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# CAPITAL CITIES COMMUNICATIONS INC

1974

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MICROFICHE BY DISCLOSURE INCORPORATED

CARD 1

Capital Cities Communications, Inc. [N.Y.] Co: C101850000
24 East 51st Street
New York, N.Y. 10022
SEC File No: 1-4278 Exch: NYSE/CCB
IRS No: 14-1284013 CUSIP: 1398619
Fiscal Year Ends: 12/31 SIC No: 483

10-Q For: 3/31/74 Rec: 5/9/74

8-K For: 5/31/74 Rec: 6/10/74

Shareholders elected directors and amended employee stock option plans.
Entered agreement with Carter Publications, Inc. and LIN Broadcasting Corp. whereby Company will acquire 68.5% and LIN would acquire 31.5% of Carter stock. If transaction is consummated, LIN will acquire properties of Carter associated with television station, and Company will acquire radio stations and newspaper publishing properties. Entire transaction pending FCC approval.

- Proposed merger and acquisition; *Carter Publications, Inc.; Regulatory approval pending

Exhibits: None indexed

10-Q For: 6/30/74 Rec: 8/2/74

Prspct Eff: 5/14/74 Rec: 5/20/74

Related Reg. No.: 2-48440
Covers 353,939 shares of Common Stock: 25,000 shares under amended 1972 Employee Stock Option Plan; 90,899 shares under previously approved qualified stock option plans; and 238,040 shares, including 63,348 arising from conversion of 31,674 shares of Preferred Stock, offered by shareholders. Selling shareholders are 49 individuals, a custodian for three individuals, and a trust.

Prspct Eff: 11/13/74

Related Req. No: 2-50593
Supplement to prospectus dated 5/14/74.

10-Q For: 9/30/74

8-K For: 11/30/74

Acquired 68.5% capital stock of Carter Publications Inc. for $75.5 million, payable in cash and promissory notes. Received properties of Fort Worth Star-Telegram daily newspaper, radio networks, and a suburban newspaper. $10 million of notes issued held in escrow until disposition of appeal to renew FCC licensing of radio stations.

- Merger and acquisition; *Carter Publications, Inc.; Payment in cash and debt; Long term secured loans
- Merger and acquisition; *Carter Publications, Inc.; Radio network operation; Newspaper publishing
- Escrow agreements; Merger and acquisition; Radio network operation; License renewal; Regulatory approval pending

Exhibits:

- Ex: Purchase contracts; *1/6/73; *Amendments; *4/22/74; *11/8/74; *Carter Publications Inc.

Reqst S-1 Filed: 3/31/75

Reg. No: 2-53200
52,795 shares of Common Stock including 25,000 shares to be offered under 1972 Employee Stock Option Plan and 27,795 shares to be offered by shareholders. Selling shareholders are 15 individuals or their representatives, including executive vice president and family members. Preliminary prospectus also covers 127,153 common shares previously registered on Reg. Nos. 2-45031, 2-48440, and 2-55093 under 1970 Qualified Stock Option Plan, and under the above offerings.
Principal Underwriter: None

RESUME CONTINUED ON NEXT FRAME

Legal Counsel: Hall, Dickler, Lawler, Kent & Howley
- ¤ Common stock offered to employees; Qualified/nonqualified option plans
- ¤ Common stock offering; Shareholder offering
- ¤ Common stock offered to employees; Qualified stock option plans; Posteffective registration amendment

10-K For: 12/31/74

Auditor: Arthur Young & Company

Shareholders: 2,301

| For the years ended: | 12/31/74 | 12/31/73 |
|---|---|---|
| Revenues: | $138,585,000 | $127,498,000 |
| Earnings: | $22,025,000/$2.86 | $20,146,000/$2.61 |
| Extr. Items: | None | None |
| Assets: | $300,880,000 | $237,865,000 |
| Net Worth: | $163,860,000 | $141,906,000 |

Description of Business: Publishes business newspapers for specific industries, three daily newspapers, and bi-weekly consumer newspaper. Owns and operates five VHF and one UHF TV stations, Seven AM and six FM radio stations. Acquired Carter Publications, Inc. Derives all broadcasting and over 80% of publishing revenues from sale of advertising.
- ¤ Newspaper publishing; Trade paper publishing
- ¤ Radio broadcasting; Television broadcasting

Auditor's Report: Unqualified

Financial Statements and Notes:
- ¤ Deferred film exhibition rights cost
- ¤ Merger and acquisition; *Carter Publications, Incorporated; Purchase accounting (acquisitions); Payment in cash and debt
- ¤ Purchase of businesses; *Fort Worth Star-Telegram; Newspaper publishing
- ¤ Communication system acquisition; *WBAP-AM; *KSCS-FM

Exhibits: None indexed

C101850

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# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549



RECD S.E.C. MAY 21 1975

12/31/74

## Form 8

AMENDMENT TO APPLICATION OR REPORT

Filed pursuant to Section 12, 13 or 15(d) of

THE SECURITIES EXCHANGE ACT OF 1934

# Capital Cities Communications, Inc.

*(Exact name of registrant as specified in charter)*

**AMENDMENT NO. 1**

**The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its Annual Report on Form 10-K as set forth in the pages attached hereto:**

**The following textual items are amended updating such matters through and including May 8, 1975: Items 1. Business, except (b)(4) relating to raw materials, 2. Summary of Operations, 3. Properties, 5. Legal Proceedings, 8. Executive Officers of the Registrant and Item 10. Financial Statements and Exhibits.**

**Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.**

Date: May 20, 1975

CAPITAL CITIES COMMUNICATIONS, INC.
(Registrant)

By WILLIAM KOPTA
WILLIAM KOPTA
Treasurer

## PART I

| Item number and caption | Included herein Page | Incorporation herein by reference to Registration Statement on Form S-1 filed May 8, 1975 — Section | Pages |
|---|---|---|---|
| 1. Business | | Business | 13-18 |
| 1(b)(4) Raw materials* | 3 | | |
| 2. Summary of Operations | | Consolidated Statement of Income | 6 |
| 3. Properties | | Properties | 18-20 |
| 4. Parents and Subsidiaries* | | Item 27. Subsidiaries of Registrant | II-2 |
| 5. Legal Proceedings | | Legal Proceedings | 30-31 |
| 6. Increases and Decreases in Outstanding securities* | 3 | | |
| 7. Approximate Number of Equity Security Holders* | 3 | | |
| 8. Executive Officers of the Registrant | | Management | 20-22 |
| 9. Indemnification of Directors and Officers* | | Item 29. Indemnification of Directors and Officers | II-2 |
| 10. Financial Statements and Exhibits | | | |
| (a) Financial statements and schedules of Capital Cities Communications, Inc.: | | | |
| (1) Consolidated balance sheet at December 31, 1974 and 1973 | | Financial Statements | 36 |
| (2) For the five years ended December 31, 1974: | | | |
| Consolidated statement of income | | Consolidated Statement of Income | 6 |
| Consolidated statement of changes in financial position | | Financial Statements | 35 |
| Notes to consolidated financial statements | | Financial Statements | 38-43 |
| (3) Consolidated statement of stockholders' equity for the three years ended December 31, 1974 | | Financial Statements | 37 |
| (4) Schedules for the three years ended December 31, 1974: | | | |
| II — Amounts receivable from director | | | S-1 |
| V — Property, plant and equipment | | | S-2 |
| VI — Accumulated depreciation of property, plant and equipment | | | S-3 |
| VII — Intangible assets | | | S-4 |
| XII — Allowance for doubtful accounts | | | S-5 |
| XVI — Supplementary income statement information | | Note 10. Supplementary Income Statement Information | 43 |

* Not amended by this Form 8.

| Item number and caption | Included herein Page | Incorporation herein by reference to Registration Statement on Form S-1 filed May 8, 1975 Section | Pages |
|---|---|---|---|
| **10. Financial Statements and Exhibits (Continued)** | | | |
| All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or the notes thereto. | | | |
| Financial statements and schedules of Capital Cities Communications, Inc. (not consolidated) are omitted since the Company is primarily an operating company, and all subsidiaries included in the consolidated financial statements do not have minority equity interests and/or indebtedness to any person other than the Company. | | | |
| The financial statements, schedules and information listed in the Registration Statement on Form S-1 filed on March 31, 1975 are incorporated herein by reference. With the exception of the pages listed in the above index, the Registration Statement is not to be deemed filed as part of this report. | | Financial Statements | 34 |
| (5) Reports of certified public accountants° ....... | | Report of Certified Public Accountants | II-7 |
| **(b) Exhibit** | | | |
| Consent of certified public accountants .............. | 4 | | |

## PART II

**11. to 15., inclusive°**

Registrant will file with the Commission not later than 120 days after the close of the fiscal year a definitive proxy statement pursuant to Regulation 14A involving the election of directors. Accordingly, the information required in Items 11. to 15., inclusive, which will be set forth in the proxy statement, is not included herein.

° Not amended by this Form 8.

**Item 1(b)(4). Raw materials°**

The broadcasting division uses no raw materials.

The primary raw material used by the publishing division is newsprint. Newsprint for the Fairchild publications is furnished by the contract printers. The Company's daily newspapers purchase their newsprint from various suppliers. Approximately 45% of the requirements of *The Oakland Press* is purchased from one supplier. The *Fort Worth Star Telegram* purchases newsprint from six suppliers, the largest of which furnishes 35% of their requirement; another furnishes 17% and four others furnish 12% each.

**Item 6. Increases and decreases in outstanding securities°**

(a) Increases and decreases in outstanding equity securities

| | | Title of Class | |
|---|---|---|---|
| Date | Description | Common stock, $1.00 par value (number of shares) | Convertible preferred stock, $1.00 par value (number of shares) |
| Dec. 31, 1973 ........ | Issued and outstanding | 7,164,476 | 258,768 |
| Jan. 10, 1974 to Oct. 3, 1974 ......... | Shares of common stock issued on conversion of preferred stock | 41,712 | (20,856) |
| Mar. 25, 1974 to July 30, 1974 ....... | Shares of common stock issued on exercise of employee stock options (1)(2)(3) | 1,975 | |
| Dec. 31, 1974 ........ | Issued and outstanding | 7,208,163 | 237,912 |

(1) See Note 9 to Consolidated Financial Statements of the Company incorporated herein by reference to Amendment No. 1 to Registration Statement on Form S-1 filed on May 8, 1975.

(2) Exemption claimed under Section 4(2) of the Securities Act of 1933. Issues of securities not involving a public offering.

(3) Securities have not been legended upon advice of counsel. Stop-transfer instructions have been given in connection therewith.

(b) Issuance of securities under Section 4(2) of the Securities Act of 1933

Reference is made to "Acquisition of Carter Publications, Incorporated" on page 17 and to "Item 26. Recent Sales of Registrant's Securities" on page II-1 included in Amendment No. 1 to Registration Statement on Form S-1 filed May 8, 1975 for a description of the Notes of the Registrant issued on November 8, 1974 to the shareholders of Carter. The Notes have been legended; issuance of stop-transfer instructions is inapplicable to the Notes.

**Item 7. Number of equity security holders°**

| Title of Class | Number of record holders as of Dec. 31, 1974 |
|---|---|
| Common stock, $1.00 par value ............................ | 2,301 |
| Convertible preferred stock, $1.00 par value ... ............ | 41 |

° Not amended by this Form 8

Exhibit

## CONSENT OF CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Capital Cities Communications, Inc.

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Capital Cities Communications, Inc. for the year ended December 31, 1974 of our reports dated February 28, 1975 with respect to the consolidated financial statements and schedules of Capital Cities Communications, Inc. listed in Item 10(a) and incorporated herein by reference to Amendment No. 1 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on May 8, 1975.

ARTHUR YOUNG & COMPANY

New York, New York
May 20, 1975

As filed with the Securities and Exchange Commission on May 8, 1975

Registration No. 2-53200

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

## AMENDMENT NO. 1
to
# Form S-1

REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

# Capital Cities Communications, Inc.

*(Exact name of Registrant as specified in its charter)*

24 East 51st Street
New York, N. Y. 10022

*(Address of principal executive offices)*

**GERALD DICKLER,** *Secretary*
CAPITAL CITIES COMMUNICATIONS, INC.
c/o Messrs. Hall, Dickler, Lawler, Kent & Howley
460 Park Avenue
New York, N. Y. 10022

*(Name and address of agent for service)*

*Approximate date of commencement of proposed sale to the public:*
From time to time after the Registration Statement becomes effective.

## CALCULATION OF REGISTRATION FEE

| *Title of Each Class of Securities Being Registered* | *Amount Being Registered* | *Proposed Maximum Offering Price Per Share(1)* | *Proposed Maximum Aggregate Offering Price(1)* | *Amount of Registration Fee* |
|---|---|---|---|---|
| Common Stock, $1 par value ..... | 52,795 shs. | $36.00 | $1,900,620 | $380 |
| | 22,910 shs. | $40.75 | $ 933,583 | $187 |

(1) These amounts are estimated solely for the purpose of calculating the registration fee and are not a representation as to the actual offering price. The amounts of $36.00 and $40.75 are based upon the closing prices of the Common Stock on the New York Stock Exchange on March 27, 1975 and May 2, 1975, respectively. The Common Stock, including shares to be issued upon conversion of the $.50 Cumulative Convertible Preferred Stock in connection with this offering, will be sold from time to time, during the period in which this Registration Statement is effective, without any underwriting arrangements, at the then prevailing market prices on the New York Stock Exchange or otherwise, or will be issued and delivered pursuant to the 1972 Employee Stock Option Plan described in this Registration Statement, as the case may be. Such market and option exercise price or prices may not be identical to the amount estimated for purposes of calculating this registration fee.

Pursuant to Rule 429 of the Rules and Regulations promulgated under the Securities Act of 1933, the Prospectus relates also to shares of Common Stock of the Company included in a Registration Statement (No. 2-45031) which became effective on November 14, 1972, in a Registration Statement (No. 2-48440) which became effective on August 14, 1973 and in a Registration Statement (No. 2-50593) which became effective on May 14, 1974.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

## Capital Cities Communications, Inc.

### Cross Reference Sheet

| | Item Number and Caption | Heading in Prospectus |
|---|---|---|
| 1. | Distribution Spread | Cover Page |
| 2. | Plan of Distribution | Cover Page; Selling Shareholders |
| 3. | Use of Proceeds to Registrant | Use of Proceeds |
| 4. | Sales Otherwise Than for Cash | ° |
| 5. | Capital Structure | Capitalization |
| 6. | Summary of Operations | Consolidated Statement of Income |
| 7. | Organization of Registrant | The Company |
| 8. | Parents of Registrant | ° |
| 9. | Description of Business | The Company; Business |
| 10. | Description of Property | Properties |
| 11. | Organization within 5 Years | ° |
| 12. | Legal Proceedings | Legal Proceedings |
| 13. | Capital Stock Being Registered | Description of Securities; Stock Option Plans; Selling Shareholders |
| 14. | Long-Term Debt Being Registered | ° |
| 15. | Other Securities Being Registered | ° |
| 16. | Directors and Executive Officers | Management |
| 17. | Remuneration of Directors and Officers | Management |
| 18. | Options to Purchase Securities | Management; Stock Option Plans |
| 19. | Principal Holders of Securities | Principal Holders of Securities |
| 20. | Interest of Management and Others in Certain Transactions | Management |
| 21. | Financial Statements | Index to Consolidated Financial Statements |

° Indicates that item is omitted from the Prospectus because it is not applicable or the answer is in the negative.

**PROSPECTUS**

246,525 Shares

# Capital Cities Communications, Inc.

Common Stock

(par value $1 per share)

Of the 246,525 shares of common stock, par value $1 per share (the "Common Stock") of Capital Cities Communications, Inc. (the "Company") offered hereby, 25,000 shares are being registered by the Company pursuant to an amendment to the 1972 Employee Stock Option Plan and 221,525 shares of Common Stock, including 51,998 shares arising from the conversion of 25,999 shares of convertible preferred stock par value $1 per share (the "Preferred Stock"), are being sold by certain selling shareholders (the "Selling Shareholders") whose names and holdings are set forth at "Selling Shareholders".

The Company's Common Stock is listed and traded on the New York Stock Exchange and on the Boston Stock Exchange. On May 2, 1975 the closing price of the Company's Common Stock on the New York Stock Exchange was $40.75 per share.

The shares being registered are being offered without any underwriting arrangements, except that certain Selling Shareholders and brokers effecting sales for such Selling Shareholders may be deemed to be "underwriters" as defined in the Securities Act of 1933, as amended. The shares being registered will be sold, from time to time, at the then prevailing prices during the period in which this Prospectus is effective, on the New York Stock Exchange, the Boston Stock Exchange, or otherwise, or will be issued and delivered in accordance with the 1972 Employee Stock Option Plan (See "Stock Option Plans"). Each of the Selling Shareholders has a present intention to sell his shares of of Common Stock being offered hereby.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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The date of this Prospectus is May 14, 1975

No dealer, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Prospectus and if given or made, such information or representation must not be relied upon as having been authorized by the Company. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date hereof. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

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## TABLE OF CONTENTS

## SUMMARY OF DISCLOSURE IN THE PROSPECTUS

The Company is engaged in the business of radio and television broadcasting and publishing (See "Business"). For a description of the radio and television stations owned by the Company and the properties maintained by the Company for its broadcasting and publication operations, see "Properties".

Proceeds to be received by the Company from the sale of Common Stock issuable upon exercise of stock options as described at "Stock Option Plans" will be used for general corporate purposes. The Company will not receive any proceeds from sale of Common Stock being registered by the Selling Shareholders (see "Use of Proceeds"). A table which sets forth the names and holdings of the Selling Shareholders is contained at "Selling Shareholders".

The following summary of financial information gives effect to the November 8, 1974 acquisition of Carter Publications, Incorporated ("Carter") and includes the results of operations of Carter's newspaper and radio properties for the period of ownership. (See "Acquisition of Carter Publications, Incorporated" under the caption "Business" elsewhere in this Prospectus).

### FINANCIAL INFORMATION (See pages 6 and 35)

(In thousands except per share data)

| | Year Ended December 31, 1974 | Quarter Ended March 31, 1975 | Quarter Ended March 31, 1974 |
|---|---|---|---|
| Income Statement: | | | |
| Net revenues | $138,585 | $ 39,580 | $ 29,738 |
| Net income | $ 22,025 | $ 5,038 | $ 4,222 |
| Balance Sheet: | | | |
| Working capital | $ 23,864 | $ 18,447 | $ 27,849 |
| Total assets | $300,880 | $293,357 | $231,544 |
| Total liabilities | $137,020 | $124,488 | $ 85,409 |
| Shareholders' equity | $163,860 | $168,869 | $146,135 |
| Net Income Per Share | $2.86 | $.65 | $.55 |
| Average number of shares | 7,688 | 7,703 | 7,697 |

## THE COMPANY

Capital Cities Communications, Inc., a New York corporation, has been engaged in radio broadcasting since 1947, in television broadcasting since 1953 and in publishing since 1968. Initially incorporated as Hudson Valley Broadcasting Company, Inc. in 1946, the Company, in May 1973, changed its name from Capital Cities Broadcasting Corporation to its present name. The principal offices of the Company are located at 24 East 51st Street, New York, New York 10022 and its telephone number at such offices is 212/421-9595. Except as otherwise indicated, references to the "Company" include its consolidated subsidiaries. At December 31, 1974, the Company had 2,936 employees of whom 949 were engaged in broadcasting and 1,987 in publishing. Further description of the Company's business appears under the captions "Business" and "Properties," including information related to the 1974 purchase of Carter.

## USE OF PROCEEDS

Proceeds to be received by the Company from the sale of Common Stock issuable upon the exercise of stock options which may be granted pursuant to a recently adopted amendment to the 1972 Employee Stock Option Plan being registered hereby will be used for general corporate purposes. The Company will not receive any proceeds from sale of Common Stock being registered by the Selling Shareholders.

## CAPITALIZATION

The consolidated capitalization of the Company at March 31, 1975 and as adjusted to give effect to completion of this offering is as follows:

| | Amount Outstanding(1)(2) | As Adjusted |
|---|---|---|
| Notes payable to Triangle Financial, Inc. relating to the purchase of broadcasting properties which are pledged as collateral thereto, bearing interest at prime rate or 5%, whichever is higher, due 1976-1979 | $36,716,654 | $36,716,654 |
| Notes payable to former stockholders of Carter relating to the purchase of newspaper and radio broadcasting properties which together with certain other assets are pledged as collateral thereto and bearing interest at 6%, due 1975-1982 | $40,500,000 | $40,500,000 |
| Convertible Preferred Stock, $1 par value (600,000 shs. authorized) | 227,312 shs. (4) | 201,313 shs. (3)(4) |
| Common Stock, $1 par value (20,000,000 shs. authorized) | 7,229,363 shs. | 7,281,361 shs. (3) |

(1) Includes current maturities of long-term debt of $13,200,000.

(2) See Notes to Consolidated Financial Statements for additional details in connection with indebtedness, conversion and voting privileges of Preferred Stock and regarding Common Stock reserved for issuance in connection with exercise of options granted.

(3) Adjusted to reflect anticipated conversion of Preferred Stock into Common Stock to obtain certain shares of Common Stock being registered for sale hereunder and assumes no shares of the Common Stock being registered pursuant to the Company's Stock Option Plans have been issued on exercise of options.

(4) Subject to the prior conversion rights of the holders of Preferred Stock, the Company has elected to redeem all of the issued and outstanding shares of Preferred Stock on June 20, 1975 (See "Description of Securities" elsewhere in this Prospectus).

## DIVIDEND POLICY

The Company has followed a policy of retaining all earnings to finance the growth and development of its business. It is the present intention of the Board of Directors to continue this policy. The payment of dividends in the future will rest within the discretion of the Board of Directors and will depend, among other things, upon earnings, capital requirements, the financial condition of the Company, and dividend obligations with respect to the Company's Preferred Stock.

## PRICE RANGE OF COMMON STOCK

The Common Stock is listed for trading on the New York Stock Exchange and the Boston Stock Exchange. The high and low sales prices of the Company's Common Stock on the New York Stock Exchange during the last five years and during each quarter of the current year are as follows:

| Period | High | Low |
|---|---|---|
| 1970 | 36½ | 19½ |
| 1971 | 49¾ | 29 |
| 1972 | 64¼ | 48 |
| 1973 | 62½ | 30 |
| 1974 | 39¼ | 16¾ |
| January 1 — March 31, 1975 | 38¼ | 22¼ |
| April 1 — May 2, 1975 | 42¼ | 35½ |

On May 2, 1975, the reported closing price of the Common Stock on the New York Stock Exchange was $40.75 per share.

## CONSOLIDATED STATEMENT OF INCOME

### CAPITAL CITIES COMMUNICATIONS, INC.

The following consolidated statement of income for the five years ended December 31, 1974 has been examined by Arthur Young & Company, certified public accountants, whose report with respect thereto appears elsewhere herein. The statement should be read in conjunction with the other consolidated financial statements and notes of the Company appearing in this Prospectus.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 1974 | 1973 | 1972 | 1971 | 1970 |
| | (in thousands of dollars, except per share data) | | | | |
| Net revenues | $138,585 | $127,498 | $118,488 | $98,076 | $85,858 |
| Operating expenses: | | | | | |
| Broadcasting and publishing | 53,590 | 48,027 | 46,067 | 37,309 | 34,033 |
| Selling, general and administrative | 35,017 | 32,031 | 31,552 | 27,514 | 24,240 |
| Depreciation | 3,212 | 2,842 | 2,750 | 2,945 | 2,300 |
| Amortization of intangible assets | 147 | 33 | 33 | — | — |
| | 91,966 | 82,933 | 80,402 | 67,768 | 60,573 |
| Operating income | 46,619 | 44,565 | 38,086 | 30,308 | 25,285 |
| Other (income) and expense: | | | | | |
| Interest and financing expense | 5,724 | 5,405 | 4,336 | 4,524 | 1,960 |
| Interest income | (4,119) | (2,333) | (1,310) | (1,445) | (606) |
| Miscellaneous, net | (231) | (43) | (553) | (169) | (243) |
| | 1,374 | 3,029 | 2,493 | 2,910 | 1,111 |
| Income before income taxes and extraordinary items | 45,245 | 41,536 | 35,593 | 27,398 | 24,174 |
| Income taxes: | | | | | |
| State and local | 3,380 | 3,420 | 3,198 | 2,256 | 1,409 |
| Federal (Note 4) | 19,840 | 17,970 | 15,380 | 12,013 | 11,254 |
| | 23,220 | 21,390 | 18,578 | 14,269 | 12,663 |
| Income before extraordinary items | 22,025 | 20,146 | 17,015 | 13,129 | 11,511 |
| Extraordinary items (Note 5) | — | — | — | 18,168 | (2,036) |
| Net income | $ 22,025 | $ 20,146 | $ 17,015 | $31,297 | $ 9,475 |
| Income per share (Note 10): | | | | | |
| Common stock and common stock equivalents: | | | | | |
| Income before extraordinary items | $2.86 | $2.61 | $2.29 | $1.80 | $1.64 |
| Extraordinary items | — | — | — | 2.50 | (.29) |
| Net income | $2.86 | $2.61 | $2.29 | $4.30 | $1.35 |
| Fully diluted: | | | | | |
| Income before extraordinary items | $2.86 | $2.61 | $2.21 | $1.72 | $1.57 |
| Extraordinary items | — | — | — | 2.38 | (.28) |
| Net income | $2.86 | $2.61 | $2.21 | $4.10 | $1.29 |
| Dividends declared and paid on Preferred Stock ($.50 per share) | $123 | $138 | $162 | $185 | $221 |

1. Numerical note references are to Notes to Consolidated Financial Statements on pages 38 to 43 of this Prospectus.

2. See Note 2 for pro forma statement of the Company's income for the years 1974 and 1973 prepared as if the November 8, 1974 acquisition of Carter had taken place at the beginning of 1973.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONSOLIDATED STATEMENT OF INCOME

CAPITAL CITIES COMMUNICATIONS, INC.

### 1974 Operating Results

Net revenues for 1974 were up $11.1 million over 1973 and operating income increased $2.1 million. Inclusion of the operations of the Carter newspaper and radio properties from the November 1974 acquisition date accounted for 44% of this revenue increase and 43% of that for operating income. The balance of the gains was divided equally between the continuing television and publishing operations. The publishing contribution increased but broadcasting remained dominant with a 57% and 75% share, respectively, of total 1974 revenues and operating income. Operational gains were more moderate than in previous years as a result of accelerating inflation and the current economic slowdown.

Increases in 1974 depreciation and amortization were attributable principally to the newly acquired newspaper and radio properties.

Reference should be made to the pro forma financial information included in "Notes to Consolidated Financial Statements."

### 1973 Operating Results

1973 operating income was up 17 per cent on an 8 per cent increase in net revenues over 1972. Operating expenses were up only 3 per cent. Television was the principal contributor to the revenue and income gains with increases of 10 per cent and 17 per cent, respectively. Radio revenues and operating income rose 6 per cent and 13 per cent, respectively, while earnings from publishing operations climbed 22 per cent on a 6 per cent increase in revenues.

### Other Income and Expense

Increased interest income, due to higher interest rates and a larger average portfolio of short-term investment securities, made a substantial contribution to the 1974 increase in net income. Interest rates were higher in 1973 than in 1972 resulting in increases in both interest income and expense. Miscellaneous and other income and expense in 1973 included write-off of obsolete publishing equipment and, in 1972, a gain resulted from the sale of excess real estate.

---

The operating results for the three month periods ended March 31, 1975 and 1974 are set forth below. The 1975 period includes the results of operations of the properties acquired in November, 1974. These results are unaudited but in the opinion of management contain all adjustments (comprising only normal recurring accruals) necessary for a fair presentation of the results of operations.

| | Three Months Ended March 31, | |
|---|---|---|
| | 1975 | 1974 |
| | (Unaudited) | |
| Net revenues | $39,580,000 | $29,738,000 |
| Income taxes | $ 5,500,000 | $ 4,450,000 |
| Net income | $ 5,038,000 | $ 4,222,000 |
| Net income per share | $.65 | $.55 |

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## CONSOLIDATED STATEMENT OF INCOME

### CARTER PUBLICATIONS, INCORPORATED AND SUBSIDIARIES

The following consolidated statement of income of Carter Publications, Incorporated and subsidiaries for the two years ended December 29, 1973 and the period ended November 8, 1974, has been examined by Ernst & Ernst, independent accountants, as set forth in their report. This statement has been prepared to reflect operations of properties acquired by Capital Cities Communications, Inc. pursuant to the transaction described in Note A below. Income from other operations and extraordinary items have been shown separately.

| | Period December 30, 1973 to November 8, 1974 | Year Ended December 29, 1973 | Year Ended December 30, 1972 |
|---|---|---|---|
| Net revenues | $30,297,720 | $33,463,365 | $31,239,581 |
| Expenses: | | | |
| Operating costs | 19,159,540 | 21,190,235 | 19,576,791 |
| Selling, general and administrative | 4,342,738 | 4,537,252 | 4,070,978 |
| Depreciation | 773,112 | 965,668 | 910,391 |
| | 24,275,390 | 26,693,155 | 24,558,160 |
| Operating income | 6,022,330 | 6,770,210 | 6,681,421 |
| Other income (expense): | | | |
| Interest and dividend income [excluding net unrealized appreciation (depreciation) in corporate stocks ($2,481,000), ($583,000) and $1,307,000 for 1974, 1973 and 1972, respectively — Note J] | 1,311,699 | 812,860 | 379,348 |
| Interest expense — Note D | (1,359) | (58,939) | (46,739) |
| Miscellaneous, net | (283,669) | (7,012) | 34,236 |
| | 1,026,671 | 746,909 | 366,845 |
| Income before income taxes | 7,049,001 | 7,517,119 | 7,048,266 |
| Income taxes — Note H | 3,202,028 | 3,410,421 | 3,223,777 |
| Income from operations to be acquired by Capital Cities | 3,846,973 | 4,106,698 | 3,824,489 |
| Income from other operations, net of applicable income taxes | 1,913,781 | 1,626,323 | 1,502,412 |
| Income before extraordinary items | 5,760,754 | 5,733,021 | 5,326,901 |
| Extraordinary items, net of applicable income taxes — Note C | — | — | 738,497 |
| Net income | $ 5,760,754 | $ 5,733,021 | $ 6,065,398 |

**Note A — Sale of Business**

On January 6, 1973, the stockholders of Carter Publications, Incorporated (Carter) agreed to sell their stock to Capital Cities Communications, Inc. An unrelated broadcasting company participated in the acquisition of the stock of Carter and received for its portion of the stock the business of KXAS-TV (formerly WBAP-TV) — Television Broadcasting Division including the broadcasting license and certain operating assets associated with the Division. This transaction was consummated after the close of business on November 8, 1974. Carter was subsequently liquidated and its operations were assumed by the purchasers. A separate party has filed a suit appealing certain orders of the Federal Communications Commission granting applications for renewal of licenses of Carter's broadcasting stations and consenting to the assignment of those licenses to the purchasers. See the third paragraph of "Acquisition of Carter Publications, Incorporated" on page 18 of this Prospectus and "Legal Proceedings — Radio Station WBAP-AM and KSCS-FM" on page 30.

**Note B — Principles of Consolidation**

The consolidated statement of income includes the accounts of Carter and its subsidiaries. Significant intercompany transactions have been eliminated. One of the subsidiaries is a life insurance company whose primary operations consist of insuring Carter's employees under group life policies and providing annuity contracts for Carter's pension plan.

**Note C — Extraordinary Items**

Extraordinary items in 1972 included a gain on condemnation of a radio facility ($154,853) and a gain on sale of stock in certain subsidiaries ($857,193), less applicable income taxes.

**Note D — Interest on Long-Term Debt**

Interest on long-term debt was: 1974 — none, 1973 — $47,727, and 1972 — $45,000.

**Note E — Inventories and Change in Method of Inventory Pricing**

Carter values its inventory at the lower of cost or market. Effective December 30, 1973, Carter changed its method of determining cost of its newsprint inventory from the first-in, first-out (FIFO) method to the last-in, first-out (LIFO) method. Carter believes the LIFO method will more fairly present its results of operations by reducing the effect of inflationary cost increases in inventory and thus match current costs with current revenues. The effect of the change in 1974 was to reduce newsprint inventory by approximately $208,000 and net income by approximately $108,000.

Inventories used in the computation of operating costs were as follows: November 8, 1974 — $1,206,435; December 29, 1973 — $1,181,723; December 30, 1972 — $1,104,334; January 1, 1972 — $1,420,095.

**Note F — Amortization of Radio License Rights**

The cost of radio license rights are not being amortized, as in the opinion of management the rights have not diminished in value.

**Note G — Property, Plant, and Equipment**

Depreciation provisions have been computed principally using the straight-line method based on estimated useful lives as follows:

| | |
|---|---|
| Buildings | 40 - 45 years |
| Broadcast, printing, and other equipment | 3 - 20 years |

Maintenance and repairs are charged to expense; betterments and major renewals are capitalized. Upon retirement or replacement, the cost of capitalized assets and the related allowances for depreciation are eliminated with the resulting gain or loss being reflected in operations.

**Note H — Federal Income Taxes**

Included in income tax applicable to operations acquired by Capital Cities is deferred income tax expense which results from the following:

| | 1974 | 1973 | 1972 |
|---|---|---|---|
| Accelerated depreciation for tax purposes | $143,412 | $264,765 | $193,550 |
| Estimated provision for settlement of litigation | 39,000 | (39,000) | — |
| Other items | (106,488) | (28,304) | — |
| | $ 75,924 | $197,461 | $193,550 |

The reasons for the difference between income tax expense and the amount computed by applying the statutory federal income tax rate of 48% to income before income taxes are as follows:

| | 1974 | 1973 | 1972 |
|---|---|---|---|
| Income tax at 48% of pre-tax income of operations to be acquired by Capital Cities | $3,383,520 | $3,608,217 | $3,383,168 |
| Less: | | | |
| Investment tax credit (flow-through method) | — | (64,476) | (38,893) |
| Benefit from partial exemption on dividends received | (67,838) | (80,935) | (79,904) |
| Other items | (113,654) | (52,385) | (40,594) |
| | $3,202,028 | $3,410,421 | $3,223,777 |

**Note I — Employees' Pension and Bonus Plans**

The Pension plans cover substantially all employees of Carter and one subsidiary with five years of service. The total pension expense for the plans was $251,000 in 1974, $336,000 in 1973, and $534,053 in 1972, of which $216,458, $289,350, and $454,053, respectively, was applicable to the operations to be acquired by Capital Cities. The total expense for 1972 included an additional $150,000 to partially fund prior service cost. Carter also has a bonus plan for key employees which is based on profits. The expense for such plan applicable to the operations to be acquired by Capital Cities was $117,120 in 1974, $120,355 in 1973, and $86,525 in 1972.

The estimated impact of the Employee Retirement Income Security Act of 1974 has not been determined because of the sale of the business (Note A).

**Note J — Corporate Stocks**

Investments in corporate stocks are carried at cost. The unrealized appreciation (depreciation) in corporate stocks as disclosed in the consolidated statement of income is based on quoted market value. However, a substantial portion of the shares are unregistered and are subject to voting restrictions.

**Note K — Supplementary Income Statement Information**

The following amounts have been charged to expenses of operations to be acquired by Capital Cities:

| | 1974 | 1973 | 1972 |
|---|---|---|---|
| Maintenance and repairs | $341,867 | $325,198 | $326,471 |
| Depreciation | 773,112 | 965,668 | 910,391 |
| Taxes, other than income taxes: | | | |
| Payroll | 552,570 | 592,403 | 447,002 |
| Other | 263,263 | 246,082 | 223,112 |
| Advertising costs | 362,331 | 528,302 | 482,106 |

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors
Capital Cities Communications, Inc.
New York, New York

We have examined the consolidated statement of income of Carter Publications, Incorporated and subsidiaries for the two years ended December 29, 1973 and the period ended November 8, 1974. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statement referred to above presents fairly the results of operations of Carter Publications, Incorporated and subsidiaries for the two years ended December 29, 1973 and the period ended November 8, 1974 in conformity with generally accepted accounting principles consistently applied during the period except for the change, with which we concur, in the method of determining inventory cost as described in Note E.

Ernst & Ernst

Fort Worth, Texas
December 30, 1974

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONSOLIDATED STATEMENT OF INCOME

### CARTER PUBLICATIONS, INCORPORATED AND SUBSIDIARIES

Net revenue of the Carter operations acquired by Capital Cities increased approximately $1,260,000 or 4.4% for the period ending November 8, 1974 over the comparable period of 1973. The improvement was mainly the result of newspaper advertising rate increases in the 1974 period averaging 5.4%, which more than offset a 1.1% decrease in lineage. The 1973 gain in net revenue of 7.1% over 1972 was primarily due to increases in newspaper advertising rates and lineage of 3.2% and 2.6%, respectively, together with a 14.0% increase in radio revenue.

Operating expenses for the comparable 1974 and 1973 periods, and for the full year 1973 and 1972, remained almost constant at 63% of net revenue, with higher newsprint costs being offset by various other factors. Selling, general and administrative expenses for the comparable 1974 and 1973 periods increased $464,000, due to higher taxes, legal fees and bad debt write-offs. For the full year 1973, selling, general and administrative expense rose 11.5% principally due to higher payroll taxes, litigation costs and sales and promotion expenses.

Interest income rose sharply in both the 1974 period and in 1973 due to the substantial growth in Carter's short-term investment portfolio together with higher interest rates. Miscellaneous and other income and expenses in the 1974 period includes a charge of approximately $300,000 for the write-off of old plate making equipment made obsolete by the newspapers' conversion to a new process.

## BUSINESS

### General

The Company derives all broadcasting revenues and in excess of 80% of publishing revenues from the sale of advertising. Subscription and other circulation receipts from publishing constitute the only other material source of revenue. The following table sets forth the contributions of the Company's two lines of business to its consolidated net revenues and operating income for each of the last five years. Amounts for 1971 have been restated to include the operations of Belleville News-Democrat, Inc. ("Belleville") which was acquired in 1972. Interest and other income and expense have not been allocated because investment and borrowing policies are based upon overall financial considerations, and are not attributable to any particular line of business.

**Consolidated Net Revenues and Operating Income By Line of Business**

(Thousands of dollars)

| Net revenues | Total | Publishing | Broadcasting |
|---|---|---|---|
| 1974 | $138,585 | $60,009 | $78,576 |
| 1973 | 127,498 | 51,432 | 76,066 |
| 1972 | 118,488 | 48,603 | 69,885 |
| 1971 | 98,076 | 41,857 | 56,219 |
| 1970 | 85,858 | 41,209 | 44,649 |
| **Operating income** | | | |
| 1974 | 46,619 | 11,673 | 34,946 |
| 1973 | 44,565 | 9,133 | 35,432 |
| 1972 | 38,086 | 7,505 | 30,581 |
| 1971 | 30,308 | 7,156 | 23,152 |
| 1970 | 25,285 | 4,368 | 20,917 |

### Publishing

Fairchild Publications, Inc. ("Fairchild"), a wholly owned subsidiary of the Company, is primarily engaged in gathering and publishing business news and ideas for industries covered by its various publications, all of which are printed by outside printing contractors. Following are the publications:

| Title | Frequency | Circulation |
|---|---|---|
| NEWSPAPERS: | | |
| *Women's Wear Daily* | Daily | 74,000 |
| *Home Furnishings Daily* | Daily | 32,000 |
| *Daily News Record* | Daily | 27,000 |
| *American Metal Market* | Daily | 16,000 |
| *Footwear News* | Weekly | 24,000 |
| *Supermarket News* | Weekly | 56,000 |
| *Electronic News* | Weekly | 72,000 |
| *Metalworking News* | Weekly | 69,000 |
| *W* | Bi-Weekly | 165,000 |
| MAGAZINES: | | |
| *Men's Wear* | Bi-Weekly | 25,000 |
| *Metal/Center News* | Monthly | 12,000 |

In 1972, Fairchild purchased *American Metal Market*, a newspaper serving primary and secondary metal users, and *Metal/Center News*, a magazine serving distributors of ferrous and nonferrous metals. The newspaper has been combined with the previously published *Metalworking News* to give increased coverage in the metal industry.

In 1972, Fairchild also commenced publication of *W*, a consumer newspaper devoted primarily to women and featuring people, fashion and daily living. Direct expenses exceeded revenues by approximately $90,000, $400,000 and $800,000 in 1974, 1973 and 1972, respectively, and were charged to expense.

Fairchild's business is highly competitive. In its various news publishing activities it competes with almost all other information media, and this competition may become more intense as communications equipment is improved and new techniques are developed. Many metropolitan general newspapers and many small-city or suburban papers carry business news. In addition to special magazines in the fields covered by Fairchild's publications, general news magazines publish substantial amounts of business material. Nearly all of these publications seek to sell advertising space and much of this effort is directly or indirectly competitive with the Fairchild publications. Fairchild's orders booked for display advertising (its primary source of revenue) at May 2, 1975 for the second quarter of 1975 totaled $6,039,000 as compared to $6,744,000 booked at May 3, 1974 for the 1974 period.

*The Oakland Press* ("Oakland"), purchased by the Company in 1969, is a daily evening newspaper with a circulation of approximately 71,000 and serves a surburban area adjacent to Detroit, Michigan. As such, it is in competition with Detroit metropolitan newspapers as well as other advertising media such as broadcast stations, magazines and billboards. Formerly *The Pontiac Press*, its name was changed early in 1972 to give recognition to its primary service area.

*The News-Democrat*, a newspaper serving Belleville, Illinois, a suburban area adjacent to St. Louis Missouri, was acquired in 1972, in exchange for 128,000 shares of the Company's Common Stock, with an aggregate market value of $7,776,000 at the merger date. This paper is published in the afternoon, Monday through Friday, has a circulation of approximately 31,000, and competes with St. Louis metropolitan newspapers and other local advertising media.

The *Fort Worth Star-Telegram*, with a combined morning and evening circulation of 233,000 and a Sunday circulation of 228,000, was acquired on November 8, 1974. It competes with one other daily morning newspaper in Fort Worth and, as to the surrounding area, with Dallas metropolitan newspapers and other local advertising media. See "Acquisition of Carter Publications, Incorporated" herein and Note 2 to Consolidated Financial Statements.

Broadcasting

The Company presently owns and operates five very high frequency (VHF) television stations, one ultra high frequency (UHF) television station, seven standard (AM) radio stations and six frequency modulation (FM) radio stations. Market locations, frequencies, transmitter power and other station details are set forth in tables under the caption "Properties". Television broadcasting operations accounted for 77% of net revenues and 81% of operating income of the broadcasting division in 1974, compared to 74% of net revenues and 75% of operating income in 1973. The proportionate contribution of television broadcasting operations has been increasing each year since 1967, due in part to upgrading of the Company's television properties into larger markets. In 1967 the Company acquired the net assets of KTRK-TV, Houston, Texas, in exchange for the net assets of WPRO-TV, Providence, Rhode Island, and additional cash consideration. In 1970 radio station WSAZ, Huntington, West Virginia, was sold for cash.

In 1971 the Company purchased the operating assets of two major market VHF television stations, WPVI-TV, Philadelphia, Pennsylvania, and WTNH-TV, New Haven, Connecticut, and one UHF television station, KFSN-TV, Fresno, California. Concurrently with this transaction, assets relating to two VHF television stations, WTEN, Albany, New York, and WSAZ-TV, Huntington, West Virginia, were sold. See Notes 2 and 5 to Consolidated Financial Statements.

WBAP-AM, a 50,000 watt, clear-channel facility, and KSCS-FM, both serving Fort Worth—Dallas, were acquired on November 8, 1974. See "Acquisition of Carter Publications, Incorporated" herein and Note 2 to Consolidated Financial Statements.

Broadcast time orders for the second quarter of 1975 booked at May 1, 1975 aggregated $19,035,000 as compared to $19,004,000 booked at May 2, 1974 for the 1974 period.

Broadcasting Competition

The Company's television and radio stations are in competition with other television and radio stations, as well as other advertising media such as newspapers, magazines and billboards.

Competition in the television broadcasting industry occurs primarily in individual market areas. Generally, a television broadcasting station in one market does not compete with other stations in other market areas, nor does a group of stations, such as those owned by the Company, compete with any other group of stations as such. While the pattern of competition in the radio broadcasting industry is basically the same, it is not uncommon for radio stations outside of a market area to place a signal of sufficient strength within that area to gain a share of the audience.

In addition to management and experience, factors which are material to competitive position include authorized power allowance, assigned frequency, network affiliation, and local program acceptance, as well as strength of local competition.

Under present regulations of the Federal Communications Commission ("FCC") no additional VHF television commercial stations may be constructed or operated in any of the cities where the Company's television stations are located. While at the present time the Company's VHF television stations receive only limited competition from UHF television stations located within the coverage areas of the respective stations, the FCC is endeavoring to increase utilization of UHF stations. Moreover, television set manufacturers are required to produce only all-wave receivers capable of receiving both VHF and UHF signals.

There are sources of television service other than conventional television stations. The most common at present is Community Antenna Television ("CATV"). CATV can provide more competition for a station by making additional signals available to its audience. In 1972, the FCC adopted rules intended to facilitate the development of CATV while avoiding undue competitive impact on the basic structure of television broadcasting. No prediction can be made as to the extent to which CATV systems bringing additional signals into the markets of the Company's stations will develop.

Some CATV systems have begun supplying additional programming to subscribers that is not originated on, or transmitted from, conventional television broadcasting stations. In addition, there have been attempts to develop television service that emphasizes the origination and/or distribution for a fee of programming not available as a part of conventional free television service. These attempts have thus far had limited success, but there may be additional attempts in the future, either independently or in combination with CATV. FCC rules currently restrict the extent to which such subscription television operations may provide programming of a sports, feature film, or entertainment series nature, with a view to preventing the siphoning of program material from the advertiser-supported television system. The FCC has recently announced the adoption of revised rules which would relax these restrictions in some respects. Judicial review of this action has been sought by proponents and opponents of subscription operations. The Company can predict neither the future competitive impact on broadcasting of such services, nor the manner in which such services may be regulated.

Federal Regulation of Broadcasting

Television and radio broadcasting are subject to the jurisdiction of the FCC under the Communications Act of 1934, as amended (the "Communications Act"). The Communications Act empowers the FCC, among other things, to issue, revoke or modify broadcasting licenses, to determine the location of stations, to regulate the equipment used by stations, to adopt such regulations as may be necessary to carry out the provisions of the Communications Act and to impose certain penalties for violation of such regulations.

Broadcasting licenses may be granted for a maximum period of three years and are renewable for additional three-year periods upon application and approval. During certain periods when a renewal application is pending, the Communications Act, as implemented by the FCC, permits competing applicants to file for the frequency in use by the renewal applicant, and may entitle the competing applicants to a comparative hearing in competition with the renewal applicant. During the same periods, other interested parties are entitled to file petitions to deny or informal objections to the grant of license renewal. Such petitions or objections may result in a hearing if they raise a substantial and material issue as to whether grant of the renewal application would serve the public interest. At present, the renewal applications of twelve of 'he Company's stations are pending. In one such case (KPOL), the time to file competing applications or petitions to deny has expired without any such filings being made; in two cases (WPVI-TV and KFSN-TV) the filing period has expired without any competing applications being filed, but petitions to deny are pending. See "Legal Proceedings" elsewhere in this Prospectus. In the remaining cases the filing period has not yet expired.

The FCC has under consideration in a pending inquiry the question of the circumstances in which existing licensees should be entitled to renewal in preference to a new applicant. No prediction can be made as to the results of this inquiry. The current status of the licenses for the Company's stations is set forth in the tables under the caption "Properties".

The FCC, other Federal agencies and Congressional committees periodically conduct hearings and inquiries relating to various facets of the communications industry. Some of these hearings and inquiries could result in legislation or regulatory action that would affect the Company's stations.

The Company is concerned about recent developments in Canada that could impair the profitability of the Buffalo television operation. WKBW-TV, like other television stations near the Canadian border, derives revenues from Canadian advertisers who seek to reach the station's Canadian audiences. The Company derived less than 3% of its 1974 revenues from Canadian advertisers. Canadian governmental authorities have sought to discourage Canadian advertisers from using the facilities of such United States stations in two ways.

First, for several years, the Canadian Radio-Television Commission has encouraged Canadian cable television systems to delete the commercials of United States stations and substitute either public service announcements or commercials supplied and sold by Canadian television broadcast stations. Litigation concerning this matter is pending in the Canadian courts. In January, 1975, the Canadian Federal Court of Appeal ruled that the Canadian Radio-Television Commission did not exceed its authority in regulating cable television and authorizing deletion of commercials. That decision is adverse to the position taken by the Company. Steps were taken to appeal this decision to the Supreme Court of Canada, which the court has now agreed to review.

Second, in January, 1975, the Canadian Government announced its intention to introduce legislation in the Canadian Parliament which would amend its income tax law. The purpose of this proposed change is to prevent Canadian advertisers from deducting as a business expense the cost of advertisements placed on United States stations. The Canadian Government has stated, however, that it did not contemplate such legislation taking effect until there was assurance that Canadian television stations could offer Canadian advertisers commercial availabilities adequate to meet their needs.

The Company believes that the sale of time to Canadian advertisers by WKBW-TV and other United States stations violates no law of the United States or Canada and contributes to the economy of Canada generally. Additionally, it would appear that Canadians desire to retain the program service of WKBW-TV and other United States stations. One of the principal reasons for the existence of the Canadian cable television industry, which now serves more than 50 per cent of the television homes in Toronto and many other Canadian cities, is the demand of Canadian viewers for more adequate reception of United States television stations such as WKBW-TV.

In these circumstances, the Company regards the recent action of Canadian governmental authorities as an inequitable effort to retain the benefits of its programming services while denying the opportunity to earn the lawful rewards of those services. The Company will continue to pursue its legal remedies in the Canadian courts and to seek the aid of the United States Government in attempting to persuade the Canadian Government to reconsider its course. The Company is not able to predict the ultimate result of these developments or to quantify the potential effects upon WKBW-TV. The revenues, however, which the station now derives from Canadian sources are substantial, and the total elimination of such revenues (which Canadian governmental policy currently seeks) would correspondingly be expected to have a significant effect upon the operations of WKBW-TV.

**Acquisition of Carter Publications, Incorporated**

On November 8, 1974, the Company and a subsidiary of LIN Broadcasting Corporation, an unrelated broadcasting company (hereinafter "LIN"), acquired all of the outstanding capital stock of Carter for an aggregate consideration of $110,500,000, including $35,000,000 paid by LIN for shares specifically related to KXAS-TV (formerly WBAP-TV) including the broadcasting license and related operating assets. The aggregate purchase price to the Company was $75,500,000, payable $35,000,000 in cash and $40,500,000 evidenced by its promissory notes (hereinafter "Notes"), payable in varying quarterly instalments commencing November 1, 1975 and ending August 1, 1982 with interest at 6% per annum. The Company has pledged as security for the Notes assets of Carter acquired at the closing consisting primarily of WPAB-AM and KSCS-FM, including the broadcasting license and related operating assets, and the *Fort Worth Star-Telegram* and related publishing plant and operating assets. As part of the transaction, the Company (a) has guaranteed the payment of certain subordinated convertible notes of LIN which were acquired at the closing by the Employees Pension Trust of Carter, to the extent of $1,255,000 of principal, together with interest thereon at 8%, (b) has refunded to another subsidiary of LIN Broadcasting Corporation, WFIL, Inc. ("WFIL") the 1974 instalment paid to the Company by WFIL in the sum of $1,020,625 evidenced by certain promissory notes and (c) has postponed to January 5, 1979 annual instalments due from WFIL, including the 1974 instalment refunded to WFIL, aggregating $5,103,125 arising from the sale by the

Company to WFIL of radio station WFIL-AM licensed to Philadelphia, Pennsylvania as part of the Company's transaction with Triangle Publications, Inc. consummated in 1971 (See Note 2 to Consolidated Financial Statements contained elsewhere in this Prospectus).

Properties acquired by the Company included the *Fort Worth Star-Telegram*, a daily newspaper with morning, evening and Sunday editions; WBAP-AM, a 50,000 watt, clear-channel facility, and KSCS-FM, both licensed to Fort Worth and an 80% interest in the Arlington, Texas *Citizen-Journal*. See Note 2 to Consolidated Financial Statements.

The entire transaction has been consummated although there is pending before the United States Court of Appeals for the District of Columbia, an appeal from orders of the FCC approving the renewal of Carter's licenses of the radio stations and the transfer thereof to the Company and renewal of Carter's licenses of the television station and the transfer thereof to LIN. For a further discussion concerning the appeal see "Legal Proceedings — Radio Stations WBAP-AM and KSCS-FM" elsewhere in this Prospectus. $10,000,000 of the aforesaid Notes of the Company executed at the closing are being held in escrow pending disposition of the appeal. Until this occurs, the Company will operate the radio stations, retain any net earnings therefrom and pay to the Carter stockholders interest on the said Notes. At such time as the renewal and transfer are final the escrow agent will deliver the said Notes to the Carter stockholders. In the event the FCC or a court of competent jurisdiction requires the return of the licenses of the radio stations to the Carter stockholders the assets of the radio stations will be returned to the Carter stockholders or their nominee and the said Notes will be returned to the Company. However, the Company will, in any case, remain the owner of the newspaper properties.

## PROPERTIES

The Company occupies executive offices at 24 East 51st Street in New York City under a lease expiring December 31, 1975.

The principal executive and editorial offices of Fairchild are located in New York City and are owned by the Company. All of Fairchild's offices in other cities are leased. All of the premises occupied by Carter, Belleville and Oakland are owned by the Company.

The Company owns all its broadcast transmitter sites except those of WBAP-AM, KSCS-FM, WPAT-FM and WJR-FM, which are under lease through July 1, 2019, November 17, 1979, December 31, 1979 and June 30, 1985, respectively. Studios and offices at Buffalo, Clifton (WPAT), Providence, Durham, Houston, Philadelphia and Los Angeles are owned and those in Albany, Fort Worth, Detroit and New Haven are leased (1). Pending completion of new studio and office facilities, Fresno is continuing its lease on a month to month basis.

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(1) Such leases expire on June 30, 1976, November 8, 1979, June 30, 1985 and July 31, 1979, respectively.

*Television stations owned*

| Stations and locations | Channel | Expiration date of FCC authorization | Network affiliation | Expiration date of network affiliation(1) |
|---|---|---|---|---|
| WPVI-TV<br>Philadelphia, Pennsylvania | 6 | Aug. 1, 1972(2) | ABC | Aug. 15, 1975 |
| WKBW-TV<br>Buffalo, New York | 7 | June 1, 1975 | ABC | July 2, 1976 |
| KTRK-TV<br>Houston, Texas | 13 | Aug. 1, 1977 | ABC | Apr. 2, 1977 |
| WTNH-TV<br>New Haven, Connecticut | 8 | Apr. 1, 1978 | ABC | Jan. 1, 1977 |
| WTVD<br>Durham, North Carolina | 11 | Dec. 1, 1975 | CBS | Sept. 11, 1975 |
| KFSN-TV<br>Fresno, California | 30 | Dec. 1, 1974(3) | CBS | Feb. 28, 1976 |

*Radio stations owned*

| Stations and locations | Frequency AM-Kilohertz FM-Megahertz | Power AM-Watts FM-Kilowatts | Expiration date of FCC authorization | Network affiliation(1) |
|---|---|---|---|---|
| KPOL<br>Los Angeles, California | 1540 K | 50,000 Day<br>10,000 Night | (4) | None |
| WJR<br>Detroit, Michigan | 760 K | 50,000 | Oct. 1, 1976 | CBS(5) |
| WPAT<br>Paterson, New Jersey<br>(Metropolitan New York) | 930 K | 5,000 | June 1, 1975 | None |
| WBAP<br>Fort Worth, Texas | 820 K | 50,000 | Aug. 1, 1977(6) | NBC(7) |
| WKBW<br>Buffalo, New York | 1520 K | 50,000 | June 1, 1975 | None |
| WPRO<br>Providence, Rhode Island | 630 K | 5,000 | Apr. 1, 1975(8) | None |
| WROW<br>Albany, New York | 590 K | 5,000 Day<br>1,000 Night | June 1, 1975 | CBS(5) |
| WPAT-FM<br>Paterson, New Jersey<br>(Metropolitan New York) | 93.1 M | 12.6 | June 1, 1975 | None |
| WJR-FM<br>Detroit, Michigan | 96.3 M | 50 | Oct. 1, 1976 | None(9) |
| KSCS-FM<br>Fort Worth, Texas | 96.3 M | 100 | Aug. 1, 1977(6) | None(9) |
| WPRO-FM<br>Providence, Rhode Island | 92.3 M | 15 | Apr. 1, 1975(8) | None |
| WROW-FM<br>Albany, New York | 95.5 M | 9.4 | June 1, 1975 | None(9) |
| KPOL-FM<br>Los Angeles, California | 93.9 M | 100 | Dec. 1, 1977 | None |

(1) Although FCC regulations prevent network contracts from having terms of more than two years, such regulations permit successive renewals which are routinely granted.

(2) The broadcasting license of this station has been automatically extended pending FCC action on petitions filed in 1972 to deny this station's application for a renewal of the broadcasting license. For a discussion of the petitions to deny and the effect thereof on the application for renewal, see "Television Station WPVI-TV" under the caption "Legal Proceedings" elsewhere in this Prospectus.

(3) The broadcasting license of this station has been automatically extended pending FCC action on a petition filed in October, 1974 to deny this station's application for renewal of its broadcasting license. For discussion of the petition to deny and the effect thereof on the application for renewal, see "Television Station KFSN-TV" under the caption "Legal Proceedings" elsewhere in this Prospectus.

(4) Regular renewal of this license has been delayed due to technical engineering problems in connection with nighttime signal protection of a non-objecting co-channel station as to which there is pending a request submitted to the FCC for a waiver which would allow a minor relaxation of technical requirements.

(5) Affiliation agreements expire December 30, 1976.

(6) License granted conditionally, subject to the pending appeal from final orders of the FCC granting license renewal to Carter for the 1971-1974 term and approving assignment to the Company. See "Acquisition of Carter Publications, Incorporated" and "Radio Stations WBAP-AM and KSCS-FM" under the caption "Legal Proceedings" elsewhere in this Prospectus.

(7) Affiliation agreement expires April 1, 1976.

(8) The renewal of the broadcasting license of this station has been placed on deferred status pending the completion of an FCC investigation. See "Radio Stations WPRO-AM and WPRO-FM" under the caption "Legal Proceedings" elsewhere in this Prospectus.

(9) CBS and NBC permit an FM station to duplicate programming covered under agreement with an associated AM station.

## MANAGEMENT

The directors and executive officers of the Company are as follows:

| Name | Age | Director since | Officer since | Title |
|---|---|---|---|---|
| Thomas S. Murphy* | 49 | 1957 | 1958 | Chairman of the Board of Directors (Chief Executive Officer) |
| Daniel B. Burke* | 46 | 1967 | 1962 | President and Director (Chief Operating Officer) |
| Joseph P. Dougherty | 50 | 1967 | 1959 | Executive Vice President, President of Broadcasting Division and Director |
| John B. Fairchild | 47 | 1968 | 1968 | Executive Vice President, Chairman of the Board of Fairchild Publications, Inc. and Director |
| John B. Sias | 48 | | 1975 | Executive Vice President, President of Publishing Division |

| Name | Age | Director since | Officer since | Title |
|---|---|---|---|---|
| William Kopta | 55 | | 1969 | Vice President-Finance and Treasurer |
| Gerald Dickler° | 62 | 1954 | 1954 | Secretary and Director |
| Robert W. Gelles | 51 | | 1963 | Controller, Assistant Secretary and Assistant Treasurer |
| Amon G. Carter, Jr. | 55 | 1975 | | Director, President of Carter Publications Division |
| Edgar W. B. Fairchild | 69 | 1968 | | Director |
| J. Floyd Fletcher | 60 | 1957 | | Director |
| William S. Lasdon° | 79 | 1957 | | Director |
| John H. Muller, Jr.° | 50 | 1971 | | Director |
| Lowell Thomas | 82 | 1954 | | Director |

° Member of the Executive Committee.

Messrs. Murphy, Burke, Dougherty, John B. Fairchild, Kopta and Gelles have all been actively associated with the Company for more than five years and such association has been their principal occupation. Mr. Sias had been with Metromedia, Inc. as Group Vice President prior to joining the Company in 1971. Mr. Carter had been President of Carter and Publisher of the *Fort Worth Star-Telegram* for more than five years. Mr. Dickler has been actively associated with the Company for more than five years and has concurrently been actively engaged in the practice of law as a partner in the law firm of Hall, Dickler, Lawler, Kent & Howley, general counsel for the Company.

Mr. Edgar W. B. Fairchild, prior to retirement in 1970, was Chairman of the Board of Fairchild. Mr. Fletcher is President of Aviation and Land Development Co. and until his retirement in 1967 had been General Manager of WTVD, Durham, N. C. Mr. Lasdon is Vice Chairman of the Board, Warner-Lambert Co. Mr. Muller is Chairman and President of General Housewares Corp. Lowell Thomas is an author, motion picture producer and broadcast newscaster. All directors are elected annually.

**Remuneration of Officers and Directors**

The following information is furnished as to all direct remuneration paid by the Corporation during 1974 to the three highest paid officers and to all directors who received over $40,000:

| Name of individual or identity of group | Capacities in which remuneration was received | Aggregate direct remuneration |
|---|---|---|
| Thomas S. Murphy | Chairman and Chief Executive Officer | $ 205,000 |
| Daniel B. Burke | President and Chief Operating Officer | 181,650 |
| Joseph P. Dougherty | Executive Vice-President | 157,000 |
| John B. Fairchild | Executive Vice-President | 125,000 |
| All directors and officers as a group (56 in number, including those named above)(1) | | 3,500,308(2) |

(1) Includes officers of subsidiaries of the Company.

(2) Exclusive of payments of $324,770 (on an accrual basis) to the law firm of Hall, Dickler, Lawler, Kent & Howley, of which Mr. Gerald Dickler, Secretary and a director of the Company is a member.

Amon G. Carter, Jr. has an employment contract with the Company providing for his employment through December 31, 1981 at a salary of $85,000 per year. As a result of the acquisition by the Company of all of the stock of Carter (see "Acquisition of Carter Publications, Incorporated" under the caption "Business"), Mr. Carter, a stockholder of Carter, received as his share of the purchase price, $6,173,099 cash and notes of the Company aggregating $7,567,020. In addition, Mr. Carter received an aggregate of $6,905,696 in cash and notes from LIN which acquired the television properties of Carter. Immediate members of Mr. Carter's family are the beneficiaries of certain trusts which received as their share of the purchase price $1,549,221 cash and notes of the Company aggregating $1,897,830 and an aggregate of $1,733,294 in cash and notes from LIN.

Edgar W. B. Fairchild, former Chairman of the Board of Directors of Fairchild, receives retirement benefits of $13,489 per annum under Fairchild's Employee Retirement Plan. In addition, under the terms of his employment contract, Mr. Fairchild (or his widow or his estate) receives $37,500 per annum until the end of February, 1986.

John B. Fairchild, whose father is the brother of Edgar W. B. Fairchild, has an employment contract with Fairchild providing for his employment for a period of 10 years ending in 1978 at a salary of $90,000 per year and upon termination of his employment, for a period of 15 years thereafter, for payment to Mr. Fairchild or his widow or children of a sum equal to one-half of his salary at the rate in effect upon such termination. In addition, Mr. Fairchild is entitled to retirement benefits under Fairchild's Employee Retirement Benefit Plan, presently estimated at $30,000 per annum.

Under the Company's Employee Profit Sharing Plan adopted by the Board of Directors in December, 1968, the sums set forth below have been set aside for deferred payment to the following:

| Name | 1974 amount | Aggregate |
|---|---|---|
| Thomas S. Murphy | $ 21,758 | $108,640 |
| Daniel B. Burke | 19,190 | 92,471 |
| Joseph P. Dougherty | 16,478 | 86,401 |
| All directors and officers as a group (27 in number including the above) | 218,514 | 977,553 |

James P. Arcara, a vice-president of the Company, became indebted to the Company in the amount of $20,142 representing the profit inuring to the Company as a result of his sale and purchase of 2,000 shares of the Common Stock of the Company within a six month period in violation of Section 16(b) of the Securities Exchange Act of 1934. At February 28, 1975, Mr. Arcara remained indebted to the Company in the amount of $15,585, which amount is evidenced by a promissory note issued by Mr. Arcara to the Company and accepted by the Company, bearing interest at the rate of 6% per annum and payable in equal bi-weekly instalments with a final payment due September 8, 1978. There is now pending before the United States District Court, Southern District of New York an action brought by a shareholder of the Company against Mr. Arcara and the Company in connection with Mr. Arcara's violation of Section 16(b).

## PRINCIPAL HOLDERS OF SECURITIES

No officer, director or other person is known by the Company to own of record or beneficially more than 10 per cent of the outstanding Common Stock. At March 31, 1975, officers and directors of the Company, as a group, were known by the Company to beneficially own 651,202 shares (9.0%) of the outstanding Common Stock.

At March 31, 1975, the principal beneficial ownership of the 231,912 shares of Preferred Stock outstanding, convertible into Common Stock at the rate of 2 for 1, was as follows: Edgar W. B. Fairchild, a director, 40,476 shares (17.5%); Elizabeth F. Martindale, 60,600 shares (26.1%) and directors and officers as group, 55,511 shares (23.9%).

## SELLING SHAREHOLDERS

The following table sets forth the names of Selling Shareholders, the number of shares of Common Stock of the Company owned beneficially by each Selling Shareholder as of the date of this Prospectus, the number of shares of Common Stock to be sold by each Selling Shareholder and the number of shares of Common Stock to be owned beneficially by each Selling Shareholder after the sale if all shares offered are sold. Each of the Selling Shareholders has a present intention to sell his shares of Common Stock being offered hereby.

| Name of selling shareholder | Number of shares owned prior to sale | Number of shares to be sold | Number of shares to be owned after sale |
|---|---|---|---|
| George R. Andrick | 500 | 500 | — |
| June W. Baron | 100 | 100 | — |
| Philip R. Beuth | 8,900 | 3,500 | 5,400 |
| George R. Chamberlin | 9,000 | 8,000 | 1,000 |
| Lewis R. Click | 300 | 300 | — |
| Frederick D. Custer | 2,000 | 2,000 | — |
| Gerald Dickler | 50,520 | 5,000 | 45,520 |
| Joseph P. Dougherty | 27,890 | 10,000 | 17,890 |
| William O. Dwyer | 200(1) | 1,150 | — (1) |
| Edgar W. B. Fairchild | 44,000(1) | 60,000 | — (1) |
| John B. Fairchild | 25,232(1) | 5,000 | 20,232(1) |
| John B. Fairchild as Custodian for: | | | |
| Jill Fairchild | 1,700(1) | 1,000 | 700(1) |
| Stephen Louis Fairchild | 1,700(1) | 1,000 | 700(1) |
| James Burr Fairchild | 1,500(1) | 1,000 | 500(1) |
| Muriel M. Frank | 100 | 100 | — |
| Roy E. Fullen | 1,455 | 250 | 1,205 |
| Robert W. Gelles | 700 | 700 | — |
| G. Guy Giuffre, Jr. | 50 | 50 | — |
| Morton Gordon | 125 | 125 | — |
| Clara Hancox | 250 | 250 | — |
| Kenneth M. Johnson | 9,000 | 9,000 | — |
| Robert Joose | 75 | 75 | — |
| Elsie A. Kern | 12,420 | 3,000 | 9,420 |
| Fred J. Kern | 47,365 | 6,000 | 41,365 |
| Richard P. Kern | 20,880 | 2,000 | 18,880 |
| Robert L. Kern | 12,420 | 3,000 | 9,420 |
| William Kopta | 3,500 | 1,000 | 2,500 |

| Name of selling shareholder | Number of shares owned prior to sale | Number of shares to be sold | Number of shares to be owned after sale |
|---|---|---|---|
| Ramon K. Krohn | 18,500 | 5,000 | 13,500 |
| Richard J. Lynch | 425 | 425 | — |
| Elizabeth F. Martindale | 7,900(1) | 15,000 | — (1) |
| Philip L. McGovern | 200 | 200 | — |
| Mary N. Michael | 75 | 75 | — |
| Thomas S. Murphy | 74,174 | 5,000 | 69,174 |
| William Orr | 150 | 150 | — |
| Robert M. Peebles | 8,300 | 1,300 | 7,000 |
| Gertrude F. Price | 25 | 25 | — |
| Evelyn Salk | 400 | 400 | — |
| Lloyd M. Schwartz | 50 | 50 | — |
| Robertson C. Scott | 6,000 | 6,000 | — |
| Richard C. Shepard | 4,702 | 2,000 | 2,702 |
| Joseph B. Somerset | 16,450 | 6,250 | 10,200 |
| Melvin J. Thompson, Jr. | 10,000 | 9,000 | 1,000 |
| United States Trust Company of New York as Trustee for: | | | |
| Stephanie Anne Fairchild | 3,000(1) | 9,987 | — (1) |
| Suzanna Corroon Fairchild | 3,000(1) | 9,987 | — (1) |
| Samantha Stafford Fairchild | 3,000(1) | 9,987 | — (1) |
| Serena French Fairchild | 3,000(1) | 9,987 | — (1) |
| Charles W. Weaver | 5,852 | 5,852 | — |
| Irwin Weinstein | 512 | 500 | 12 |
| John W. West, Jr. | 1,750 | 250 | 1,500 |
| | | 221,525 | |

(1) The table below sets forth the number of shares of Preferred Stock held and the number of shares of Preferred Stock that will be converted, at the 2 to 1 rate, into Common Stock for registration and sale hereunder:

| | Number of shares of Preferred Stock | | |
|---|---|---|---|
| | owned prior to sale | to be converted | to be owned after sale |
| William O. Dwyer | 475 | 475 | — |
| Edgar W. B. Fairchild | 40,476 | 8,000 | 32,476 |
| John B. Fairchild | 2,535 | — | 2,535 |
| John B. Fairchild as Custodian for: | | | |
| Jill Fairchild | 2,177 | — | 2,177 |
| Stephen Louis Fairchild | 2,177 | — | 2,177 |
| James Burr Fairchild | 4,126 | — | 4,126 |
| Elizabeth F. Martindale | 60,600 | 3,550 | 57,050 |
| United States Trust Company of New York as Trustee for: | | | |
| Stephanie Anne Fairchild | 3,493.5 | 3,493.5 | — |
| Suzanna Corroon Fairchild | 3,493.5 | 3,493.5 | — |
| Samantha Stafford Fairchild | 3,493.5 | 3,493.5 | — |
| Serena French Fairchild | 3,493.5 | 3,493.5 | — |
| | 126,540 | 25,999 | 100,541 |

## STOCK OPTION PLANS

As of March 31, 1975 there were outstanding in connection with Stock Option Plans adopted by the Company, options covering an aggregate of 228,945 shares of Common Stock expiring between May 20, 1975 and March 11, 1986, exercisable at purchase prices ranging from $18.25 per share to $36.13 per share with an adjusted weighted average exercise price per share of $28.44.

As of March 31, 1975 options held by directors and officers of the Company to acquire Common Stock were as follows:

| Name | Number of shares subject to option | Expiration dates from — to | Average exercise price per share |
|---|---|---|---|
| Thomas S. Murphy | 30,500 | 9/22/80 — 4/ 9/84 | $33.95 |
| Daniel B. Burke | 21,250 | 9/22/80 — 4/ 9/84 | 34.04 |
| Joseph P. Dougherty | 14,100 | 9/22/80 — 4/ 9/84 | 33.25 |
| John B. Fairchild | 3,500 | 9/22/80 | 28.75 |
| All directors and officers as a group (44 in number including those named above) (1) | 181,525 | 5/20/75 — 3/11/86 | 28.99 |

(1) Includes officers of subsidiaries of the Company.

The Company is registering hereby 25,000 shares of Common Stock issuable on exercise of options which may be granted under the Company's 1972 Employee Stock Option Plan as amended (the "1972 Plan"). The Company has also previously registered 242,445 shares of Common Stock issuable on exercise of outstanding modified stock options and amended stock options (as hereinafter defined under "Types of Options") and issuable on exercise of outstanding options granted under the Company's 1970 Qualified Stock Option Plan and the 1972 Plan.

### Adoption of Stock Option Plans

The Board of Directors and shareholders of the Company adopted the Stock Option Plans as follows:

| Title of Plan | Date of adoption by Board of Directors | Date of adoption by shareholders |
|---|---|---|
| 1965 Qualified Stock Option Plan | April 19, 1965 | May 10, 1965 |
| 1967 Qualified Stock Option Plan | April 24, 1967 | May 10, 1967 |
| 1968 Qualified Stock Option Plan | February 27, 1968 | May 10, 1968 |
| 1970 Qualified Stock Option Plan | May 6, 1970 | May 11, 1970 |
| 1972 Employee Stock Option Plan | January 17, 1972, amended March 28, 1973, March 26, 1974 and March 10, 1975 | May 4, 1972, amended May 3, 1973, May 1, 1974 and May 6, 1975 |

This Prospectus does not purport to contain a complete summary of all of the provisions of the 1965, 1967, 1968, 1970 and 1972 Plans and is qualified in its entirety by reference to each of such Stock Option Plans, copies of which have been filed by the Company with the Securities and Exchange Commission.

**Securities Subject to the Stock Option Plans**

The number of authorized but unissued shares of Common Stock reserved for issuance under the Stock Option Plans, the number of shares with respect to which options have been granted and remain unexercised, and the number of shares which remain available for grant under each Stock Option Plan are as follows:

| Title of plan | Total shares reserved for issuance | Shares subject to options granted and not exercised as of March 31, 1975 | Shares remaining available for grant of options |
|---|---|---|---|
| 1965 Qualified Stock Option Plan .... | 3,200 | 3,200 | -0- |
| 1967 Qualified Stock Option Plan .... | 12,263 | 12,263 | -0- |
| 1968 Qualified Stock Option Plan .... | 80,436 | 80,436 | -0- |
| 1970 Qualified Stock Option Plan .... | 11,796 | 11,796 | -0- |
| 1972 Employee Stock Option Plan .... | 165,000 | 121,250 | 43,750 |

Upon lapse of any option granted under any of the Qualified Stock Option Plans, shares reserved for issuance upon exercise of such option do not become available for additional option grants. Since the approval of the 1972 Plan, no further options may be granted under prior plans. Option agreements provide for adjustment in the number of shares deliverable upon exercise of the option and adjustment of the option price per share, if there is any change in the outstanding Common Stock of the Company by reason of a dividend, recaptalization, merger, consolidation, split-up, combination or exchange of shares or the like without payment of consideration.

**Purpose of the Stock Options Plans**

The general purpose of the Stock Option Plans was and is to attract, retain and motivate executives and key employees of quality in competitive job markets, for the benefit of the Company, by providing such persons with a proprietary interest in the Company.

**Eligibility and Participation in the Stock Option Plans**

Options available under the 1972 Plan may be granted solely to such officers and key employees of the Company, including subsidiaries, as the Board of Directors, its Executive Committee or a Stock Option Committee appointed by the Board, may designate. A director of the Company who is not also an officer or employee is not eligible to receive an option under the 1972 Plan. The Executive Committee of the Board of Directors, which currently administers the 1972 Plan, may determine, in its discretion, the number of shares which are to be the subject of an option granted to any individual, taking into account such factors as it deems relevant under the 1972 Plan, including limitations as to the maximum number of shares with respect to which options may be granted under the 1972 Plan and, with respect to a "qualified stock option", the ownership by the grantee immediately after receiving such option of more than five percent of the total combined voting power of securities of the Company or any subsidiary. Option agreements awarded under the 1972 Plan require the recipient to agree to remain in the employ of the Company or a subsidiary for at least one year from the date of grant, although such obligation does not restrict or limit the right of the Company to terminate the employment of the affected individual for any reason.

**Types of Options**

The 1965, 1967, 1968 and 1970 Plans provided solely for the grant of "qualified stock options" within the meaning of Section 422(b) of the Internal Revenue Code. The 1972 Plan provides for the grant of "qualified stock options" or options which are not qualified under Section 422(b) of the Internal Revenue Code ("non-qualified stock options") or both together which may be exercisable in the alternative ("tandem stock options"). The Internal Revenue Service has ruled that no part of a tandem stock option granted after January 2, 1973 will be considered to be qualified under Section 422(b) of the Internal Revenue Code (See "Federal Income Taxes" herein).

At their annual meeting in 1974 the shareholders of the Company approved, subject to acceptance of the optionees, modifications to certain of those of the Company's outstanding stock options which were granted prior to February 1, 1974.

As a result of those modifications, each holder of a qualified stock option was permitted to rescind his option and have it replaced with a new non-qualified stock option for the purchase of the same number of shares. The new option permits the holder to acquire immediately the same number of shares that such holder would have been able to acquire at such time pursuant to the terms of the rescinded option. The new option contains essentially the same terms and provisions as the rescinded option except that the new option permits exercise until a date eleven years from the date of the grant of the original qualified stock option and the exercise price of the new option is (i) $36.125 per share if the exercise price of the rescinded option was equal to or in excess of $28.75 per share or (ii) $28.75 per share if the exercise price of the rescinded option was less than $28.75 per share. The effect of these modifications, whether or not they were accepted by an individual holder of a qualified option, was to convert such option into a non-qualified option.

Each holder of a non-qualified or tandem stock option granted prior to February 1, 1974 was permitted to accept a modification of his option which provided for a change in the exercise price to $36.125 per share and a cancellation of the qualified stock option granted as part of the tandem stock option.

All such modified stock options are hereinafter referred to as "modified stock options". Each of the modified stock options is a non-qualified stock option within the meaning of Section 422(b).

The holders of an aggregate of 63,920 qualified stock options accepted the modifications and rescinded their qualified stock options and accepted modified stock options with an exercise price of $28.75 per share. The holders of an aggregate of 141,325 qualified, non-qualified and tandem stock options accepted the modifications and received modified stock options with an exercise price of $36.125 per share.

At their annual meeting in 1975 the shareholders of the Company approved a proposal which allowed each holder of a modified stock option with an exercise price of $36.125 per share (other than members of the Board of Directors of the Company) the opportunity to accept further amendments to his modified stock option. The amended stock option contains essentially the same terms and provisions as the modified stock option except that the new option permits exercise at a revised price of $25.00 per share, permits exercise until a date eleven years from March 10, 1975 and is exercisable commencing one year from such date at cumulative annual increments of 25% of the number of shares covered by such option.

The holders of modified stock options to purchase an aggregate of 95,525 shares, at an exercise price of $36.125 per share, were eligible to accept the amendments. All of such holders accepted the amendments. All such amended stock options with the revised exercise price of $25.00 per share are hereinafter referred to as "amended stock options". Each of the amended stock options is a non-qualified stock option within the meaning of Section 422(b). For a discussion of the effect of the amendments to the modified stock options on the income of the Company, see "Accounting Treatment of Amended Stock Options" hereunder.

### Exercise Price

The per share price payable on exercise of options granted under all of the Stock Option Plans shall not be less than 100% of the fair market value of the Common Stock at the time the option is granted. The fair market value has been deemed to be the mean of the high and low prices of Common Stock of the Company traded on the New York Stock Exchange on the day of which the option was granted. However certain of the stock options granted prior to February 1, 1974 have been modified to change their per share exercise price to less than the fair market value at the date of grant as described at "Types of Options".

### Term of Options

Each qualified stock option granted must be exercised within five years of the date of grant. Each modified stock option granted must be exercised within eleven years from the date of grant and each amended stock option granted must be exercised within eleven years from March 10, 1975 (the "Meeting Date"). Each option, other than amended stock options, whether qualified or non-qualified, is exercisable in cumulative annual increments of 25% of the number of shares covered by the option. An amended stock option is exercisable commencing one year from the Meeting Date, in cumulative annual increments of 25% of the number of shares covered by such option and, accordingly, is exercisable in full commencing with the fourth anniversary of the Meeting Date. Non-qualified stock options granted under the 1972 Plan may be exercised within eleven years from the date of grant and, accordingly, are exercisable in full for a period of seven years, commencing with the fourth anniversary of the date of grant.

An option granted under the 1965, 1967, 1968 or 1970 Plans and a modified stock option or an amended stock option originally granted prior to January 17, 1972, cannot be exercised more than three months from the date of optionee's termination of employment except that if such termination is the result of the optionee's death, the option is exercisable for twelve months thereafter. Options granted under the 1972 Plans, modified stock options and amended stock options, originally granted on or subsequent to January 17, 1972, cannot be exercised more than three months after the date of the optionee's termination of employment for any reason.

All options issued under the 1972 Plan provide that the Company may, in its sole discretion, guarantee repayment of loans granted by third parties to recipients of options to finance exercise thereof.

### Federal Income Taxes

The Federal income tax consequences of qualified and non-qualified options differ. In general, a qualified option holder will not incur any Federal income tax at the time of exercise (except as discussed hereinafter) and will realize taxable long-term capital gain upon a subsequent sale of his shares three years or more after date of exercise at a price greater than the option price. No deduction will be allowable to the Company for Federal income tax purposes in connection with the grant or exercise of such option. On the other hand, a non-qualified option holder will realize taxable ordinary income at the time of exercise of his option in an amount equal to the excess of the fair market value of the shares acquired at the time of such exercise over the option price thereof, and such amount will be deductible by the Company for income tax purposes in the year of exercise (See "Accounting Treatment of Amended Stock Options" hereunder). The taxable ordinary income realized by the holder upon exercise of a non-qualified option will qualify as "earned income" and will be eligible for the maximum rate limitation of 50% as provided by the Internal Revenue Code.

### Exercise of Options

No qualified stock option may be exercised while the optionee holds an outstanding, unexercised, qualified stock option previously granted at a higher exercise price. Options are exercisable by giving 15 days written notice of exercise to the Company, specifying the number of shares to be purchased and accompanied by payment in full of the purchase price.

### Transferability of Options and Shares

No option may be transferred, assigned, pledged or hypothecated and no option is subject to execution, attachment or similar process. Options are exercisable during the lifetime of the employee solely by the employee, and are transferable only by will or the laws of descent and distribution.

Prior to November 14, 1972, shares acquired upon exercise of options were not registered under the Securities Act of 1933, as amended (the "Securities Act") and transfer of such shares was accordingly restricted pursuant to the investment intention of the option holder and the requirements of the Securities Act. On November 14, 1972, 86,796 shares, representing options under the 1970 and 1972 Plans, were effectively registered under the Securities Act. On August 14, 1973 and May 14, 1974 an additional 40,000 and 25,000 shares, respectively, covering options under amendments to the 1972 Plan, were effectively registered. Such shares if and when acquired, together with an additional 25,000 shares, if and when acquired upon exercise of options which may be issued under a recent amendment to the 1972 Plan and 98,774 shares, if and when acquired upon exercise of modified stock options and amended stock options will be freely transferable under the Securities Act, subject to applicable requirements relating to matters other than registration.

### Termination and Amendment of the Plans

The 1965, 1967, 1968 and 1970 Plans have been terminated as of the adoption of the 1972 Plan, no further options will be granted thereunder and all outstanding options remain in full force and effect in accordance with their terms. The 1972 Plan provides that it shall remain in effect until five years after the date of its adoption by the Board of Directors, unless sooner terminated by the Board.

Option agreements under the Qualified Stock Option Plans provide that the Board of Directors has authority to correct any defect or supply any omission in the option and to provide reasonable rules and regulations relating to administration of the Plan. The 1972 Plan provides that the Board of Directors may amend or terminate the Plan, except that amendments having specified effects must be approved by shareholders. No amendment or termination may adversely affect rights under previously granted options without consent of the optionee.

### Administration

Options under the Stock Option Plans have been administered by the Board of Directors of the Company, generally though not exclusively, acting through its Executive Committee. The 1972 Plan provides for administration by the Executive Committee of the Board of Directors or by a Stock Option Committee appointed by the Board consisting of three persons, the majority of whom are ineligible for participation in the 1972 Plan. All decisions by the Committee shall be made by a majority thereof and shall be conclusive.

### Accounting Treatment of Amended Stock Options

As a result of the amendment to certain of those of the modified stock options revising the exercise price from $36.125 per share to $25.00 per share as described at "Types of Options", the Company is required to charge its income with compensation expense calculated by multiplying $9.625, the difference between (i) $34.625, the quoted market price of the Company's Common Stock on the New York Stock Exchange on March 10, 1975, the date the amendments were approved by the Board of Directors of the Company (the "Meeting Date") and (ii) $25.00, by 95,525 (the number of shares subject to the amended stock options). This amount will be reduced by approximately one-half to take into account the Federal income tax bentfit which the Company would expect to realize if the amended stock options were exercised. See the discussion concerning the Federal income tax consequences of the exercise of a non-qualified stock option under the caption "Federal Income Taxes" herein. Such expense will be charged to income ratably over the four year period following the Meeting Date.

The net expense to be taken into account, calculated as set forth above is approximately $460,000. This amount will be accounted for over the four year period following the Meeting Date. Thus, the Company will be required to make a net charge to income of an additional $93,000 in 1975, an additional $115,000 in each of 1976, 1977 and 1978 and an additional $22,000 in 1979. Assuming the number of outstanding shares of Common Stock of the Company remains unchanged these charges to income would amount to $.012 per share in 1975, $.015 per share in each of 1976, 1977 and 1978 and $.003 per share in 1979.

## LEGAL PROCEEDINGS

### Radio Stations WBAP-AM and KSCS-FM

In October, 1974 an appeal was filed in the United States Court of Appeals for the District of Columbia (*Civic Telecasting Corporation* v. *Federal Communications Commission*) from final orders of the FCC which had granted the applications of Carter for renewal of Carter's broadcasting licenses for radio stations WBAP-AM and KSCS-FM licensed to Fort Worth, Texas and assignment thereof to the Company. The petitioner's basic claim is that the FCC erred by failing to obtain or ensure an opportunity for the presentation of certain discovery materials from a related antitrust suit not involving the Company, which materials allegedly indicated conduct by Carter reflecting adversely upon its character qualifications. The FCC is contesting the appeal and the Company and the former Carter stockholders have intervened in this proceeding in support of the FCC. If the petitioner were successful on this appeal and the final orders of the FCC granting the application of Carter for renewal of the radio broadcasting licenses and assignment thereof to the Company were overturned, the Company believes that the matter would be remanded to the FCC for further hearings and consideration. If the assignment of the broadcasting licenses to the Company were ultimately set aside, the assets of radio stations WBAP-AM and KSCS-FM would be returned to the stockholders of Carter or their nominee and certain notes issued to the stockholders of Carter currently held in escrow would be returned to the Company (See "Acquisition of Carter Publications, Incorporated" under the caption "Business" elsewhere in this Prospectus).

### Television Station WPVI-TV

In June, 1972 an organization known as Concerned Communicators filed petitions with the FCC to deny the pending license renewal application of station WPVI-TV owned by the Company and licensed to Philadelphia, Pennsylvania and to deny the pending license renewal applications of the other two commercial VHF television stations serving Philadelphia. The petition against WPVI-TV alleges that the station has insufficiently ascertained the needs of the black community of Philadelphia; that its programming inadequately services black needs and interests and that the station has discriminated against blacks in employment. In July, 1972 an organization known as Communications Coalition filed a petition against all seven television stations serving Philadelphia including station WPVI-TV and twenty-one radio stations alleging violation of FCC rules on equal employment opportunities. That petition seeks among other things the denial of the pending license renewal applications including the renewal application of WPVI-TV and the revocation of existing licenses. The Company is unable to predict what the outcome of these proceedings will be. It is not unusual for such challenges to delay final action on a renewal application for a considerable period of time. Existing licenses are automatically extended pending final FCC action on the petitions and accordingly, the license of WPVI-TV is extended pending the final determination of these petitions to deny.

**Television Station KFSN-TV**

In October, 1974 the Fresno chapter of NOW filed a petition to deny the pending license renewal application of television station KFSN-TV owned by the Company and licensed to Fresno, California. The petition alleges that KFSN-TV has insufficiently ascertained the needs of women; that its programming inadequately serves those needs; that the station has discriminated against women in employment and that it has not negotiated in good faith with the petitioning group. The license of KSFN-TV has been automatically extended pending final FCC action on the petition to deny. The Company is unable to predict what the outcome of this proceeding will be.

**Radio Stations WPRO-AM and WPRO-FM**

Renewals of the Company's radio broadcasting licenses for WPRO-AM and WPRO-FM, Providence, which would have been granted in ordinary course on or about April 1, 1975 have been placed on deferred status until the FCC completes an investigation relating to a program broadcast by WPRO-AM. Before it grants the WPRO-FM renewal application, the FCC must also resolve a dispute concerning interference to Channel 6, New Bedford, allegedly caused by a power increase granted to WPRO-FM in 1972.

## DESCRIPTION OF SECURITIES

The securities being registered hereby for sale by the Selling Shareholders and for issuance and delivery upon exercise of stock options which may be granted pursuant to a recent amendment to the Company's 1972 Employee Stock Option Plan, consist of the Common Stock of the Company.

The Company is authorized to issue 20,000,000 shares of Common Stock, par value $1.00 per share. Holders of Common Stock are entitled to receive such dividends as may be declared by the Board of Directors from time to time, subject to preferential dividend rights of the holders of Preferred Stock who are entitled to receive cumulative annual dividends of $.50 per share, payable in quarterly instalments, out of funds legally available for declaration of dividends. In the event of liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to share proportionately in the assets of the Company legally available for distribution after payment of all debts and liabilities to creditors and amounts that may be required to be paid to the holders of any Preferred Stock then outstanding. All shares of Common Stock have equal voting rights and each outstanding share entitles the holder thereof to one vote on all matters voted upon by shareholders, voting together with the holders of Preferred Stock and not as a separate class except as to election of directors. Voting is not cumulative, which means that the holders of more than 50% of the Common Stock in an election for directors will be able to elect all of the directors elected by holders of Common Stock, if they choose to do so and the holders of all remaining shares of Common Stock will not be able to elect any person or persons to the Board of Directors. The holders of Preferred Stock are entitled to participate in the election of directors solely by voting as a class to elect one director so long as at least 150,000 shares of Preferred Stock are outstanding. John B. Fairchild was elected as a director by the holders of Preferred Stock at the Company's 1975 annual meeting of shareholders (See "Management" herein). The holders of Common Stock have no preemptive, conversion or redemption rights. The outstanding shares of Common Stock, including the shares being registered hereunder by the Selling Shareholders and the shares of Common Stock issued or issuable pursuant to any of the Stock Option Plans or option agreements, are, or will be, as the case may be, duly issued, fully paid and non-assessable.

Subject to the prior conversion rights of the holders of shares of Preferred Stock, the Company has the right on and after May 15, 1975 to redeem all of the issued and outstanding shares of Preferred Stock. Accordingly, the Board of Directors of the Company has determined that the holders of record of Preferred Stock on May 19, 1975 shall be entitled to have their Preferred Stock redeemed on June 20, 1975 at the redemption price of $60 per share together with all accrued and unpaid dividends thereon to the date fixed for redemption. Each of the holders of Preferred Stock shall have the right until the termination of the close of business on June 16, 1975 to convert their shares of Preferred Stock into shares of Common Stock at the rate of two shares of Common Stock for each share of Preferred Stock. Any shares not so converted shall be redeemed and retired and shall not be held by the Company as treasury stock. Accordingly, on and after June 20, 1975 the Company will have no shares of Preferred Stock outstanding. Certain of the holders of shares of Preferred Stock are converting their shares to shares of Common Stock for sale hereunder; see "Selling Shareholders".

## LEGAL OPINIONS

The validity of the shares being registered have been passed upon for the Company by Messrs. Hall, Dickler, Lawler, Kent & Howley, 460 Park Avenue, New York, N. Y. 10022. Gerald Dickler, Esq., a member of the firm of Hall, Dickler, Lawler, Kent & Howley is also a director and Secretary of the Company, and beneficially owns an aggregate of 50,520 shares of Common Stock of the Company of which 5,000 shares are being registered for sale hereby; see "Selling Shareholders."

## EXPERTS

The consolidated financial statements and schedules of Capital Cities Communications, Inc. appearing in this Prospectus and Registration Statement have been examined by Arthur Young & Company, certified public accountants, as set forth in their reports appearing elsewhere herein, and are included in reliance upon such reports and upon the authority of such firm as experts.

The consolidated statement of income of Carter Publications, Incorporated and subsidiaries appearing in this Prospectus has been examined by Ernst & Ernst, independent accountants, as set forth in their report appearing elsewhere herein and is included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

## ADDITIONAL INFORMATION

This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules relating thereto, which the Company has filed with the Securities and Exchange Commission, Washington, D. C. under the Securities Act and which is hereby incorporated by reference. Copies of the Registration Statement, exhibits and schedules are on file at the offices of the Securities and Exchange Commission in Washington, D. C. and may be obtained, at a reasonable charge, upon request to the Commission.

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

## REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Capital Cities Communications, Inc.

We have examined the accompanying consolidated balance sheet of Capital Cities Communications, Inc. at December 31, 1974 and 1973, the related consolidated statements of income and changes in financial position for the five years ended December 31, 1974 and the related consolidated statement of stockholders' equity for the three years ended December 31, 1974. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Capital Cities Communications, Inc. at December 31, 1974 and 1973 and the consolidated results of operations and changes in financial position for the five years ended December 31, 1974, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

ARTHUR YOUNG & COMPANY

New York, New York
February 28, 1975

## CAPITAL CITIES COMMUNICATIONS, INC.

### CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(Thousands of Dollars)

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 1974 | 1973 | 1972 | 1971 | 1970 |
| Funds Provided: | | | | | |
| From operations: | | | | | |
| Income before extraordinary items | $22,025 | $20,146 | $17,015 | $ 13,129 | $11,511 |
| Depreciation and amortization | 3,359 | 2,875 | 2,783 | 2,945 | 2,300 |
| Other non-cash expense (income) | 449 | 194 | 369 | 250 | (7) |
| Total from operations | 25,833 | 23,215 | 20,167 | 16,324 | 13,804 |
| From extraordinary items (Note 5) | — | — | — | 32,032 | (1,409) |
| Notes payable issued on acquisitions (Notes 2 and 7) | 40,500 | — | — | 82,297 | — |
| Common stock issued under stock options (Note 9) | 52 | 172 | 2,861 | 911 | 1,155 |
| Common stock issued under warrants | — | — | 1,500 | — | — |
| Proceeds on disposals of fixed assets | 60 | 1,483 | 652 | 101 | 148 |
| Increase in unearned subscription revenues | 696 | 346 | 1,113 | 93 | 70 |
| Reduction of non-current notes receivable | 341 | 233 | 1,237 | — | — |
| Reduction (increase) of non-current film contract rights net of related liabilities | (71) | 1,667 | 1,304 | 584 | 38 |
| Other, net | 19 | 95 | 313 | 322 | (18) |
| | 67,430 | 27,211 | 29,147 | 132,664 | 13,788 |
| Funds Applied: | | | | | |
| Acquisitions (Note 2): | | | | | |
| Publishing properties | 43,725 | — | 1,300 | — | — |
| Broadcasting properties | 10,200 | — | — | 98,823 | — |
| Investments and notes receivable | 8,813 | — | — | 8,980 | — |
| Deposits and costs | (1,136) | 1,136 | — | (3,979) | 3,979 |
| Additions to fixed assets | 3,206 | 2,859 | 2,465 | 1,351 | 939 |
| Payments on debt (Note 7) | 10,125 | 18,125 | 26,705 | 4,348 | 6,317 |
| Increase (decrease) in debt payable on a current basis | 1,538 | (6,000) | (8,792) | 20,725 | (1,875) |
| Dividends | 123 | 138 | 210 | 308 | 221 |
| | 76,594 | 16,258 | 21,888 | 130,556 | 9,581 |
| Increase (Decrease) in Working Capital | $(9,164) | $10,953 | $ 7,259 | $ 2,108 | $ 4,207 |
| Working Capital Changes — increase (decrease): | | | | | |
| Cash and short-term investments | $(3,112) | $ 7,133 | $(6,221) | $ 20,972 | $ 2,963 |
| Accounts and notes receivable | 5,390 | (176) | 3,463 | 5,884 | 547 |
| Other current assets | 16 | 493 | 423 | 4,800 | (28) |
| Taxes on income | (6,300) | (1,276) | 2,594 | (5,467) | (167) |
| Notes payable | (1,538) | 6,000 | 8,792 | (20,725) | 1,875 |
| Other current liabilities | (3,620) | (1,221) | (1,792) | (3,356) | (983) |
| Increase (Decrease) in Working Capital | $(9,164) | $10,953 | $ 7,259 | $ 2,108 | $ 4,207 |

See accompanying notes

## CAPITAL CITIES COMMUNICATIONS, INC.

### CONSOLIDATED BALANCE SHEET
(Thousands of Dollars)

#### ASSETS

| | December 31, 1974 | December 31, 1973 |
|---|---|---|
| **Current Assets** | | |
| Cash | $ 2,955 | $ 2,235 |
| Certificates of deposit and other similar short-term investments | 29,790 | 33,622 |
| Accounts and notes receivable (less allowance for doubtful accounts of $1,194 in 1974 and $1,147 in 1973) | 26,884 | 21,494 |
| Film contract rights | 4,517 | 5,475 |
| Prepaid expenses | 3,861 | 2,887 |
| Total current assets | 68,007 | 65,713 |
| **Property, Plant and Equipment, at cost** | | |
| Land and land improvements | 8,513 | 6,428 |
| Buildings | 21,607 | 14,620 |
| Broadcasting, printing and other equipment | 46,711 | 30,859 |
| | 76,831 | 51,907 |
| Less accumulated depreciation | 26,051 | 23,468 |
| Property, plant and equipment, net | 50,780 | 28,439 |
| Intangible Assets | 160,396 | 129,041 |
| Marketable Securities, at cost (Note 6) | 7,071 | 574 |
| Notes Receivable and Other Investments, at cost | 11,328 | 10,443 |
| Film Contract Rights | 3,298 | 3,655 |
| | $300,880 | $237,865 |

#### LIABILITIES AND STOCKHOLDERS' EQUITY

| | December 31, 1974 | December 31, 1973 |
|---|---|---|
| **Current Liabilities** | | |
| Accounts payable | $ 4,109 | $ 2,817 |
| Accrued compensation | 3,419 | 2,636 |
| Accrued expenses | 5,690 | 4,647 |
| Film contracts | 4,416 | 3,914 |
| Taxes on income (Note 4) | 14,846 | 8,546 |
| Notes payable due within one year (Note 7) | 11,663 | 10,125 |
| Total current liabilities | 44,143 | 32,685 |
| Deferred Compensation | 892 | 800 |
| Deferred Income Taxes (Note 4) | 7,782 | 7,376 |
| Unearned Subscription Revenue | 4,786 | 4,090 |
| Film Contracts | 3,738 | 4,166 |
| Notes Payable Due After One Year (Note 7) | 75,679 | 46,842 |
| Total liabilities | 137,020 | 95,959 |
| **Stockholders' Equity (Notes 8 and 9)** | | |
| Convertible preferred stock, $1 par value (preference on liquidation of $14,280 in 1974) | 238 | 259 |
| Common stock, $1 par value | 7,208 | 7,164 |
| Additional paid-in capital | 8,489 | 8,460 |
| Retained earnings | 147,925 | 126,023 |
| Total stockholders' equity | 163,860 | 141,906 |
| | $300,880 | $237,865 |

See accompanying notes

## CAPITAL CITIES COMMUNICATIONS, INC.

### CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(Thousands of Dollars)

### Three Years Ended December 31, 1974

| | Preferred Stock | Common Stock | Additional Paid-in Capital | Retained Earnings | Total |
|---|---|---|---|---|---|
| Balance at January 1, 1972 | $ 344 | $ 6,574 | $ 4,038 | $ 89,210 | $100,166 |
| Net income for 1972 | — | — | — | 17,015 | 17,015 |
| 115,604 shares of common stock issued on exercise of employee stock options | — | 116 | 2,745 | — | 2,861 |
| 300,000 shares of common stock issued on exercise of warrants | — | 300 | 1,200 | — | 1,500 |
| 84,934 shares of common stock issued on conversion of preferred stock | (42) | 84 | (42) | — | — |
| Tax benefit on early disposition of option shares by employees | — | — | 288 | — | 288 |
| Cash dividends: Preferred stock | — | — | — | (162) | (162) |
| Belleville, prior to merger | — | — | — | (48) | (48) |
| Balance at December 31, 1972 | 302 | 7,074 | 8,229 | 106,015 | 121,620 |
| Net income for 1973 | — | — | — | 20,146 | 20,146 |
| 4,284 shares of common stock issued on exercise of employee stock options | — | 4 | 168 | — | 172 |
| 85,766 shares of common stock issued on conversion of preferred stock | (43) | 86 | (43) | — | — |
| Tax benefit on early disposition of option shares by employees | — | — | 106 | — | 106 |
| Cash dividends on preferred stock | — | — | — | (138) | (138) |
| Balance at December 31, 1973 | 259 | 7,164 | 8,460 | 126,023 | 141,906 |
| Net income for 1974 | — | — | — | 22,025 | 22,025 |
| 1,975 shares of common stock issued on exercise of employee stock options | — | 2 | 50 | — | 52 |
| 41,712 shares of common stock issued on conversion of preferred stock | (21) | 42 | (21) | — | — |
| Cash dividends on preferred stock | — | — | — | (123) | (123) |
| Balance at December 31, 1974 | $ 238 | $ 7,208 | $ 8,489 | $147,925 | $163,860 |

See accompanying notes

CAPITAL CITIES COMMUNICATIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

*Principles of Consolidation* — The consolidated financial statements include the accounts of all significant subsidiaries, which are wholly owned.

*Property, Plant and Equipment-Depreciation* — Depreciation has generally been computed on straight-line method for financial accounting purposes and on accelerated methods (declining balance at 150% and 200% of straight-line rates) for tax purposes. Appropriate deferred income taxes have been provided. Estimated useful lives are as follows:

| | Years |
|---|---|
| Land improvements | 5-20 |
| Buildings | 10-50 |
| Broadcasting equipment | 4-20 |
| Printing machinery and equipment | 5-20 |
| Program tapes and records | 10 |
| Furniture and fixtures | 8-20 |
| Automotive equipment | 3-5 |

Leaseholds and improvements are amortized over the terms of the leases. Maintenance and repairs are charged to income as incurred and expenditures for renewals and betterments are capitalized.

The cost of property retired or otherwise disposed of and the accumulated depreciation thereon are eliminated from the property and related accumulated depreciation accounts; the resulting gain or loss is credited or charged to income.

*Intangible Assets* — Intangible assets consist of amounts by which the cost of acquisitions exceeded the values assigned to net tangible assets. In the opinion of management there has been no diminution of value of the related properties. However, intangible assets of $32,809,000, arising from the most recent purchases, are being amortized over forty year periods in accordance with *Accounting Principles Board Opinion No. 17.*

*Film Contract Rights* — The Company's film contract rights and the related liabilities are recorded at full contract prices when purchased. The costs are charged to income on bases related to the terms of the contracts or the usage of the films. Payments on film contracts are due in varying amounts through 1979.

*Unearned Subscription Revenue* — Subscription revenue is recorded as earned over the life of the subscriptions. Costs in connection with the procurement of subscriptions are charged to expense as incurred.

*Investment Tax Credit* — The investment tax credit is taken into income currently as a reduction of the provision for income taxes.

2. Acquisitions and Sales

*Purchases and Sales — 1971* — On April 27, 1971, operating assets of television stations WPVI-TV, Philadelphia, Pennsylvania; WTNH-TV, New Haven, Connecticut; and KFSN-TV, Fresno, California were purchased from Triangle Publications, Inc. Concurrently with this transaction, assets related to television stations WTEN, Albany, New York and WSAZ-TV, Huntington, West Virgina were sold. The consolidated statement of income includes operations of the properites for their respective periods of ownership.

*Merger — 1972* — The acquisition of Belleville News-Democrat, Inc. on June 7, 1972 in exchange for 128,000 shares of the Company's common stock has been accounted for as a pooling of interests. Results of periods prior to 1971 have not been restated since they would not be materially affected by this acquisition.

*Purchase — 1974* — On November 8, 1974, the Company and an unrelated broadcasting company acquired all of the outstanding capital stock of Carter Publications, Incorporated for an aggregate consideration of $110,500,000, including $35,000,000 paid by the other broadcasting company for shares specifically related to certain television properties. The Company paid $35,000,000 in cash and issued notes for $40,500,000, with interest at 6%, payable in specified quarterly instalments over a seven year period beginning one year after the closing.

The Company guaranteed the payment of certain subordinated convertible notes of the television purchaser which were acquired at the closing by the Employees Pension Trust of Carter, to the extent of $1,255,000 of principal, together with interest thereon at 8%. At the closing, the Company deferred to January 5, 1979 the collection of $5,103,000 of principal of notes due from the television purchaser in connection with a previous, unrelated transaction. These notes had been due and payable in annual instalments of $1,021,000.

Properties acquired by the Company included the *Fort Worth Star-Telegram*, a daily newspaper with morning, evening and Sunday editions; and WBAP-AM, a 50,000 watt, clear-channel facility, and KSCS-FM, both licensed to Fort Worth. Following is a summary of the assets acquired and liabilities assumed by the Company (000's omitted):

| | | |
|---|---|---|
| Property, plant and equipment: | | |
| Land and land improvements | $ 2,058 | |
| Buildings | 6,458 | |
| Equipment | 13,907 | $ 22,423 |
| Intangible assets | | 31,502 |
| Marketable securities | | 6,453 |
| Notes receivable and other assets | | 2,360 |
| Current assets: | | |
| Cash and short-term investments | $ 15,085 | |
| Accounts receivable | 5,585 | |
| Inventories and other current assets | 1,508 | 22,178 |
| | | 84,916 |
| Current liabilities: | | |
| Accounts payable and accruals | $ (3,012) | |
| Federal income taxes, including an estimated $3,900,000 on recapture of depreciation and investment credit | (5,546) | (8,558) |
| | | 76,358 |
| Elimination of current assets and liabilities included above | | (13,620) |
| Net amounts affecting working capital | | $ 62,738 |

The newspaper and radio properties acquired have been accounted for under the purchase method of accounting, with the results of operations included for the period of ownership. It is estimated that had the closing taken place at the beginning of 1973, the Company's income for the years 1974 and 1973 would have been as shown in the following pro forma statement. Adjustments have been made for interest expense, loss of interest income at average rates in effect, additional depreciation of fixed assets and amortization of intangibles.

| | Year Ended December 31, | |
|---|---|---|
| | 1974 | 1973 |
| | (000's omitted) | |
| Net revenues | $165,447 | $157,225 |
| Operating expenses: | | |
| Broadcasting and publishing | 68,761 | 64,892 |
| Selling, general and administrative | 39,629 | 37,013 |
| Depreciation | 4,621 | 4,461 |
| Amortization of intangible assets | 820 | 820 |
| | 113,831 | 107,186 |
| Operating income | 51,616 | 50,039 |
| Other (income) expense: | | |
| Interest and financing expense | 7,569 | 8,519 |
| Interest and dividend income | (2,052) | (990) |
| Miscellaneous, net | (225) | (58) |
| | 5,292 | 7,471 |
| Income before income taxes | 46,324 | 42,568 |
| Income taxes | 23,810 | 21,770 |
| Net income | $ 22,514 | $ 20,798 |
| Net income per share | $2.93 | $2.69 |

### 3. Employees' Profit-Sharing and Pension Plans

The Company has a qualified profit-sharing plan for all eligible employees. The plan provides for contributions by the Company in such amounts as the Board of Directors may annually determine. Such contributions charged to expense in 1974 through 1970 were $936,000, $946,000, $939,000, $556,000 and $466,000, respectively. Certain subsidiaries of the Company and the Fort Worth operations have pension plans covering substantially all of their employees. In connection with these plans, contributions of $261,000, $25,000, $299,000, $220,000 and $20,000 were charged to expense in 1974 through 1970, respectively. Provision is made for normal cost and amortization of the difference, if any, between fund asset values and the gross actuarial deficiency over a 20-year period. The market value of the pension funds is in excess of the actuarially computed value of vested benefits. It is anticipated that the additional requirements of recent pension legislation will not materially affect the cost of benefits.

4. Income Taxes

The Federal Communications Commission issued a tax certificate to the Company in connection with the 1971 sale of television station WTEN, Albany, New York, deferring taxes of approximately $5,125,000 until disposition of the replacement television station. Deferred income taxes result primarily from this and from the excess of tax over financial accounting depreciation (See Note 1). The Company's effective Federal income tax rates (Federal income tax expense divided by income before income taxes and extraordinary items less state and local income taxes) were 47.4%, 47.1%, 47.5%, 47.8% and 49.4%, respectively, in 1974 through 1970.

5. Extraordinary Items

The 1971 sale of Albany and Huntington television stations resulted in an extraordinary gain of $28,258,000, less income taxes of $10,090,000. Additionally, in 1970, costs relating to discontinuance of in-house printing of Fairchild publications of $4,700,000, less $2,500,000 tax benefit and $164,000 gain on disposal of other properties, has been charged as an extraordinary loss.

6. Marketable Securities

Included are 350,000 shares of Southland Paper Mills, Inc. with a cost of $4,988,000 and a quoted market value of $4,813,000 at December 31, 1974. The shares held by the Company, however, are unregistered and are subject to voting restriction. The aggregate market value of all marketable securities was $6,574,000 at December 31, 1974 and $7,544,000 at February 28, 1975.

7. Notes Payable

Notes payable at December 31, 1974 are due as follows (000's omitted):

| Payable during: | Total | To Triangle Financial, Inc. | To Former Carter Stockholders |
|---|---|---|---|
| 1975 (current year) | $11,663 | $10,125 | $ 1,538 |
| 1976 | 16,275 | 10,125 | 6,150 |
| 1977 | 16,275 | 10,125 | 6,150 |
| 1978 | 16,275 | 10,125 | 6,150 |
| 1979 | 12,492 | 6,342 | 6,150 |
| 1980 | 6,150 | | 6,150 |
| 1981 | 5,512 | | 5,512 |
| 1982 | 2,700 | | 2,700 |
| | $87,342 | $46,842 | $40,500 |
| Date of final payment | | January 5, 1979 | August 1, 1982 |

The Triangle notes payable relate to the purchase of broadcasting properties which are pledged as collateral thereto and bear interest at prime rate (10½% at year end) or 5%, whichever is higher. The Carter notes payable relate to the purchase of newspaper and radio broadcasting properties which together with certain other assets are pledged as collateral thereto and bear interest at 6%.

8. Capital Stock

Authorized capital stock at December 31, 1974 consisted of 20,000,000 shares of $1 par value common and 600,000 shares of $1 par value preferred of which 7,208,163 and 237,912, respectively, were issued and outstanding. The preferred is entitled to cumulative dividends at an annual rate of 50¢ and each share is convertible into two shares of common stock at any time. Holders of the preferred vote share for share with the common as to all matters other than the election of directors, as to which, voting as a class, they shall, so long as 150,000 or more of the preferred shares are outstanding, be entitled to elect one director. Upon liquidation, holders of the preferred shall be entitled to receive $60 per share plus accrued dividends, before any distribution to holders of common. Subject to prior conversion, the Company may at any time after May 15, 1975, redeem shares of the preferred at its option at the redemption price of $60 per share plus accrued dividends.

9. Stock Options

Options outstanding at January 1, 1972 were issued pursuant to qualified stock option plans adopted in 1965, 1967, 1968 and 1970, and gave certain key personnel the right to purchase shares of common stock over a five year period from the date of grant at prices equal to market value on the grant date. Each option is cumulatively exercisable as to 25% of the total shares represented thereby for each of the first four years after grant, provided that the individual remains in the employ of the Company.

The 1972 stock option plan, as amended in 1973 and 1974, authorizes the granting of options to purchase an aggregate of 140,000 shares, which options may be "qualified" within the meaning of Section 422(b) of the Internal Revenue Code with terms as described above, eleven year options which are not qualified options, or both (tandem options). The 45,000 options granted under this plan during 1972 were both qualified and non-qualified and provided that either could be exercised, but not both. The exercise of one option would cancel the right to exercise the other. The options granted during 1973 and 1974 were non-qualified.

Approval of modifications to outstanding stock options during 1974 resulted in the elimination of all tandem options and all except 5,250 of the options exercisable over a five year period. The modification offer had the effect of converting the qualified options into non-qualified options.

The following information pertains to the Company's stock option plans:

| | Shares available for grant | Options granted: Option price: Per share | Options granted: Option price: In total | Options granted: Number of shares | Market value at date of grant and when exercised(a): Per share | Market value at date of grant and when exercised(a): In total |
|---|---|---|---|---|---|---|
| Balance January 1, 1972 | 38,216 | $21.38 to $47.38 | $7,079,047 | 248,070 | $21.38 to $47.38 | $7,079,047 |
| Authorized | 75,000 | | | — | | |
| Granted | (45,000) | $53.75 to $61.50 | | 45,000 | | |
| Cancelled | (38,216)(b) | $27.94 to $37.56 | | (3,650) | | |
| Exercised | — | $21.38 to $41.25 | 2,860,757 | (115,604) | $50.50 to $63.88 | 6,740,046 |
| Balance December 31, 1972 | 30,000 | $21.38 to $61.50 | 6,561,715 | 173,816(c) | $21.38 to $61.50 | 6,561,715 |
| Authorized | 40,000 | | | — | | |
| Granted | (59,000) | $48.88 to $49.38 | | 59,000 | | |
| Cancelled | 250 | $27.94 to $53.75 | | (13,687) | | |
| Exercised | — | $27.94 to $47.38 | 142,120 | (4,284) | $37.81 to $61.81 | 195,710 |
| Balance December 31, 1973 | 11,250 | $21.38 to $61.50 | 8,794,246 | 214,845(c) | $21.38 to $61.50 | 8,794,246 |
| Authorized | 25,000 | | | — | | |
| Granted | (14,500) | $18.25 to $36.13 | | 219,745 (d) | | |
| Cancelled | 2,450 | $21.38 to $61.50 | | (209,120)(d) | | |
| Exercised | — | $21.38 to $27.94 | 51,895 | ( 1,975) | $33.38 to $36.50 | 71,244 |
| Balance December 31, 1974 | 24,200 | $18.25 to $36.13 | 7,435,391 | 223,495(c) | $18.25 to $36.13 | 7,435,391 |

(a) The proceeds received by the Company from exercise of options are credited directly to stockholders' equity. No charges have been made against income in accounting for the options.

(b) On approval of the "1972 Employee Stock Option Plan" by the stockholders, ungranted options relating to prior existing stock option plans were cancelled and are no longer available for grant.

(c) At December 31, 1974, 1973 and 1972, options were exercisable for 138,113, 105,158 and 79,403 shares, respectively. Approval of the stockholders at the May 6, 1975 annual meeting is being requested for modification of 95,525 of the presently outstanding options as to price and term. See "Stock Option Plans" elsewhere in this Prospectus.

(d) On approval of stockholders in 1974, stock options for 205,245 shares were rescinded and replaced with options for 63,920 shares at $28.75 and 141,325 at $36.125. The new options are all non-qualified with exercise terms of eleven years from the date of grant of the replaced options.

(e) Information as to options which became exercisable was as follows:

| | Number of shares | Option price | | Market value at date options became exercisable | |
|---|---|---|---|---|---|
| | | Per share | In total | Per share | In total |
| Year ended December 31, | | | | | |
| 1972 .......... | 38,942 | $21.38 to $47.38 | $1,382,759 | $50.00 to $63.38 | $2,231,345 |
| 1973 .......... | 43,386 | $21.38 to $61.50 | $1,606,753 | $30.50 to $60.44 | $1,951,878 |
| 1974 .......... | 35,654 | $21.38 to $36.13 | $1,229,165 | $20.75 to $38.13 | $1,108,772 |

**10. Income Per Share**

Shares of stock used in calculation of income per share (000's omitted):

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 1974 | 1973 | 1972 | 1971 | 1970 |
| Common stock and common stock equivalents: | | | | | |
| Average common shares outstanding during the period ... | 7,190 | 7,124 | 6,731 | 6,493 | 6,141 |
| Average common share equivalents attributable to convertible preferred shares outstanding during the period | 493 | 555 | 654 | 746 | 886 |
| Average incremental common share equivalents attributable to stock options issued after May 31, 1969 ...... | 5 | 38 | 57 | 41 | 2 |
| Total common stock and common stock equivalents .......... | 7,688 | 7,717 | 7,442 | 7,280 | 7,029 |
| Additional incremental shares attributable to common stock warrants and options issued prior to June 1, 1969 ......... | — | 2 | 255 | 345 | 320 |
| Total number of shares assuming full dilution .............. | 7,688 | 7,719 | 7,697 | 7,625 | 7,349 |

**11. Supplementary Income Statement Information**

| | Year ended December 31 | | |
|---|---|---|---|
| | 1974 | 1973 | 1972 |
| | (000's omitted) | | |
| Maintenance and repairs .............................. | $1,012 | $ 842 | $ 857 |
| Depreciation of property, plant and equipment ............ | 3,212 | 2,842 | 2,750 |
| Amortization of intangible assets ........................ | 147 | 33 | 33 |
| Taxes other than income taxes: | | | |
| Payroll taxes ........................................ | 1,804 | 1,590 | 1,304 |
| Real estate and other local taxes ..................... | 827 | 843 | 896 |
| Rents ............................................... | 652 | 653 | 591 |
| Royalties ............................................ | 1,545 | 1,513 | 1,492 |
| Advertising costs ..................................... | 600 | 659 | 766 |

## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

Item 22. Marketing Arrangements.

Each Selling Shareholder has executed and filed or will execute and file with the Commission an undertaking with respect to marketing arrangements, a copy of which is filed as Exhibit 1 to this Registration Statement, which exhibit is hereby incorporated by reference in its entirety.

Item 23. Other Expenses of Issuance and Distribution.

| Item | Amount* |
|---|---|
| Registration fee | $ 567 |
| Legal fees and expenses | 5,000 |
| Printing cost | 25,000 |
| Accounting fees | 2,000 |
| Transfer agent's fees and expenses | 1,000 |
| Miscellaneous expenses | 433 |
| Total | $34,000 |

* All amounts except for the registration fee are estimates.

None of the expenses described above, except for employment of independent special counsel by any one or more Selling Shareholders, with respect to which no estimate is included, will be borne by Selling Shareholders.

Item 24. Relationship of Registrant with Experts Named in the Registration Statement.

"Management" contained in the Prospectus filed as a part of this Registration Statement is hereby incorporated by reference with respect to the relationship between Hall, Dicker, Lawler, Kent & Howley and the Company.

Item 25. Sales to Special Parties.

In each of the last five years, the Company has issued shares of Common Stock on exercise of employee stock options, as to which information is given in quarterly reports filed with the Commission and is hereby incorporated by reference.

Item 26. Recent Sales of Registrant's Securities.

On June 7, 1972, 128,000 shares of Common Stock were issued by the Company to the shareholders of Belleville News-Democrat, Inc., pursuant to an agreement of reorganization in which Belleville News-Democrat, Inc., an Illinois corporation was merged into a wholly owned subsidiary of the Company, Belleville News-Democrat, Inc., a New York corporation. There were no underwriters in connection with the issuance of shares to the shareholders of Belleville News-Democrat, Inc. Such shares were not registered under the Securities Act of 1933, as amended (the "Act") in reliance upon the exemption afforded by Section 4(2) of the Act for transactions by an issuer not involving any public offering.

On November 8, 1974 in connection with the acquisition by the Company of 68.5% of the outstanding capital stock of Carter Publications, Incorporated ("Carter"), the Company issued to the stockholders of Carter its Series A Promissory Notes aggregating $30,500,000 and its Series B Promissory Notes aggregating $10,000,000. A description of that transaction is set forth under "Acquisition of Carter Publications, Incorporated" under the caption "Business" contained in the Prospectus filed as a part of this Registration Statement which is hereby incorporated by reference. There were no underwriters in connection with the issuance of the Company's Series A and Series B Promisory Notes to the stockholders of Carter. Such securities were not registered under the Act in reliance upon the exemption afforded by Section 4(2) of the Act for transactions by an issuer not involving any public offering.

**Item 27. Subsidiaries of Registrant.**

| | Per Cent Owned | State of Incorporation |
|---|---|---|
| Fairchild Publications, Inc. | 100 | New York |
| Oakland Press Company | 100 | Michigan |
| Belleville News-Democrat, Inc. | 100 | New York |
| Star Life Insurance Company | 100 | Texas |
| Citizen-Journal, Inc. | 80 | Texas |
| Tribune Printing Company, Inc. | 51 | Texas |

**Item 28. Franchises and Concessions.**

"Business" contained in the Prospectus is hereby incorporated by reference with respect to licenses issued by the Federal Communications Commission to the Company to authorize the conduct of radio and television broadcast operations.

**Item 29. Indemnification of Directors and Officers.**

No provision is made for the indemnification of directors or officers of the Company in its certificate of incorporation or bylaws or any contracts or policies of insurance. However, the Business Corporation Law of the State of New York does provide generally for indemnification against judgments, fines, amounts paid in settlement and reasonable expenses where the director or officer was acting on behalf of the Company, in its best interests, and had no reasonable cause to believe that his conduct was unlawful.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefor, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

**Item 30. Treatment of Proceeds from the Stock Being Registered.**

Not applicable.

**Item 31. Financial Statements and Exhibits.**

(a) **Index to Financial Statements and Schedules**

Included in the Prospectus.

See "Index to Consolidated Financial Statements" in the Prospectus.

Not included in the Prospectus.

Report of certified public accountants.

Schedules II, V, VI, VII and XII for the three years ended December 31, 1974.

All other schedules have been omitted since information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements, including the notes thereto.

Financial statements and schedules of Capital Cities Communications, Inc. (not consolidated) are omitted since the Company is primarily an operating company, and all subsidiaries included in the consolidated financial statements do not have minority equity interests and/or indebtedness to any person other than the Company.

(b) Exhibits

1. —Letters of Selling Shareholders regarding observance of Rules 10(b)2, 10(b)6 and 10(b)7 under the Securities Exchange Act of 1934.

2.(a) —Assets Purchase Agreement, dated February 13, 1970, between Triangle Publications, Inc. and Capital Cities Broadcasting Corporation, and related documents, a copy of which has been filed by the Company together with a report on Form 8-K, under the Securities Exchange Act of 1934, for the month of April, 1971, hereby incorporated by reference.

(b) —Loan Agreement, dated May 20, 1969, by and among Capital Cities Broadcasting Corporation, Chemical Bank, First National City Bank, Marine Midland Grace Trust Company of New York, Society National Bank of Cleveland and Security Pacific National Bank and related documents, a copy of which has been filed by the Company together with a report on Form 8-K under the Securities Exchange Act of 1934 for the month of May, 1969, hereby incorporated by reference.

(c) —Sales Agreement dated as of January 6, 1973 by and between Capital Cities Broadcasting Corporation and the stockholders of Carter Publications Incorporated and Modification of Sales Agreement dated April 12, 1973. ("Sales Agreement").****

(d) —Agreement dated January 6, 1973 between Capital Cities Broadcasting Corporation and LIN Broadcasting Corporation. ("LIN Agreement").****

(e) —Escrow Agreement dated January 6, 1973 among Capital Cities Broadcasting, LIN Broadcasting Corporation and First National City Bank. ("Escrow Agreement").****

(f) —Agreement dated as of February 5, 1973 among Capital Cities Broadcasting Corporation and Chemical Bank, First National City Bank and Marine Midland Bank — New York and related documents attached thereto as exhibits in connection with the issuance of a commitment letter to the stockholders of Carter Publications Incorporated and first amendment to said Agreement dated April 1, 1973. ("Bank Agreement").****

(g) —Second Amendment dated August 13, 1973 to Sales Agreement.*****

(h) —Third Amendment dated February 25, 1974 to Sales Agreement.*****

(i) —Fourth Amendment dated March 20, 1974 to Sales Agreement.*****

(j) —Amendment dated February 25, 1974 to Escrow Agreement among Capital Cities Communications, Inc., the stockholders of Carter Publications, Inc. and the First National Bank of Fort Worth.*****

(k) —Amendment dated February 25, 1974 to the LIN Agreement.*****

(l) —Amendment dated March 5, 1974 to the Escrow Agreement.*****

(m) —Second Amendment dated February 25, 1974 to the Bank Agreement.*****

(n) —Guaranty dated February 25, 1974 between Capital Cities Communications, Inc. and Employees Pension Trust of Carter Publications, Inc.*****

(o) —Extension Agreement dated February 25, 1974 between Capital Cities Communications, Inc. and WFIL, Inc.*****

(p) —Letter Agreement dated February 25, 1974 between Capital Cities Communications, Inc. and LIN Broadcasting Corp.*****

(q) —Fifth Amendment dated April 22, 1974 to Sales Agreement, a copy of which has been filed by the Company together with a report on Form 8-K under the Securities Exchange Act of 1934 for the month of November, 1974, hereby incorporated by reference.

(r) —Sixth Amendment dated November 8, 1974 to Sales Agreement, a copy of which has been filed by the Company together with a report on Form 8-K under the Securities Exchange Act of 1934 for the month of November, 1974, hereby incorporated by reference.

3.(a) —Restated Certificate of Incorporation of the Company, a copy of which has been filed by the Company, together with a registration statement, as amended, on Form S-14, under the Securities Act of 1933 bearing No. 2-28986 and filed on May 22, 1969, hereby incorporated by reference.

(b) —Amendments to Restated Certificate of Incorporation dated May 4, 1972 and May 31, 1972.***

(c) —Certificate of Amendment of Certificate of Incorporation dated May 4, 1973 effecting change of name to Capital Cities Communication, Inc.****

(d) —By-Laws of the Company as currently in effect.***

4.(a) —A specimen copy of the Common Stock being registered has been filed by the Company together with the annual report of the Company on Form 10-K under the Securities Exchange Act of 1934 for the year of 1970, hereby incorporated by reference.

(b) —A specimen copy of the Series A Promissory Note issued by the Company to the Carter stockholders.*

(c) —A specimen copy of the Series A Promissory Note issued by the Company to the Carter stockholders.*

5.(a) —1965 Qualified Stock Option Plan, a copy of which has been filed by the Company and fully set forth in a proxy statement under the Securities Exchange Act of 1934 in connection with an annual meeting of shareholders of the Company on May 10, 1965, hereby incorporated by reference.

(b) —1967 Qualified Stock Option Plan, a copy of which has been filed by the Company and fully set forth in a proxy statement under the Securities Exchange Act of 1934 in connection with an annual meeting of shareholders of the Company on May 10, 1967, hereby incorporated by reference.

(c) —1968 Qualified Stock Option Plan, a copy of which has been filed by the Company and fully set forth in a proxy statement under the Securities Exchange Act of 1934 in connection with an annual meeting of shareholders of the Company on May 10, 1967, hereby incorporated by reference.

(d) —1970 Qualified Stock Option Plan, a copy of which has been filed by the Company and fully set forth in a proxy statement under the Securities Exchange Act of 1934 in connection with an annual meeting of shareholders of the Company on May 11, 1970, hereby incorporated by reference.

(e) —1972 Employee Stock Option Plan.**

(f) —Form of Option Agreement issued under the 1965, 1967 and 1968 Qualified Stock Option Plan.*****

(g) —Form of Option Agreement issued under the 1970 Qualified Stock Option Plan.**

(h) —Form of Option Agreements issued under 1972 Employee Stock Option Plan prior to March 31, 1973.**

(i) —Form of Option Agreement issued and issuable subsequent to March 31, 1973 under 1972 Employee Stock Option Plan.****

6. —Opinion of Messrs. Hall, Dickler, Lawler, Kent & Howley as to the securities being registered.

7. —Not applicable.

8. —Not applicable.

9. —The opinion of Messrs. Hall, Dickler, Lawler, Kent & Howley, filed as Exhibit 6 to the Registration Statement, hereby incorporated by reference.

10. —Not applicable.

11.(a)(i) —Profit Sharing Plan of the Company.***

(ii) —Amendment to Profit Sharing Plan of the Company Effective December 19, 1972.*

(iii) —Amendment to Profit Sharing Plan of the Company Effective December 19, 1973.*

(iv) —Amendment to Profit Sharing Plan of the Company Effective May 23, 1974.*

(v) —Amendment to Profit Sharing Plan of the Company Effective May 8, 1974.*

(b) —Pension Plan of Fairchild.***

(c) —Pension Plan of Pontiac Press (name subsequently changed to Oakland Press).***

(d)(i) —Carter Division Basic Retirement Plan, as amended.*

(ii) —Carter Division Supplemental Retirement Plan, as amended.*

12. —Not applicable.

13.(a) —Exhibit 2(a) to this Registration Statement as described above is hereby incorporated by reference.

(b) —Exhibits 2(b)-(r) to this Registration Statement as described above are hereby incorporated by reference.

(c) —Employment Agreement between Amon G. Carter, Jr. and the Company dated October 30, 1974.*

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Filed with this Amendment No. 1 to this Registration Statement.

* Filed with this Registration Statement.

** Filed as an Exhibit to Registration Statement on Form S-1 under the Securities Act of 1933 bearing No. 2-45031 filed on July 14, 1972, hereby incorporated by reference.

*** Filed as an Exhibit to Amendment No. 1 to Registration Statement on Form S-1 under the Securities Act of 1933 bearing No. 2-45031 on November 6, 1972, hereby incorporated by reference.

**** Filed as an Exhibit to Registration Statement on Form S-1 under the Securities Act of 1933 bearing No. 2-48440 on June 27, 1973, hereby incorporated by reference.

***** Filed as an Exhibit to Registrant Statement on Form S-1 under the Securities Act of 1933 bearing No. 2-50593 on March 20, 1974, hereby incorporated by reference.

## UNDERTAKINGS

The Registrant hereby undertakes as follows:

a. subject to the terms and conditions of Section 15(d) of the Securities Exchange Act of 1934, to file with the Securities and Exchange Commission such supplementary and periodic information, documents and reports as may be prescribed by any rule or regulation of the Commission heretofore or hereafter duly adopted pursuant to authority conferred in that section; and

b. to file all current prospectuses complying with Section 10(a)(3) of the Securities Act of 1933 as post-effective amendments to the Registration Statement; and

c. that all such post-effective amendments will be deemed to have the effect of a new registration statement for purposes of determining liabilities under the Act and that such post-effective amendments will comply with all applicable forms, rules, and regulations in effect at the time such post-effective amendments are filed; and

d. that no offering will be made on terms other than those described herein until an appropriate post-effective amendment has been filed and declared effective; and

e. to deregister by post-effective amendment any shares remaining unsold upon termination of this offer.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 8th day of May, 1975.

CAPITAL CITIES COMMUNICATIONS, INC.

By DANIEL B. BURKE
(Daniel B. Burke)

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons, in the capacities and on the dates indicated:

| Signature | Title | Date |
|---|---|---|
| THOMAS S. MURPHY (Thomas S. Murphy) | Chairman of the Board and Principal Executive Officer | |
| DANIEL B. BURKE (Daniel B. Burke) | President, Director and Principal Operating Officer | |
| WILLIAM KOPTA (William Kopta) | Vice President — Finance, Treasurer and Principal Financial and Accounting Officer | |
| JOSEPH P. DOUGHERTY (Joseph P. Dougherty) | Executive Vice President and Director | |
| JOHN B. FAIRCHILD (John B. Fairchild) | Executive Vice President and Director | |
| GERALD DICKLER (Gerald Dickler) | Secretary and Director | May 8, 1975 |
| AMON G. CARTER, JR. (Amon G. Carter, Jr.) | Director | |
| EDGAR W. B. FAIRCHILD (Edgar W. B. Fairchild) | Director | |
| J. FLOYD FLETCHER (J. Floyd Fletcher) | Director | |
| WILLIAM S. LASDON (William S. Lasdon) | Director | |
| JOHN H. MULLER, JR. (John H. Muller, Jr.) | Director | |
| LOWELL THOMAS (Lowell Thomas) | Director | |

## REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Capital Cities Communications, Inc.

In connection with our examination of the consolidated financial statements of Capital Cities Communications, Inc. at December 31, 1974, and for the three years then ended, we have also examined the supporting schedules included in this Amendment No. 1 to the Registration Statement (Form S-1) (No. 2-53200) as listed in Item 31(a).

In our opinion, such schedules present fairly the information required to be stated therein.

ARTHUR YOUNG & COMPANY

New York, New York
February 28, 1975

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## CONSENT OF CERTIFIED PUBLIC ACCOUNTANTS

We consent to the references to our firm under the captions "Consolidated Statement of Income — Capital Cities Communications, Inc.", and "Experts" and to the use of our reports dated February 28, 1975 in Amendment No. 1 to the Registration Statement (Form S-1) (No. 2-53200) and related Prospectus of Capital Cities Communications, Inc. for the registration of 246,525 shares of its common stock.

ARTHUR YOUNG & COMPANY

New York, New York
May 8, 1975

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## CONSENT OF INDEPENDENT ACCOUNTANTS

Capital Cities Communications, Inc.
New York, New York

We consent to the use in the Prospectus of our report dated December 30, 1974, accompanying the consolidated statement of income of Carter Publications, Incorporated and subsidiaries for the two years ended December 29, 1973 and the period ended November 8, 1974.

We also consent to the references made to us under the captions "Consolidated Statement of Income — Carter Publications, Incorporated and Subsidiaries" and "Experts" in the Prospectus.

ERNST & ERNST

Fort Worth, Texas
May 8, 1975

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## CONSENT OF COUNSEL

The consent of Messrs. Hall, Dickler, Lawler, Kent & Howley to the use of their opinion to be filed as Exhibit 6 to this Amendment No. 1 to the Registration Statement and to all references to such firm in the Prospectus and elsewhere in this Amendment No. 1 to the Registration Statement will be included in the opinion of Hall, Dickler, Lawler, Kent & Howley.

## CAPITAL CITIES COMMUNICATIONS, INC. AND SUBSIDIARIES

### SCHEDULE II — AMOUNTS RECEIVABLE FROM DIRECTOR

| Name of debtor | Balance at beginning of period | Additions | Deductions: Amounts collected | Deductions: Amounts written off | Balance at end of period |
|---|---|---|---|---|---|
| Year ended December 31, 1974 | | | | | |
| Amon G. Carter, Jr. | — | $50,000(A) | $50,000 | $ — | $ — |

(A) The amount receivable is a demand note with interest at 5%, previously payable to Carter Publications, Incorporated.

Schedule V

## CAPITAL CITIES COMMUNICATIONS, INC. AND SUBSIDIARIES

### SCHEDULE V — PROPERTY, PLANT AND EQUIPMENT

| | Balance at beginning of period: As previously reported | Balance at beginning of period: Belleville News-Democrat, Inc. | Additions: Purchase of Carter Properties November 8, 1974 (A) | Additions: Other additions at cost | Retirements or sales | Other changes—reclassification | Balance at close of period |
|---|---|---|---|---|---|---|---|
| **Year ended December 31, 1974:** | | | | | | | |
| Land and land improvements | $ 6,428,015 | | $ 2,057,600 | $ 62,179 | $( 35,000) | $ — | $ 8,512,794 |
| Buildings | 14,620,029 | | 6,457,600 | 540,000 | — | (10,411) | 21,607,218 |
| Broadcasting equipment | 19,929,814 | | 1,081,300 | 2,001,538 | ( 431,887) | — | 22,580,765 |
| Printing machinery and equipment | 3,706,590 | | 11,656,100 | 895,230 | — | — | 16,257,920 |
| Program tapes, records and libraries | 1,515,152 | | 493,000 | — | — | — | 2,008,152 |
| Furniture and fixtures | 3,148,788 | | 520,500 | 152,711 | ( 17,430) | — | 3,804,569 |
| Automotive equipment | 165,839 | | 156,900 | 93,153 | ( 41,468) | — | 374,424 |
| Leaseholds and leasehold improvements | 1,508,021 | | | 20,669 | ( 178,889) | 10,411 | 1,360,212 |
| Construction in progress | 885,254 | | | (559,880) | — | — | 325,374 |
| | $51,907,502 | | $22,423,000 | $ 3,205,600 | $( 704,674) | — | $76,831,428 |
| **Year ended December 31, 1973:** | | | | | | | |
| Land and land improvements | $ 6,645,012 | | | $ 165,130 | $( 382,127) | | $ 6,428,015 |
| Buildings | 14,444,549 | | | 212,584 | ( 37,104) | | 14,620,029 |
| Broadcasting equipment | 18,449,387 | | | 1,692,668 | ( 212,241) | | 19,929,814 |
| Printing machinery and equipment | 5,148,817 | | | 357,199 | (1,799,426) | | 3,706,590 |
| Program tapes, records and libraries | 1,515,152 | | | — | — | | 1,515,152 |
| Furniture and fixtures | 2,975,067 | | | 193,045 | ( 19,324) | | 3,148,788 |
| Automotive equipment | 179,180 | | | 44,171 | ( 57,512) | | 165,839 |
| Leaseholds and leasehold improvements | 1,482,458 | | | 25,563 | — | | 1,508,021 |
| Construction in progress | 716,339 | | | 168,915 | — | | 885,254 |
| | $51,555,961 | | | $ 2,859,275 | $(2,507,734) | | $51,907,502 |
| **Year ended December 31, 1972:** | | | | | | | |
| Land and land improvements | $ 6,372,378 | $ 319,978 | | $ 1,194 | $( 48,538) | | $ 6,645,012 |
| Buildings | 13,022,160 | 1,128,440 | | 561,951 | ( 268,002) | | 14,444,549 |
| Broadcasting equipment | 17,771,173 | — | | 698,016 | ( 19,802) | | 18,449,387 |
| Printing machinery and equipment | 4,560,812 | 930,408 | | 209,603 | ( 552,006) | | 5,148,817 |
| Program tapes, records and libraries | 1,515,152 | — | | — | — | | 1,515,152 |
| Furniture and fixtures | 2,478,845 | 88,001 | | 414,741 | ( 6,520) | | 2,975,067 |
| Automotive equipment | 122,092 | 40,718 | | 43,089 | ( 26,719) | | 179,180 |
| Leaseholds and leasehold improvements | 1,444,160 | — | | 38,298 | — | | 1,482,458 |
| Construction in progress | 218,691 | — | | 497,648 | — | | 716,339 |
| | $47,505,463 | $ 2,507,545 | | $ 2,464,540 | $( 921,587) | | $51,555,961 |

(A) See Note 2 to Consolidated Financial Statements.





DISCLOSURE® IF THE ABOVE PAGE IS LESS CLEAR THAN THIS STATEMENT, IT IS DUE TO POOR PHOTOGRAPHIC QUALITY OF THIS DOCUMENT.

# CAPITAL CITIES COMMUNICATIONS, INC. AND SUBSIDIARIES

## SCHEDULE VI — ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

| | Balance at beginning of period | | | | | |
|---|---|---|---|---|---|---|
| | As previously reported | Belleville News-Democrat, Inc. | Charged to income | Retirements, renewals and replacements | Other changes | Balance at close of period |
| Year ended December 31, 1974: | | | | | | |
| Land improvements ...... | $ 199,561 | | $ 36,442 | $ — | $ — | $ 236,003 |
| Buildings ................ | 4,980,653 | | 497,605 | (97) | — | 5,478,161 |
| Broadcasting equipment .. | 11,304,118 | | 1,785,520 | (404,668) | 3,035 | 12,688,005 |
| Printing machinery and equipment .................. | 2,396,474 | | 481,676 | — | — | 2,878,150 |
| Program tapes, records and libraries .............. | 1,468,796 | | 28,046 | — | — | 1,496,842 |
| Furniture and fixtures ... | 1,983,055 | | 237,399 | (14,879) | (3,035) | 2,202,540 |
| Automotive equipment .... | 89,508 | | 58,392 | (37,502) | — | 110,398 |
| Leaseholds and leasehold improvements ............ | 1,045,939 | | 86,853 | (171,466) | — | 961,326 |
| | $23,468,104 | | $3,211,933 | $(628,612) | $ — | $26,051,425 |
| Year ended December 31, 1973: | | | | | | |
| Land improvements ...... | $ 181,398 | | $ 36,878 | $ (18,715) | | $ 199,561 |
| Buildings ................ | 4,537,532 | | 465,790 | (22,669) | | 4,980,653 |
| Broadcasting equipment ... | 9,856,417 | | 1,602,918 | (155,217) | | 11,304,118 |
| Printing machinery and equipment .................. | 2,622,409 | | 351,159 | (577,094) | | 2,396,474 |
| Program tapes, records and libraries .............. | 1,450,848 | | 17,948 | — | | 1,468,796 |
| Furniture and fixtures .... | 1,775,937 | | 217,987 | (10,869) | | 1,983,055 |
| Automotive equipment .... | 103,830 | | 38,167 | (52,489) | | 89,508 |
| Leaseholds and leasehold improvements ............ | 935,095 | | 110,844 | — | | 1,045,939 |
| | $21,463,466 | | $2,841,691 | $(837,053) | | $23,468,104 |
| Year ended December 31, 1972: | | | | | | |
| Land improvements ...... | $ 140,531 | $ 3,314 | $ 37,553 | $ — | | $ 181,398 |
| Buildings ................ | 4,090,427 | 216,534 | 445,777 | (215,206) | | 4,537,532 |
| Broadcasting equipment ... | 8,352,003 | — | 1,518,905 | (14,491) | | 9,856,417 |
| Printing machinery and equipment .................. | 1,686,454 | 564,435 | 380,438 | (8,918) | | 2,622,409 |
| Program tapes, records and libraries .............. | 1,432,900 | — | 17,948 | — | | 1,450,848 |
| Furniture and fixtures .... | 1,514,653 | 61,291 | 202,967 | (2,974) | | 1,775,937 |
| Automotive equipment .... | 57,866 | 28,771 | 39,665 | (22,472) | | 103,830 |
| Leaseholds and leasehold improvements ............ | 828,125 | — | 106,970 | — | | 935,095 |
| | $18,102,959 | $874,345 | $2,750,223 | $(264,061) | | $21,463,466 |

## CAPITAL CITIES COMMUNICATIONS, INC. AND SUBSIDIARIES

### SCHEDULE VII — INTANGIBLE ASSETS

(Thousands of Dollars)

| | Balance at beginning of period | | | | |
|---|---|---|---|---|---|
| | As previously reported | Belleville News-Democrat, Inc. | Additions at cost | Deductions charged to income | Balance at close of period |
| Excess of cost over assets of businesses acquired: | | | | | |
| Year ended December 31, 1974 | $129,041 | | $31,502(A) | $(147) | $160,396 |
| Year ended December 31, 1973 | $129,034 | | $ 40 | $ (33) | $129,041 |
| Year ended December 31, 1972 | $127,735 | $45 | $ 1,287 | $ (33) | $129,034 |

(A) See Note 2 to Consolidated Financial Statements.

CAPITAL CITIES COMMUNICATIONS, INC. AND SUBSIDIARIES

SCHEDULE XII — ALLOWANCE FOR DOUBTFUL ACCOUNTS

| | Balance at beginning of period | Charged to income | Deductions from reserves(A) | Balance at close of period |
|---|---|---|---|---|
| Deducted from accounts and notes receivable: | | | | |
| Year ended December 31, 1974 | $1,146,513 | $941,682 | $(894,338) | $1,193,857 |
| Year ended December 31, 1973 | $ 921,744 | $911,007 | $(686,238) | $1,146,513 |
| Year ended December 31, 1972 | $ 835,942 | $692,737 | $(606,935) | $ 921,744 |

(A) Accounts written-off, net

END