity ownership percentage ranges were calculated by (i) dividing the aggregate equity values derived from the low-end of the implied per share equity value reference ranges for Media General by the sum of the aggregate equity values derived from the low-end of the implied per share equity value reference ranges for Media General and the high-end of the implied aggregate equity value reference ranges for Young (in order to derive the low-end of the implied pro forma equity ownership percentage ranges) and (ii) dividing the aggregate equity values derived from the high-end of the implied per share equity value reference ranges for Media General by the sum of the aggregate equity values derived from the high-end of the implied per share equity value reference ranges for Media General and the low-end of the implied aggregate equity value reference ranges for Young (in order to derive the high-end of the implied pro forma equity ownership percentage ranges). Implied exchange ratios were calculated by multiplying such pro forma equity 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. This resulted in the following implied exchange ratio reference ranges which were then used to demonstrate the implied results of such analysis as compared to the Media General exchange ratio provided for in the combination merger:

| 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) |
| 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.

Utilizing 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 pro forma equity ownership percentage ranges for Media General Stockholders in the combined company, based on the estimated EBITDA and EBITDAP multiples described above, of approximately 31% to 46% and 19% to 38%, respectively. These pro forma equity ownership percentage ranges were calculated by (i) dividing the aggregate equity values derived from the low-end of the implied per share equity value reference ranges for Media General by the sum of the aggregate equity values derived from the low-end of the implied per share equity value reference ranges for Media General and the high-end of the implied aggregate equity value reference ranges for Young (in order to derive the low-end of the implied pro forma equity ownership percentage ranges) and (ii) dividing the aggregate equity values derived from the high-end of the implied per share equity value reference ranges for Media General by the sum of the aggregate equity values derived from the high-end of the implied per share equity value reference ranges for Media General and the low-end of the implied aggregate equity value reference ranges for Young (in order to derive the high-end of the implied pro forma equity ownership percentage ranges). Implied exchange ratios were calculated by multiplying such pro forma equity percentage ranges 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. This resulted in the following implied exchange ratio reference ranges which were then used to demonstrate the implied results of such analysis as compared to the Media General exchange ratio provided for in the combination merger:

| Implied Exchange Ratio Reference Ranges Based On: | | Media General |
|---|---|---|
| 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.

Utilizing the approximate implied per share equity value reference range derived for Media General and approximate implied aggregate equity value reference range derived for Young described above, RBC Capital Markets calculated a pro forma equity ownership percentage range for Media General Stockholders in the combined company of approximately 21% to 39%. This pro forma equity ownership percentage range was calculated by (i) dividing the aggregate equity value derived from the low-end of the implied per share equity value reference range for Media General by the sum of the aggregate equity values derived from the low-end of the implied per share equity value reference ranges for Media General and the high-end of the implied aggregate equity value reference ranges for Young (in order to derive the low-end of the implied pro forma equity ownership percentage range) and (ii) dividing the aggregate equity value derived from the high-end of the implied per share equity value reference range for Media General by the sum of the aggregate equity values derived from the high-end of the implied per share equity value reference ranges for Media General and the low-end of the implied aggregate equity value reference ranges for Young (in order to derive the high-end of the implied pro forma equity ownership percentage range). An implied exchange ratio was calculated by multiplying such pro forma equity percentage range 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. This resulted in the following implied exchange ratio reference range which was then used to demonstrate the implied results of such analysis as compared to the Media General exchange ratio provided for in the combination merger:

| Implied Exchange Ratio Reference Range | Media General Exchange Ratio |
| --- | --- |
| 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 (i) these relative contributions, (ii) the implied enterprise values of the combined company derived from the financial metrics described above and corresponding data for Media General as of June 4, 2013 and (iii) the respective debt, cash and cash equivalents as of March 31, 2013 and after-tax underfunded pension obligations as of December 31, 2012 of Media General and Young, as applicable. This indicated an implied overall aggregate equity ownership percentage reference range for Media General of approximately 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. An implied exchange ratio was calculated by multiplying such overall aggregate equity ownership percentage range 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. This resulted in the following implied exchange ratio reference range which was then used to demonstrate the implied results of such analysis as compared to the Media General exchange ratio:

| Implied Exchange Ratio Reference Range | Media General Exchange Ratio |
|---|---|
| 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 Medial 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.

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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:

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| Metric | High | Low | Median | Mean | Range Applied Low | | Range Applied 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:

| **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) |
| 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:

| **Metric** | **High** | **Low** | **Median** | **Mean** |
|---|---|---|---|---|
| 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."

| | **Range Applied** | | |
|---|---|---|---|
| **Metric** | **Low** | | **High** |
| 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**

| **Metric** | **High** | **Midpoint** | **Low** |
|---|---|---|---|
| 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**

| **Metric** | **High** | **Midpoint** | **Low** |
|---|---|---|---|
| 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.

| High | Midpoint | Low |
|---|---|---|
| $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:

| | **Percentiles** | | | | | |
|---|---|---|---|---|---|---|
| **Metric** | **25th** | **40th** | **60th** | **75th** | **Median** | **Mean** |
| 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 25th and 75th 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**

| **Metric** | **High** | **Midpoint** | **Low** |
|---|---|---|---|
| Premium to 1-Day Prior Stock Price | $298 | $ 267 | $235 |

**With NOLs**

| **Metric** | **High** | **Midpoint** | **Low** |
|---|---|---|---|
| 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.

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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.

| | | | | | **Range Applied** | | |
|---|---|---|---|---|---|---|---|
| **Metric** | **High** | **Low** | **Median** | **Mean** | **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**

| **Metric** | **High** | **Midpoint** | **Low** |
|---|---|---|---|
| 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**

| **Metric** | **High** | **Midpoint** | **Low** |
|---|---|---|---|
| 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:

| **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) |
| 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:

| **Metric** | **High** | **Low** | **Median** | **Mean** |
|---|---|---|---|---|
| EV / Average BCF | 10.6x | 6.2x | 8.9x | 8.7x |
| EV / Average EBITDA | 12.4x | 7.8x | 9.7x | 9.6x |

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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."

| **Metric** | **Range Applied Low** | | **High** |
|---|---|---|---|
| 2011A-2012A Average BCF | 8.0x | to | 9.0x |
| 2011A-2012A Average EBITDA | 9.0x | to | 10.0x |
| 2012A-2013E Average BCF | 7.5x | to | 8.5x |
| 2012A-2013E Average EBITDA | 8.5x | to | 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**

| **Metric** | **High** | **Midpoint** | **Low** |
|---|---|---|---|
| 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**

| **Metric** | **High** | **Midpoint** | **Low** |
|---|---|---|---|
| 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.

| High | Midpoint | Low |
|---|---|---|
| $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:

| Metric | General $ | General % | Young $ | Young % |
|---|---|---|---|---|
| Trading Comparables: | | | | |
| 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% |
| M&A Comparables: | | | | |
| 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% |

| | General | Young |
|---|---|---|
| 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$^{th}$ percentile (26.1%) and 75$^{th}$ percentile (34.5%), and slightly above the 50$^{th}$ 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 |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| **Net Revenue** | $327.5 | $390.2 | $379.5 | $461.5 | $419.6 |
| **Broadcast Cash Flow[1]** | 102.6 | 151.5 | 114.3 | 187.3 | 133.8 |
| **EBITDAP[2]** | 78.2 | 126.0 | 88.1 | 160.7 | 106.6 |
| **EBITDA[3]** | 73.4 | 121.0 | 83.1 | 155.6 | 101.4 |
| **Interest** | (77.2 ) | (71.6 ) | (66.3 ) | (66.1 ) | (65.8 ) |
| **Taxes** | (23.3 ) | (7.4 ) | 8.3 | (12.6 ) | (12.6 ) |
| **Depreciation and Amortization** | (23.9 ) | (24.4 ) | (24.8 ) | (24.9 ) | (24.9 ) |
| **Net Income** | (51.0 ) | 17.6 | 0.3 | 52.0 | (1.9 ) |
| **Unlevered Free Cash Flow[4]** | 65.9 | 92.6 | 64.4 | 110.6 | 75.2 |
| **Unlevered Free Cash Flow[5]** | n/a | 101.1 | 65.3 | 137.0 | 82.7 |

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(1) "Broadcast Cash Flow" is defined as earnings before interest, taxes, depreciation, and amortization, plus corporate overhead.

(2) 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."

(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.

(4) 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.

(5) 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 |
|---|---|---|---|---|---|
| **Net Revenue** | $219.4 | $254.5 | $250.7 | $302.1 | $284.9 |
| **Broadcast Cash Flow[(1)]** | 73.3 | 102.5 | 88.3 | 131.8 | 105.4 |
| **EBITDAP[(2)]** | 65.5 | 94.5 | 80.2 | 123.5 | 97.0 |
| **EBITDA[(3)]** | 61.5 | 94.5 | 80.2 | 123.5 | 97.0 |
| **Interest** | (7.1) | (5.9) | (4.7) | (2.0) | 0.4 |
| **Taxes** | (13.0) | (29.5) | (25.7) | (43.9) | (34.6) |
| **Depreciation and Amortization** | (17.7) | (13.0) | (9.7) | (9.0) | (8.8) |
| **Net Income** | 23.7 | 46.1 | 40.1 | 68.6 | 54.0 |
| **Unlevered Free Cash Flow[(4)]** | 32.4 | 70.0 | 57.4 | 69.7 | 62.2 |
| **Unlevered Free Cash Flow[(5)]** | 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.

(2) 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. 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.

(4) 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.

(5) 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 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.

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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 each of Messrs. Mahoney, Woodward and Carington) 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 September 26, 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 |

(1) 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.

(2) 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).

(3) 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.

(4) 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.

(5) 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.

(6) 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.

(7) 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.

(9) Mr. Conschafter's outstanding in-the-money equity holdings include: (i) 2,033 options at an exercise price of $5.20, (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.

(10) This amount represents the transaction bonus payment amount of $75,000, payable within 30 days following the 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.

(12) Mr. Cottingham's outstanding in-the-money equity holdings include: (i) 1,867 options at an exercise price of $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*. Young will be the acquirer solely for financial accounting purposes. The purchase price, representing the value of Media General's fully diluted outstanding shares, will be allocated based on the fair value of Media General's assets and liabilities at the closing date, with the excess consideration to be recorded as goodwill. The following pertinent facts and circumstances support the conclusion that Young will be the acquirer for financial accounting purposes:

The former Young equityholders will own approximately 67.5% of the fully-diluted common stock at consummation of the business combination.

Following the transaction, the largest Young equityholder (Standard General), is expected to own approximately 28% of the shares of Voting Common Stock of the combined company (or approximately 31% if certain transfers among the Young equityholders are completed prior to closing) and therefore have the largest minority voting interest in the combined company. See "Post-Transaction Pro Forma Security Ownership" beginning on page 129.

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. The Nominating Committee of the Board of Directors will be comprised of five members, consisting of three of the Young designees and two of the Media General designees.

Furthermore, because Young is treated as the continuing reporting entity for accounting purposes, the reports filed by Media General, as the legal acquirer and the continuing public corporation in the transaction, after the date of the transaction will be prepared as if Young were the legal successor to its reporting obligation as of the date of the transaction. Accordingly, prior period financial information presented in the Media General financial statements will reflect the historical activity of Young.

**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 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, it is the opinion of Fried Frank 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.

It is also the opinion of Fried Frank that, as a result of the reclassification merger qualifying as a "reorganization" within the meaning of Section 368(a) of the Code, 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.

The opinions described above are and will be based on facts, representations, assumptions and exclusions set forth or referred to in such opinions and in this registration statement, 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 facts, representations, assumptions or exclusions 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.

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. 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.



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***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.

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***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.



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***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:

o 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);

o 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);

- accelerate the payment, funding or vesting of any benefit provided to any current or former Director officer or employee; or

- 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:

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- 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;

acquire any shares of capital stock of the other party or any other equity securities of the other party;

adopt or enter into a plan of complete or partial liquidation, dissolution or other reorganization;

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

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:

solicit, initiate, knowingly encourage or knowingly facilitate the making, submission or announcement of any acquisition proposal or acquisition inquiry with respect to such party;

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;

engage in discussions or negotiations with any person relating to any acquisition proposal or acquisition inquiry with respect to such party;

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 amendments 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 amendments to Media General's Articles of Incorporation and such issuance of shares, Media General will adjourn the meeting and file the amendments to its Articles of Incorporation with the State Corporation Commission of the Commonwealth of Virginia. Once such amendments have been filed and become 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 amendments 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 M anagement'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). Young will be the acquirer solely for financial accounting purposes . S ee "The Transaction-Accounting Treatment of the Transaction" beginning on page 92. Accordingly, Young's cost to acquire Media General 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, Young's purchase price to acquire Media General 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 Young's acquisition of the Media General 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 Media General'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)*

| | **Young Historical** | **Media General Historical** | **Pro Forma Adjustments** | | **Pro Forma Combined** |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 21,397 | $ 25,244 | $ (19,577) | (a) | $ 27,064 |
| Trade accounts receivable, net | 44,335 | 60,152 | - | | 104,487 |
| Current portion of program license rights | 329 | 2,160 | - | | 2,489 |
| Current deferred tax asset | 1,647 | 739 | 6,013 | (b) | 8,399 |
| Prepaid expenses and other current assets | 3,988 | 8,280 | - | | 12,268 |
| Total current assets | 71,696 | 96,575 | (13,564) | | 154,707 |
| Property and equipment, net | 103,235 | 162,580 | 11,151 | (c) (d) | 276,966 |
| Program license rights, excluding current portion | 119 | 99 | - | | 218 |
| Equity investments | 2,896 | - | - | | 2,896 |
| Deferred tax asset long term | 12,578 | - | (12,578) | (b) | - |
| Broadcast licenses | 213,900 | 173,698 | 331,228 | (d) | 718,826 |
| Goodwill | 54,252 | 247,149 | 112,679 | (d) | 414,080 |
| Definite lived intangible assets, net | 31,948 | 25,674 | 98,055 | (d) | 155,677 |
| Other assets, net | 1,305 | 33,862 | (17,077) | (c) (e) | 18,090 |
| Total assets | $ 491,929 | $ 739,637 | $ 509,894 | | $ 1,741,460 |
| Current liabilities: | | | | | |
| Trade accounts payable | $ 2,767 | $ 14,983 | $ - | | $ 17,750 |
| Accrued salaries and wages | 7,149 | 5,030 | - | | 12,179 |
| Other accrued expenses and other current liabilities | 26,796 | 43,750 | (6,136) | (a) | 64,410 |
| Current installments of program license liability | 427 | 2,201 | - | | 2,628 |
| Current installments of long-term debt | 17,513 | - | - | | 17,513 |
| Current installments of obligation under capital leases | 137 | 15 | - | | 152 |
| Total current liabilities | 54,789 | 65,979 | (6,136) | | 114,632 |

| | | | | | |
|---|---|---|---|---|---|
| Deferred income tax and other long-term tax liabilities | 24 | 65,545 | (33,764 ) | (b)(d) | 31,805 |
| Long-term debt | 137,297 | 296,206 | 34,887 | (f) | 468,390 |
| Long-term debt - Media General related party | - | 260,445 | 74,857 | (f) | 335,302 |
| Obligations under capital leases, excluding current installments | 1,179 | 4 | - | | 1,183 |
| Other liabilities | 6,944 | 257,829 | (38,240 ) | (g) | 226,533 |
| Total liabilities | 200,233 | 946,008 | 31,604 | | 1,177,845 |
| | | | | | |
| Stockholders' equity (deficit): | | | | | |
| Common stock | 0.7 | 139,506 | 278,853 | (h), (i) | 418,360 |
| Additional paid-in capital | 132,999 | 23,459 | (156,458 ) | (h), (i) | - |
| Accumulated other comprehensive loss | (987 ) | (217,084 ) | 217,084 | (i) | (987 ) |
| Retained earnings (accumulated deficit) | 159,995 | (152,252 ) | 138,811 | (a), (i) | 146,554 |
| Total (deficit) equity | 292,008 | (206,371 ) | 478,290 | | 563,927 |
| Noncontrolling interests | (312 ) | - | - | | (312 ) |
| Total stockholders' (deficit) equity | 291,696 | (206,371 ) | 478,290 | | 563,615 |
| Total liabilities and stockholders' equity (deficit) | $ 491,929 | $ 739,637 | $ 509,894 | | $ 1,741,460 |

(a) Reflects the impact of transaction-related expenses on the condensed combined financial statements of Young and Media General. 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, 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 the reclassification of 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. The preliminary purchase price allocation assumes no valuation allowance on Media General’s net operating loss carryforwards.

(c) Reflects the reclassification of Media General’s software costs, net of accumulated amortization of $4.6 million to fixed assets to make the treatment consistent with Young’s accounting policy.

(d) Reflects an adjustment to record identifiable tangible and intangible assets of Media General at their preliminary estimated fair value. The 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.

(e) Reflects the elimination of Media General's existing unamortized debt issuance costs of $12.5 million in order to present the debt at fair value. See also note (f).

(f) Reflects adjustments to present Media General's long-term debt at fair value as of June 30, 2013.

(g) Represents an adjustment to Media General's retirement and postretirement liabilities to reflect the estimated funded status as of June 30, 2013.

(h) Represents estimated purchase price assuming outstanding shares of Media General common stock as of June 30, 2013, no par value (at a price of $10.00/share) and a preliminary estimate of fair value of equity awards issued related to Media General as if it were replaced by new equity awards. The fair value of these new equity awards attributable to the pre-combination services is recognized as part of the purchase consideration transferred. As of June 30, 2013, Media General had 27,352,562 outstanding shares of Class A common stock, 548,564 shares of Class B common stock. Media General expects to issue 60,193,351 shares of common stock to Young equityholders at closing. If the transaction had occurred as of June 30, 2013, and based on the fact that two Media General stockholders have indicated that they desire to hold shares of Non-Voting Common Stock following closing of the transaction, Media General would have had 86,614,562 outstanding shares of Voting Common Stock and 1,479,915 outstanding shares of Non-Voting Common Stock immediately following closing of the transaction. Because the Young equityholders have not yet informed Media General of the extent to which they will elect to receive Non-Voting Common Stock, the number of shares of Voting Common Stock and the number of shares of Non-Voting Common Stock set forth in the immediately preceding sentence each assume that no Young equityholders elect to receive shares of Non-Voting Common Stock in connection with the transaction. To the extent that such elections are made, the number of shares of Voting Common Stock outstanding and the number of shares of Non-Voting Common Stock outstanding may change.

(i) Eliminates Media General'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 | $ 285,360 |
| Working capital acquired | (30,596 ) |
| Property, plant & equipment | (169,179 ) |
| FCC licenses (indefinite lived) | (504,926 ) |
| Network affiliations (15 year estimated useful life) | (76,141 ) |
| Advertiser relationships (5 year estimated useful life) | (47,588 ) |
| Other assets acquired | (21,436 ) |
| Long-term debt assumed | 666,399 |
| Pension, post-retirement and post-employment liabilities assumed | 198,747 |
| Other liabilities assumed | 20,842 |
| Deferred income tax liability recorded in conjunction with acquisition | 38,346 |
| Excess of cost over fair value of net identifiable assets of acquired businesses | $ 359,828 |

**Media General, Inc.**

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

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

| | Young Historical | Media General Historical* | Pro Forma Adjustments | | Pro Forma Combined |
|---|---|---|---|---|---|
| Net operating revenue | $ 228,183 | $ 359,722 | $ - | | $ 587,905 |
| Operating expenses, excluding depreciation expense | 68,899 | 115,258 | (7,329 ) | (a) | 176,828 |
| Amortization of program license rights | 9,022 | 10,738 | - | | 19,760 |
| Station selling, general and administrative expenses | 55,000 | 88,235 | 6,950 | (a) | 150,185 |
| Depreciation and amortization | 16,179 | 25,059 | 12,622 | (b) | 53,860 |
| (Gain) loss on disposal of property and equipment, net | 59 | 2,062 | - | | 2,121 |
| Corporate overhead, excluding depreciation and amortization expense | 23,531 | 31,705 | 2,581 | (c) | 57,817 |
| Operating income | 55,493 | 86,665 | (14,824 ) | | 127,334 |
| Interest expense | (7,830 ) | (51,566 ) | 11,831 | (d) | (47,565 ) |
| Interest expense - Media General related party | - | (26,468 ) | 9,990 | (d) | (16,478 ) |
| Debt modification and extinguishment costs | - | (35,415 ) | - | | (35,415 ) |
| Other income (expenses), net | 8,680 | 458 | (379 ) | (a) | 8,759 |
| | 850 | (112,991 ) | 21,442 | | (90,699 ) |
| Income from continuing operations before income taxes | 56,343 | (26,326 ) | 6,618 | | 36,635 |
| Provision for income taxes | (20,380 ) | (13,631 ) | (2,647 ) | (e) | (36,658 ) |
| Income (loss) from continuing operations | 35,963 | (39,957 ) | 3,971 | | (23 ) |
| Income attributable to noncontrolling interests | 42 | - | - | | 42 |
| Income (loss) from continuing operations attributable to Company | $ 35,921 | $ (39,957 ) | $ 3,971 | | $ (65 ) |
| Income (loss) from continuing operations per common share (basic) | $ 602.41 | | | (f) | $ (0.00 ) |
| Weighted average common shares (basic) | 60 | | | (f) | 88,729 |
| Income (loss) from continuing operations per common share (assuming dilution) | 385.83 | | | (f) | (0.00 ) |
| Weighted average common shares (assuming dilution) | 93 | | | (f) | 88,729 |

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*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 consistent with Young's accounting policy.

(b) Reflects the increase in the depreciation and amortization expense resulting from purchase price adjustment of tangible and intangible assets to preliminary estimated fair value. Depreciation and amortization is based on the estimated remaining useful life.

(c) Reflects the recordation of estimated expense for amortization of deferred stock units issued to certain named executive officers upon consummation of the acquisition. andthe incremental expense attribution for the fair value of equity awards relating to post-combination service for the year ended December 31, 2012.

(d) Replaces Media General's existing debt issuance and debt discount expense amortization with amortization of a new debt premium as a result of recording debt at fair value in purchase accounting.

(e) Reflects the tax effect of pro forma adjustments using the statutory rate in effect for the period presented.

(f) Assumes that 88.7 million fully diluted shares of common stock (as of June 30, 2013) 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)*

| | **Young Historical** | **Media General Historical** | **Pro Forma Adjustments** | **Pro Forma Combined** |
|---|---|---|---|---|
| Net operating revenue | $ 105,827 | $ 155,959 | $ - | $ 261,786 |

| | | | | | |
|---|---|---|---|---|---|
| Operating expenses, excluding depreciation expense | 38,787 | 57,949 | (2,831) | (a) | 93,905 |
| Amortization of program license rights | 4,982 | 5,466 | - | | 10,448 |
| Station selling, general and administrative expenses | 28,747 | 45,755 | 2,698 | (a) | 77,200 |
| Depreciation and amortization | 9,135 | 12,039 | 6,747 | (b) | 27,921 |
| (Gain) loss on disposal of property and equipment, net | (43) | 68 | - | | 25 |
| Corporate overhead, excluding depreciation and amortization expense | 4,084 | 16,788 | 1,469 | (c) | 22,341 |
| Merger-related expenses | 4,888 | 7,171 | (12,059) | (d) | - |
| Operating income | 15,247 | 10,723 | 3,976 | | 29,946 |
| | | | | | |
| Interest expense | (4,220) | (18,821) | 5,460 | (e) | (17,581) |
| Interest expense - Media General related party | - | (19,918) | 5,988 | (e) | (13,930) |
| Other, net | (80) | (174) | (133) | (a) | (387) |
| | (4,300) | (38,913) | 11,315 | | (31,898) |
| | | | | | |
| Income from continuing operations before income taxes | 10,947 | (28,190) | 15,291 | | (1,952) |
| Provision for income taxes | (4,481) | (5,208) | (6,116) | (f) | (15,805) |
| Income (loss) from continuing operations | 6,466 | (33,398) | 9,175 | | (17,757) |
| Loss attributable to noncontrolling interests | (354) | - | - | | (354) |
| Income (loss) from continuing operations attributable to Company | $ 6,820 | $ (33,398) | $ 9,175 | | $ (17,403) |
| | | | | | |
| Income (loss) from continuing operations per common share (basic) | $ 104.24 | | | (g) | $ (0.20) |
| | | | | | |
| Weighted average common shares (basic) | 65 | | | (g) | 88,729 |
| | | | | | |
| Income (loss) from continuing operations per common share (assuming dilution) | 82.78 | | | (g) | (0.20) |
| | | | | | |
| Weighted average common shares (assuming dilution) | 82 | | | (g) | 88,729 |

(a) Reflects the reclassification of certain operating costs to make consistent with Young's accounting policy.

(b) Reflects the increase in the depreciation and amortization expense resulting from purchase price adjustment of tangible and intangible assets to preliminary estimated fair value. Depreciation and amortization is based on the estimated remaining useful life.

(c) Reflects the recordation of estimated expense for amortization of deferred stock units issued to certain named executive officers upon consummation of the acquisition andthe incremental expense attribution for the fair value of equity awards relating to post-combination service for the six months ended June 30, 2013.

(d) Reflects the elimination of transaction-related expenses incurred during the six months ended June 30, 2013, for pro forma presentation purposes.

(e) Replaces Media General's existing debt issuance and debt discount expense amortization with amortization of a new debt premium as a result of recording debt at fair value in purchase accounting.

(f) Reflects the tax effect of pro forma adjustments using the statutory rate in effect for the period presented.

(g) Assumes that 88.7 million fully diluted shares of common stock (as of June 30, 2013) were outstanding for the entire period.

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The unaudited pro forma combined condensed financial statements do not reflect certain events that have occurred or may occur after the transaction. 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 Young and Media General are not reflected in the unaudited pro forma combined condensed financial statements:

1. On July 31, 2013, Media General entered into a credit agreement with a syndicate of lenders, contingent on successful 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 successful 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.

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2. 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. 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 $28.5 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 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.
6. The pro forma condensed combined statements of operations reflect historical income tax expense of Young and Media General and the tax effect of pro forma adjustments at the statutory rate. Media General's historical tax expense was primarily related to the need for additional valuation allowance in connection with the tax amortization of indefinite-lived intangible assets that is not available to offset existing deferred tax assets (termed a "naked credit"). As indicated in adjustment (b) to the balance sheet, Media General expects that its deferred tax assets will not be offset by a valuation allowance in purchase price allocation. Consequently, the effective tax rate of the combined company is expected to be closer to Young's historical effective tax rate than Media General's historical effective tax rate.
7. Following the transaction, operating synergies of approximately $15 million are expected to be achieved.

**POST-TRANSACTION PRO FORMA SECURITY OWNERSHIP**

Pursuant to the proposed reclassification merger, the outstanding shares of Class A Common Stock and Class B Common Stock of Media General will be reclassified into shares of a newly-created class of Voting Common Stock. 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 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. In connection with the combination merger, Media General will issue approximately 60.2 million shares of its Common Stock to Young's equityholders. 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. Subject to applicable restrictions contained in the combined company's Articles of Incorporation, shares of Voting Common Stock will be convertible into shares of Non-Voting Common Stock, and shares of Non-Voting Common Stock will be convertible into shares of Voting Common Stock, in each case at the election of the holder of such shares. The Voting Common Stock of the combined company will be registered under the Exchange Act and is expected to be listed on the NYSE. The Non-Voting Common Stock will not be registered under the Exchange Act and will not be listed on a securities exchange.

The following table sets forth the expected beneficial ownership of Voting Common Stock of the combined company, calculated in accordance with Rule 13d-3 under the Exchange Act, 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's Voting Common Stock following the closing of the transaction. The applicable percentages of beneficial ownership are based on 86,805,699 shares of Voting Common Stock expected to be outstanding immediately after closing of the transaction. Because Young's equityholders have not yet informed Media General of the extent to which they will elect to receive Non-Voting Common Stock, this amount was calculated assuming that no Young equityholders elect to receive shares of Non-Voting Common Stock. To the extent that such elections are made, the number of shares of Voting Common Stock outstanding immediately after closing of the transaction will be lower.

| | Number of Shares of Voting Common Stock Beneficially Owned | Percent Ownership of Voting Common Stock Beneficially Owned |
|---|---|---|
| Standard General (1) | 24,549,465 | 28.3% |
| OppenheimerFunds (2) | 11,800,196 | 13.6% |
| Mario J. Gabelli and affiliates (3) | 8,989,237 | 10.2% |

| | | |
|---|---|---|
| Highland (4) | 8,715,531 | 10.0% |
| Warren E. Buffett and Berkshire Hathaway, Inc. (5) | 4,646,220 | 5.3% |

(1) 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 Voting Common Stock, respectively. Mr. Soohyung Kim may be deemed to share beneficial ownership of the shares of the combined company's Voting Common Stock held by Standard General Fund, L.P and Standard General Communications LLC 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. Standard General Fund L.P. and OppenheimerFunds have informed Young that Standard General Fund L.P. has entered into an agreement to purchase 1,491 shares of Young's class A common stock and warrants to purchase an additional 1,450 shares of Young's class A common stock that are held by OppenheimerFunds. Upon consummation of the purchase, Standard General would be expected to have beneficial ownership of 26,698,210 shares of the combined company's Voting Common Stock (or approximately 30.8% of the combined company's outstanding Voting Common Stock).

(2) 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 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. Standard General Fund L.P. and OppenheimerFunds have informed Young that Standard General Fund L.P. has entered into an agreement to purchase 1,491 shares of Young's class A common stock and warrants to purchase 1,450 shares of Young's class A common stock that are presently held by OppenheimerFunds. In addition, OppenheimerFunds has further notified Young that it intends to sell, prior to the closing, 1,750 shares of Young's class A common stock and 1,378 warrants to other third parties who are not currently holders of Young class A common stock. Upon the consummation of these transactions, OppenheimerFunds would be expected to have beneficial ownership of 7,366,081 shares of the combined company's Voting Common Stock (or approximately 8.5% of the combined company's outstanding Voting Common Stock).

(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, in connection with the closing of the transaction, GAMCO will convert a number of shares of Voting Common Stock into shares of Non-Voting Common Stock so that it does not hold in excess of 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. Therefore, it is expected that, following such conversion, Mr. Gabelli and affiliates will beneficially own 8,989,237 shares of Voting Common Stock, including 7,843,013 shares held as Voting Common Stock and 1,146,224 shares held as Non-Voting Common Stock which is convertible into Voting Common Stock. Because the Young equityholders have not yet informed Media General of the extent to which they will elect to receive Non-Voting Common Stock, these amounts were calculated assuming that no Young equityholders elect to receive shares of Non-Voting Common Stock. To the extent Young equityholders make such elections, we expect that GAMCO will hold fewer shares of Voting Common Stock, and a greater number of shares of Non-Voting Common Stock, following the conversion.

(4) 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, 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.

(5) 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 24, 2012 and June 6, 2013. According to that Schedule 13D as amended, as of September 24, 2012, Mr. Buffett and Berkshire Hathaway shared dispositive and voting power over 4,646,220 shares of Media General Class A Common Stock. It is expected that, following closing of the transaction, Berkshire Hathaway 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 Berkshire Hathaway (if any) will be shares of Non-Voting Common Stock. Therefore, it is expected that, following the closing of the transaction, Mr. Buffett and Berkshire Hathaway will beneficially own 4,646,220 shares of Voting Common Stock, including 4,331,604 shares held as Voting Common Stock and 314,616 shares held as Non-Voting Common Stock which is convertible into Voting Common Stock. Because the Young equityholders have not yet informed Media General of the extent to which they will elect to receive Non-Voting Common Stock, these amounts were calculated assuming that no Young equityholders elect to receive shares of Non-Voting Common Stock. To the extent Young equityholders make such elections, we expect that Berkshire Hathaway will hold fewer shares of Voting Common Stock, and a greater number of shares of Non-Voting Common Stock, following the conversion.

**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 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 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.

(2) 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.

(3) 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 "Young Management's Discussion & Analysis of Financial Condition and Results of Operations – Overview of Young's Business" for further discussion.

(4) 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 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 | Affiliation Agreement 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 | *Nashville, TN* | |
| | Office and studio | Owned |
| | Land | Owned |
| | *Brentwood, TN* | |
| | Transmission tower site | Owned |
| WTEN | *Albany, NY* | |
| | Office and studio | Owned |
| | Land | Owned |
| | *New Scotland, NY* | |
| | Transmission tower site | |
| | —Land | Owned |
| | —Building | Owned |
| | DTV transmitter site | Leased(1) |
| | *Mt. Greylock, Adams, MA* | |
| | Transmission tower site | |
| | —Land | Leased |

| | | |
|---|---|---|
| | —Building | Owned |
| WRIC | *Richmond, VA* | |
| | Office and studio | |
| | —Building | Owned |
| | —Land | Owned |
| | *Chesterfield Co., VA* | |
| | Transmitter tower facility | Owned |
| | DTV transmitter site | Lease of space on tower |
| WATE | *Knoxville, TN* | |
| | Office and studio | Owned |
| | Land | Owned |
| | *Knox County, TN* | |
| | Transmission tower site | Owned |

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| Station | Metropolitan Area and Use | Owned or Leased |
|---|---|---|
| | *House Mountain, TN* | |
| | Prospective tower site | Owned |
| WBAY | *Green Bay, WI* | |
| | Office and studio | Owned |
| | Land | Owned |
| | *DePere, WI* | |
| | Transmission tower site | Owned |
| | *Appleton, WI* | |
| | Office | Leased |
| KWQC | *Davenport, Iowa* | |
| | Office and studio | Owned |
| | Land | Owned |
| | *Bettendorf, Iowa* | |
| | Land | Owned |
| | Building | Owned |
| | Transmitter tower (structure) | Owned(1) |
| | *Orion, Illinois* | |
| | DTV transmitter site | Lease of space on tower |
| KELO | *Sioux Falls, SD* | |
| | Office and studio | Owned |
| | Land | Owned |
| | *Rowena, SD* | |
| | Transmission tower site | Owned(1) |
| | *Reliance, SD* | |
| | Transmission tower site | Owned |
| | New transmission tower site | Leased |
| | *Rapid City, SD* | |
| | Office and studio | Leased |
| | Transmission tower site | Owned |
| | *Murdo, SD* | |
| | Transmission tower site | Leased |
| | *Wall, SD* | |
| | Transmission tower site | Leased |
| | Doppler radar tower | Leased |
| | *Beresford, SD* | |
| | Transmission tower site | Leased |
| | Doppler radar tower site | Leased |
| | *Diamond Lake, SD* | |
| | Transmission tower site | Owned |
| | *DeSmet, SD* | |
| | Transmission tower site | Owned |
| | *Garden City, SD* | |
| | Transmission tower site | Owned |
| | Auxiliary transmission tower site | Owned |
| | *Mt. Vernon, SD* | |
| | Transmission tower site | Owned |
| | *New Underwood, SD* | |
| | Transmission tower site | Leased |

| | | |
|---|---|---|
| | *Huron, SD* | |
| | Doppler radar tower site | Leased |
| | *Watertown, SD* | |
| | Transmission tower site | Lease of space on tower |
| | *Aberdeen, SD* | |
| | Office and studio | Leased |
| WLNS | *Lansing, Michigan* | |
| | Office, studio and transmission tower site | Owned |
| | Land | Owned |
| | *Meridian, Michigan* | |
| | Transmission tower site | Owned |
| | *Watertown, Michigan,* | |
| | Doppler Radar tower site | Leased |
| KLFY | *Lafayette, LA* | |
| | Office and studio | Owned |
| | Land | Owned |
| | *Maxie, LA* | |
| | Transmission tower site | Leased |
| | *Acadia Parish, Louisiana* | |
| | Transmission tower site | Owned |

| Station | Metropolitan Area and Use | Owned or Leased |
|---|---|---|
| KRON | *San Francisco, CA* | |
| | Office and studio | Owned |
| | Land | Owned |
| | Transmission tower site | Leased(1) |
| | Transmitter site | Lease of space on tower |
| | *Sonoma County, CA* | |
| | Transmitter site | Leases of space on tower |
| | *Alameda County, CA* | |
| | Transmitter site | Lease of space on tower |
| | *Santa Clara County, CA* | |
| | Two transmitter sites | Leases of space on tower |
| | *Marin County, CA* | |
| | Transmitter site | Lease of space on tower |
| | *Contra Costa County, CA* | |
| | Transmitter site | Lease of space on tower |
| WXXA | *Albany, NY* | |
| | Office and studio | Owned |
| | —Land | Owned |
| | *Voorheesville, NY* | |
| | Tower site | |
| | —Land | Owned |
| | —Building | Owned |
| | *New Scotland, NY* | |
| | DTV transmitter site | Leased(1) |
| WLAJ | *Lansing, MI* | |
| | Office and studio | Owned |
| | Land | Owned |
| | *Onondaga, MI* | |
| | 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*