AMERICAN BROADCASTING COMPANIES, INC.
1330 Avenue of the Americas
New York, New York 10019
(212) 887-7777

CAPITAL CITIES COMMUNICATIONS, INC.
24 East 51st Street
New York, New York 10022
(212) 421-9595

JOINT PROXY STATEMENT-PROSPECTUS

Annual Meetings of Shareholders to be Held June 25, 1985

Capital Cities Communications, Inc., a New York corporation ("Capital Cities"), has filed a Registration Statement on Form S-14 (the "Registration Statement") pursuant to the provisions of Rule 145 under the Securities Act of 1933, as amended (the "Securities Act"), covering 2,906,703 warrants (the "Warrants") to be issued in connection with the merger (the "Merger") of a direct or indirect wholly owned subsidiary of Capital Cities into American Broadcasting Companies, Inc., a New York corporation ("ABC"), and the shares of common stock, par value $1.00 per share, of Capital Cities ("Capital Cities Common Stock") issuable upon the exercise of the Warrants. Each Warrant entitles the holder to purchase one share of Capital Cities Common Stock at $250 per share (subject to adjustment) until the end of the 30th month following the consummation of the Merger. This Joint Proxy Statement-Prospectus of ABC and Capital Cities also constitutes the Prospectus of Capital Cities filed as part of the Registration Statement.

No person is authorized to give any information or make any representation not contained in this Joint Proxy Statement-Prospectus, and, if given or made, such information or representation should not be relied upon as having been authorized. This Joint Proxy Statement-Prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this Joint Proxy Statement-Prospectus, or the solicitation of a proxy, in any jurisdiction, to or from any person to whom it is unlawful to make such an offer or solicitation. Neither the delivery of this Joint Proxy Statement-Prospectus nor any distribution of securities made hereunder shall, under any circumstances, create any implication that there has been no change in the information set forth herein or in the affairs of either ABC or Capital Cities since the date hereof.

THE WARRANTS AND THE SHARES OF CAPITAL CITIES COMMON STOCK ISSUABLE UPON THE EXERCISE THEREOF HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS JOINT PROXY STATEMENT-PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Joint Proxy Statement-Prospectus is May 10, 1985

D

AVAILABLE INFORMATION

Capital Cities has filed the Registration Statement under the Securities Act with the Securities and Exchange Commission (the "SEC") with respect to the Warrants and the Capital Cities Common Stock issuable upon the exercise thereof. As permitted by the rules and regulations of the SEC, this Joint Proxy Statement-Prospectus omits certain information contained in the Registration Statement.

Both Capital Cities and ABC are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file periodic reports, proxy statements and other information with the SEC pursuant to the Exchange Act relating to their respective businesses, financial statements and other matters. The Registration Statement and the exhibits thereto, as well as such reports, proxy statements and other information, may be inspected at the public reference facilities maintained by the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and should also be available for inspection and copying at the regional offices of the SEC located in the Jacob K. Javits Federal Building, 26 Federal Plaza, New York, New York 10278; the Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois 60604; and Museum Square Building, Suite 500 East, 5757 Wilshire Boulevard, Los Angeles, California 90036. Copies of such materials can also be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Reports, proxy statements and other information concerning Capital Cities and ABC can also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

E

SUMMARY FINANCIAL INFORMATION

The following table presents selected historical consolidated financial information for ABC and Capital Cities. The table should be read in conjunction with the historical financial statements and related notes thereto included elsewhere in this Joint Proxy Statement-Prospectus.

AMERICAN BROADCASTING COMPANIES, INC.

	Years Ended				
	December 29, 1984	December 31, 1983	January 1, 1983	January 2, 1982	January 3, 1981
	(In thousands, except per share amounts)				
INCOME STATEMENT DATA:					
Revenues	$3,707,713	$2,948,849	$2,664,528	$2,443,713	$2,280,380
Net Earnings	195,332	159,834	160,027	146,313	146,304
BALANCE SHEET DATA:					
Total Assets	$2,335,382	$2,090,538	$1,922,292	$1,588,349	$1,418,304
Long-Term Debt	116,650	147,923	152,577	179,691	187,511
Shareholders' Equity	1,352,304	1,214,011	1,097,955	975,443	862,657
PER SHARE DATA:					
Net Earnings	$ 6.71	$ 5.45	$ 5.54	$ 5.13	$ 5.18
Cash Dividends Declared	1.60	1.60	1.60	1.60	1.60
Average Common and Common Equivalent Shares Outstanding	29,096	29,325	28,900	28,506	28,258

CAPITAL CITIES COMMUNICATIONS, INC.

	Years Ended December 31,				
	1984	1983	1982	1981	1980
	(In thousands, except per share amounts)				
INCOME STATEMENT DATA:					
Net Revenues	$ 939,722	$ 762,295	$663,580	$573,784	$472,108
Net Income(1)	135,193	114,704	96,317	80,518	70,783
BALANCE SHEET DATA:					
Total Assets	$1,208,172	$1,052,912	$776,013	$697,620	$519,958
Long-Term Debt	215,105	206,883	30,898	87,082	38,537
Shareholders' Equity	734,455	625,255	544,267	443,822	359,081
PER SHARE DATA:					
Net Income(1)	$ 10.40	$ 8.53	$ 7.25	$ 6.12	$ 5.38
Cash Dividends Declared	0.20	0.20	0.20	0.20	0.20
Average Common and Common Equivalent Shares Outstanding	13,000	13,455	13,280	13,150	13,165

(1) Excludes extraordinary gains of $7,585,000 ($.58 per share) in 1984 and $2,430,000 ($.18 per share) in 1980.

P

SUMMARY FINANCIAL INFORMATION—(Continued)

First Quarter Results of Operations of ABC and Capital Cities
(Unaudited)

ABC revenues for the first quarter 1985 were $797,813,000, compared with $836,659,000 for the first quarter 1984, net earnings for the first quarter 1985 were $19,421,000, compared with $23,862,000 for the first quarter 1984, and net earnings per share for the first quarter 1985 were $.67, compared with $.81 for the first quarter 1984. Capital Cities net revenues for the first quarter 1985 were $234,105,000, compared with $206,818,000 for the first quarter 1984, net income for the first quarter 1985 was $27,740,000, compared with $27,094,000 for the first quarter 1984, and net income per share for the first quarter 1985 was $2.13, compared with $2.07 for the first quarter 1984. See "First Quarter Results of Operations of ABC (Unaudited)" and "First Quarter Results of Operations of Capital Cities (Unaudited)."

Condensed Combined Pro Forma Financial Information
(Unaudited)

The unaudited condensed combined pro forma financial information shown below reflects the pro forma financial statement effect of the Merger and of the sale of Capital Cities Common Stock to Berkshire Hathaway. This information is based on numerous assumptions and includes estimated pro forma adjustments as explained in the unaudited pro forma condensed balance sheet and statement of income, and related notes thereto, included elsewhere in this Joint Proxy Statement-Prospectus. See "Pro Forma Financial Information."

	Year Ended December 31, 1984 (In thousands, except per share amounts)
Income Statement Data:	
Net Revenues	$4,363,000
Net Income(1)	133,000
Balance Sheet Data:	
Total Assets	$4,732,000
Long-term Debt	2,150,000
Shareholders' Equity	1,603,000
Per Share Data:	
Net Income(1)	$ 8.31
Cash Dividends(2)	.20
Shareholders' Equity	101.03
Average Common and Common Equivalent Shares Outstanding	16,000

---

(1) Excludes extraordinary gain recorded by Capital Cities and the estimated gain resulting from anticipated dispositions of operating properties in connection with the Merger. See "The Merger—Regulatory Matters."

(2) Based on historical dividends paid on Capital Cities Common Stock.

Q

Next Page

AMERICAN BROADCASTING COMPANIES, INC.

and

CAPITAL CITIES COMMUNICATIONS, INC.

JOINT PROXY STATEMENT-PROSPECTUS

INTRODUCTION

General Information; Purposes of the Meetings

This Joint Proxy Statement-Prospectus is being furnished to shareholders of American Broadcasting Companies, Inc., a New York corporation ("ABC"), and of Capital Cities Communications, Inc., a New York corporation ("Capital Cities"), in connection with the solicitation of proxies by the Board of Directors of ABC (the "ABC Board") and the Board of Directors of Capital Cities (the "Capital Cities Board"), respectively, for use at the Annual Meeting of Shareholders of ABC (the "ABC Meeting") and the Annual Meeting of Shareholders of Capital Cities (the "Capital Cities Meeting"), each to be held on June 25, 1985 (the ABC Meeting and the Capital Cities Meeting are hereinafter sometimes referred to collectively as the "Meetings").

The purposes of the ABC Meeting are to consider and vote upon: (i) the approval and adoption of the Agreement and Plan of Merger, dated March 18, 1985, as amended and restated as of May 8, 1985 (the "Merger Agreement"), among ABC, Capital Cities and CCC Acquisition Corp., a New York corporation and a wholly owned subsidiary of Capital Cities ("Acquisition"), providing for the merger of Acquisition into ABC, as a result of which ABC will become a wholly owned subsidiary of Capital Cities (the "Merger"); (ii) the election of a Board of Directors of 15 persons for a one-year term or until the Merger is consummated, if sooner; (iii) the ratification of the selection of Peat, Marwick, Mitchell & Co. as ABC's independent auditors for the fiscal year ending December 28, 1985; (iv) a shareholder proposal opposed by the ABC Board; and (v) such other business as may properly come before the ABC Meeting. See "Proposal 1—The Merger," "ABC Proposal 2—Election of Directors to the ABC Board," "ABC Proposal 3—Ratification of Selection of Independent Auditors," "ABC Proposal 4—Shareholder Proposal" and "Other Business at the ABC Meeting."

The purposes of the Capital Cities Meeting are to consider and vote upon: (i) a proposal to approve in connection with the Merger (a) the issuance of warrants (the "Warrants") to acquire an aggregate of 2,906,703 shares of common stock, par value $1.00 per share, of Capital Cities ("Capital Cities Common Stock") at an exercise price of $250 per share (subject to adjustment), and the issuance of Capital Cities Common Stock upon exercise of the Warrants, (b) an agreement dated March 18, 1985 (the "Stock Purchase Agreement") between Capital Cities and Berkshire Hathaway Inc., a Delaware corporation ("Berkshire Hathaway"), and the transactions contemplated thereby, including, without limitation, the issuance and sale of 3,000,000 shares of Capital Cities Common Stock at a price of $172.50 per share, or $517,500,000 in the aggregate, to Berkshire Hathaway, and (c) amendments, subject to consummation of the Merger, of Capital Cities' Restated Certificate of Incorporation, as amended (the "Capital Cities Certificate"), changing the name of Capital Cities to "Capital Cities/ABC, Inc." and authorizing enlargement of Capital Cities' Board of Directors to not more than 21 directors; (ii) the election of a Board of Directors of 11 persons; (iii) a proposal to amend the Capital Cities Certificate to provide that the corporate purpose of Capital Cities is to engage in any act or activity for which corporations may be organized under applicable New York law; (iv) a proposal to amend the Capital Cities Certificate to authorize the issuance of up to 4,000,000 new shares of preferred stock, without par value ("Series Preferred Stock"), issuable in series at the discretion of Capital Cities' Board of Directors, which shall have authority to determine the designation, relative rights, preferences and limitations of the shares of any series thereof, and to cancel the existing convertible preferred stock, par value $1.00 per share, of Capital Cities (the "Existing Preferred Stock"), none of which is presently issued or outstanding; and (v) such other business as may properly come before the Capital Cities Meeting. See "Proposal 1—The Merger," "Capital Cities Proposal 2—Election of Directors to the Capital Cities Board," "Capital Cities Proposal 3—Amendment to the Capital Cities Certificate to Expand Purposes," "Capital Cities Proposal 4—Amendment to the Capital Cities Certificate to Authorize Series Preferred Stock" and "Other Business at the Capital Cities Meeting." Since the matters referred to in clause (i) of this paragraph are all related to the Merger and will only be effected or applicable if the Merger is consummated, they are being presented as a single proposal.

The Boards of Directors of ABC (with three members not in attendance), Capital Cities and Acquisition have approved the Merger Agreement. Capital Cities has approved the Merger Agreement as the sole shareholder of Acquisition.

The ABC Board unanimously recommends that ABC's shareholders vote FOR approval and adoption of the Merger Agreement. The ABC Board also recommends that ABC shareholders vote FOR the election of the ABC Board's 15 nominees for director and the ratification of the selection of Peat, Marwick, Mitchell & Co. as ABC's independent auditors for the fiscal year ending December 28, 1985. The ABC Board further recommends that ABC's shareholders vote AGAINST the shareholder proposal being considered at the ABC Meeting.

The Capital Cities Board unanimously recommends that Capital Cities' shareholders vote FOR approval of (i) the issuance of the Warrants pursuant to the Merger Agreement and the Capital Cities Common Stock issuable upon exercise of the Warrants, (ii) the Stock Purchase Agreement and the transactions contemplated thereby, including, without limitation, the issuance and sale of Capital Cities Common Stock, and (iii) the two amendments of the Capital Cities Certificate proposed in connection with the Merger. The Capital Cities Board also unanimously recommends that Capital Cities' shareholders vote FOR the election of the Capital Cities Board's 11 nominees for director and the amendments to the Capital Cities Certificate to expand the corporate purposes of Capital Cities and to authorize the Series Preferred Stock and cancel the Existing Preferred Stock.

Neither the ABC Board nor the Capital Cities Board is aware of any additional business to be brought before either of the Meetings.

Under the Merger Agreement, at the time the Merger becomes effective (the "Effective Time"), each share of common stock, par value $1.00 per share, of ABC ("ABC Common Stock") outstanding immediately prior to the Merger (other than (i) shares held by ABC or Capital Cities or any subsidiary of either, which shares will be cancelled in the Merger, (ii) shares granted after March 18, 1985 under the 1975 Restricted Stock Bonus Plan of ABC, as amended (the "ABC Stock Bonus Plan"), which will be treated in the manner described under the caption "The Merger—Treatment of Employee Benefits in the Merger," and (iii) shares held by ABC shareholders who properly exercise their appraisal rights under New York law as described under the caption "The Merger— Appraisal Rights") will be converted into the right to receive cash and Warrants (collectively, the "Merger Consideration").

Based on the number of shares of ABC Common Stock outstanding on May 9, 1985, the Merger Consideration to be received by ABC shareholders for each outstanding share of ABC Common Stock equals at least $118 in cash and 1/10th of a Warrant. Whole Warrants may be redeemed, as described below, for $30 per Warrant, or $3 for each share of ABC Common Stock converted in the Merger. The exact amount of the per share Merger Consideration will be determined pursuant to the formula described below and, therefore, may be adjusted in certain circumstances. See "The Merger—Conversion of ABC Common Stock in the Merger."

The cash portion of the Merger Consideration to be paid in respect of each share of ABC Common Stock will equal (i) $3,429,909,422 minus the sum of (a) the aggregate purchase price (including costs and expenses) of shares of ABC Common Stock repurchased by ABC (or its subsidiaries) prior to the Effective Time and (b) the after-tax cost (including costs attributable to the loss of the use of funds or to interest expense) to ABC (and its subsidiaries) of the funds used by ABC (or its subsidiaries) to repurchase such shares of ABC Common Stock, divided by (ii) the number of shares of ABC Common

Stock outstanding immediately prior to the Effective Time. See "The Merger—Conversion of ABC Common Stock in the Merger." Pursuant to the Merger Agreement, ABC may spend up to $1.1 billion to repurchase shares of ABC Common Stock, provided that the business of ABC is not materially adversely affected thereby. Under this formula, repurchases of ABC Common Stock at a price (as adjusted for the after-tax cost of any funds used to make such repurchases) less than the cash portion of the per share Merger Consideration (initially $118) would result in an increase in the amount of cash paid in respect of each share of ABC Common Stock that remains outstanding. See "The Merger—Repurchases by ABC of ABC Common Stock Prior to the Merger." The Merger Agreement also provides that if the Effective Time has not occurred on or before January 5, 1986, the cash portion of the Merger Consideration will be increased by the following rates per year, without compounding: (i) 6% for the period January 6, 1986 through June 30, 1986 (or the Effective Time, if earlier), (ii) 9% for the period July 1, 1986 through December 31, 1986 (or the Effective Time, if earlier) and (iii) 12% for the period January 1, 1987 through the Effective Time. This additional cash payment will be reduced, on a per share basis, by the amount of cash dividends declared in respect of each share of ABC Common Stock, the record date for which occurs on or after January 6, 1986 and at or prior to the Effective Time. See "The Merger—Conversion of ABC Common Stock in the Merger."

The number of Warrants to be issued pursuant to the Merger Agreement in respect of each share of ABC Common Stock outstanding immediately prior to the Effective Time will equal (i) 2,906,703 divided by (ii) the number of shares of ABC Common Stock issued and outstanding at the Effective Time. Each Warrant will entitle the holder thereof to purchase one share of Capital Cities Common Stock at an exercise price of $250 per share, and will be exercisable in whole or in part until the end of the 30th month after the Effective Time. The holder of a Warrant may, at any time during the 90-day period following the Effective Time, require that Capital Cities redeem such Warrants (the "Redemption Option") at a redemption price of $30 per Warrant (the "Redemption Price"). Thus, the Redemption Option will enable ABC shareholders to receive, upon exercise of the Redemption Option, an additional $3.00 in cash (based on the number of shares of ABC Common Stock outstanding on May 9, 1985) for each share of ABC Common Stock converted in the Merger. The exercise price of the Warrants and the number of shares of Capital Cities Common Stock purchasable upon the exercise of the Warrants (or alternatively the number of Warrants) are subject to adjustment in the event of any stock split, stock dividend, reclassification or similar change involving Capital Cities Common Stock. In the event of an adjustment in the number of Warrants, the Redemption Price would be appropriately adjusted. Capital Cities will pay cash in lieu of the issuance of any fractional Warrant in the Merger in an amount equal to such fraction multiplied by the greater of $30 and the fair market value of a whole Warrant. See "The Merger—Conversion of ABC Common Stock in the Merger" and "Description of the Warrants."

The principal executive offices of Capital Cities are located at 24 East 51st Street, New York, New York 10022 and its telephone number is (212) 421-9595. The principal executive offices of ABC are located at 1330 Avenue of the Americas, New York, New York 10019 and its telephone number is (212) 887-7777.

This Joint Proxy Statement-Prospectus constitutes the Prospectus of Capital Cities with respect to the Warrants to be issued in the Merger and the Capital Cities Common Stock issuable upon the exercise of the Warrants.

The information contained herein with respect to Capital Cities has been supplied by Capital Cities, and the information with respect to ABC has been supplied by ABC.

This Joint Proxy Statement-Prospectus is first being mailed to shareholders of Capital Cities and ABC on or about May 11, 1985.

Record Dates, Voting Rights and Votes Required for Approval

The close of business on May 10, 1985 (the "ABC Record Date") has been fixed as the record date for determination of the holders of ABC Common Stock who are entitled to notice of and to vote at the ABC Meeting. As of the close of business on May 9, 1985, there were 29,064,103 shares of ABC Common Stock outstanding, held by approximately 10,620 holders of record. The holders of record of shares of ABC Common Stock on the ABC Record Date are entitled to one vote per share on each matter submitted to a vote at the ABC Meeting.

The presence at the ABC Meeting in person or by proxy of the holders of a majority of the outstanding shares of ABC Common Stock entitled to vote shall constitute a quorum for the transaction of business. The approval and adoption of the Merger Agreement requires the affirmative vote of the holders of two-thirds of the shares of ABC Common Stock outstanding on the ABC Record Date. The approval and adoption of the Merger Agreement is a condition to the obligations of all the parties to consummate the Merger. See "The Merger—Representations and Warranties; Conditions to the Merger" and "—Termination; Amendment; Waiver." Provided that a quorum is present at the ABC Meeting, the directors of ABC will be elected by a plurality of the votes properly cast, and approval of all other matters properly brought before the ABC Meeting will require the affirmative vote of the holders of a majority of the votes properly cast at the ABC Meeting.

The close of business on May 10, 1985 (the "Capital Cities Record Date") has been fixed as the record date for determination of the holders of Capital Cities Common Stock entitled to notice of and to vote at the Capital Cities Meeting. As of the close of business on May 9, 1985, there were 12,955,874 shares of Capital Cities Common Stock outstanding, held by approximately 5,550 holders of record. The holders of record of such shares on the Capital Cities Record Date are entitled to one vote per share on each matter submitted to a vote at the Capital Cities Meeting. The presence at the Capital Cities Meeting in person or by proxy of the holders of a majority of the issued and outstanding shares of Capital Cities Common Stock entitled to vote shall constitute a quorum for the transaction of business.

Although applicable New York law does not require that Capital Cities shareholders approve the Merger, the rules of the New York Stock Exchange, Inc. (the "NYSE") require approval of the issuance of Capital Cities Common Stock issuable upon exercise of the Warrants and pursuant to the Stock Purchase Agreement by the affirmative vote of a majority of the shares voting, provided that the total vote cast represents over 50% of all shares of Capital Cities Common Stock entitled to vote. It is a condition to the obligations of all the parties to the Merger Agreement that the issuance of the Warrants pursuant to the Merger Agreement and the issuance of the shares of Capital Cities Common Stock issuable upon exercise of the Warrants and pursuant to the Stock Purchase Agreement shall have been approved by the requisite vote of the holders of Capital Cities Common Stock. See "The Merger—Representations and Warranties; Conditions to the Merger" and "—Termination; Amendment; Waiver."

In connection with the Merger, Capital Cities shareholders are being asked to consider proposed amendments to the Capital Cities Certificate changing the name of Capital Cities to "Capital Cities/ABC, Inc." and authorizing the enlargement of the Capital Cities Board to not more than 21 directors, in each case subject to the consummation of the Merger. See "The Merger—Change of Name from Capital Cities to 'Capital Cities/ABC, Inc.' After the Merger" and "—Management of Capital Cities and ABC After the Merger; Interests of Certain Persons in the Merger." The approval of these amendments requires the affirmative vote of the holders of a majority of all the outstanding shares of Capital Cities Common Stock entitled to vote at the Capital Cities Meeting.

In addition, the Capital Cities shareholders are being asked to consider and vote upon, separately and independently of the proposal in connection with the Merger, two proposed amendments to the Capital Cities Certificate (i) to expand the purposes for which Capital Cities is authorized to engage in business and (ii) to authorize the Series Preferred Stock and cancel the Existing Preferred Stock. The approval of each amendment requires the affirmative vote of the holders of a majority of all the outstanding shares of Capital Cities Common Stock entitled to vote at the Capital Cities Meeting. Provided that a quorum is present, the directors of Capital Cities will be elected by a plurality of the votes properly cast at the Capital Cities Meeting. Any other matters properly brought before the Capital Cities Meeting would require the affirmative vote of a majority of the votes properly cast at the Capital Cities Meeting.

Solicitation, Revocation and Use of Proxies

All properly executed proxies that are not revoked will be voted at the respective Meetings in accordance with the instructions contained therein. Proxies containing no instructions regarding proposals specified in the form of proxy will be voted in accordance with the recommendations of the ABC Board or the Capital Cities Board, as the case may be. See "The Merger—Background of and Reasons for the Merger; Recommendations." If any other matters are properly brought before either Meeting and submitted to a vote, all proxies will be voted in accordance with the judgment of the persons voting the proxies. A shareholder of either ABC or Capital Cities who has executed and returned a proxy may revoke it at any time before it is voted, but only by executing and returning a proxy bearing a later date, by giving written notice of revocation to the Secretary of ABC or Capital Cities, as the case may be, or by attending the appropriate Meeting and voting in person.

The cost of solicitation of proxies of shareholders of ABC and Capital Cities will be paid by ABC and Capital Cities, respectively. In addition to the solicitation of proxies by use of mail, the directors, officers or regular employees of ABC and Capital Cities, respectively, may solicit proxies personally or by telephone or telegraph. ABC and Capital Cities may request persons holding stock in their name for others, or in the name of nominees for others, to obtain proxies from their principals and will reimburse such persons for their expense in so doing. In addition, ABC has retained Morrow & Co., Inc. and Capital Cities has retained Georgeson & Co. Inc. to assist in the solicitation of proxies from their respective shareholders. For such services, Morrow & Co., Inc. will receive a fee of $18,000 plus reimbursement of out-of-pocket expenses and Georgeson & Co. Inc. will receive a fee of $13,500 plus reimbursement of out-of-pocket expenses.

PROPOSAL 1

THE MERGER

Set forth below is a brief description of the material features of the Merger Agreement, the Stock Purchase Agreement and certain proposed amendments to the Capital Cities Certificate. This description does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement and the Stock Purchase Agreement, the full texts of which are attached as Appendix A and Appendix B, respectively, to this Joint Proxy Statement-Prospectus, and to the texts of the proposed amendments to Articles 1 and 8 of the Capital Cities Certificate, which are attached as part of Appendix C hereto.

Capital Cities, Acquisition and ABC have entered into the Merger Agreement, which provides for the Merger of Acquisition into ABC. Acquisition is a wholly owned subsidiary of Capital Cities newly formed in order to effect the Merger, and has not engaged in any business prior hereto. Prior to the Effective Time, Capital Cities, if it elects, may transfer all of the capital stock of Acquisition to another new or existing subsidiary of Capital Cities, as a result of which Acquisition would become a wholly owned indirect subsidiary of Capital Cities. As a result of the Merger, ABC will become a wholly owned direct or indirect subsidiary of Capital Cities and each share of ABC Common Stock outstanding immediately prior to the Effective Time (other than (i) shares held by ABC or Capital Cities or any subsidiary of either, (ii) shares granted after March 18, 1985 under the ABC Stock Bonus Plan, which will be treated in the manner described below under "The Merger—Treatment of Employee Benefits in the Merger," and (iii) shares held by ABC shareholders who properly exercise their appraisal rights under New York law, as described under the caption "The Merger—Appraisal Rights") automatically will be converted into the right to receive cash and Warrants, as described more fully below. See "The Merger—Conversion of ABC Common Stock in the Merger." Consummation of the Merger is subject to a number of conditions, including appropriate approvals of the shareholders of each company, as described below under "The Merger—Representations and Warranties; Conditions to the Merger."

Holders of ABC Common Stock will consider and vote upon approval and adoption of the Merger Agreement, and holders of Capital Cities Common Stock will consider and vote upon a proposal to authorize and approve in connection with the Merger (i) the issuance of the Warrants and the issuance of Capital Cities Common Stock upon exercise of the Warrants, (ii) the Stock Purchase Agreement and the transactions contemplated thereby, including, without limitation, the issuance and sale of 3,000,000 shares of Capital Cities Common Stock at a purchase price of $172.50 per share, or an aggregate of $517,500,000, to Berkshire Hathaway and (iii) amendments of the Capital Cities Certificate, subject to consummation of the Merger, changing the name of Capital Cities to "Capital Cities/ABC, Inc." and authorizing the enlargement of the Capital Cities' Board of Directors to not more than 21 directors.

Background of and Reasons for the Merger; Recommendations

The Boards of Directors of ABC and Capital Cities believe that the Merger is in the best interests of their respective shareholders. The ABC Board unanimously recommends to its shareholders that they vote FOR approval and adoption of the Merger Agreement. The Capital Cities Board unanimously recommends to its shareholders that they vote FOR approval of the issuance of the Warrants pursuant to the Merger Agreement and the issuance of Capital Cities Common Stock upon exercise of the Warrants and pursuant to the Stock Purchase Agreement, and the proposed amendments of the Capital Cities Certificate in connection with the Merger to change the name of Capital Cities to "Capital Cities/ABC, Inc." and to grant authority to enlarge the Capital Cities Board of Directors to not more than 21 directors.

During February 1985, Thomas S. Murphy, Chairman of the Board of Capital Cities, and Leonard H. Goldenson, Chairman of the Board of ABC, had discussions, initially on a general basis, concerning possible terms for a combination of the two companies. These discussions were prompted, in part, by proposed amendments to Federal Communications Commission ("FCC") regulations permitting ownership by a single licensee of up to 12 television stations, 12 AM radio stations and 12 FM radio stations. See "The Merger—Regulatory Matters." Thereafter, members of management of the two companies had discussions on a more detailed basis, and ABC requested The First Boston Corporation ("First Boston"), its independent financial advisor, to assist ABC in evaluating the proposed transaction with Capital Cities. Final agreement with respect to the terms of the transaction was reached by the managements of the two companies on March 17, 1985. The ABC Board and the Capital Cities Board met separately on the morning of March 18, 1985, and each approved the Merger Agreement and the transactions contemplated thereby.

For many years, Capital Cities and ABC have maintained a close business relationship. Capital Cities owns four television stations affiliated with the ABC network, and senior management of each company is familiar with the business and reputation of the other company and with the other's television, radio and other markets. The Boards believe that their respective companies, shareholders and employees and the public generally will benefit from the Merger. The acquisition of ABC by Capital Cities will fulfill major strategic objectives of both ABC and Capital Cities.

The ABC Board and the Capital Cities Board believe the combination of the two companies and their respective broadcasting and publishing operations would also provide a more stable revenue base. The resulting larger asset base and resources also would enable the combined company to take advantage of new business opportunities. The opportunity to combine the managements of both companies also presents a significant advantage for the joint enterprise. Similarly, the potential for personal growth and advancement for all the employees of the new company are expected to be greater as they operate in a larger and more diverse environment.

The ABC Board believes that the Merger will enable its shareholders to realize a substantial premium over the price at which ABC Common Stock was trading before the announcement of the proposed Merger and that the receipt of the Warrants pursuant to the Merger Agreement will provide ABC shareholders with an opportunity to participate in the combined company on an equity basis or, alternatively, to elect to receive additional cash consideration for their shares of ABC Common Stock upon exercise of their option to require the redemption of the Warrants. See "The Merger—Market Price and Dividend Data."

The Capital Cities Board believes that the acquisition of ABC will play a significant role in the ability of Capital Cities to achieve its long-stated objective of sustained growth in the communications industry with emphasis on broadcasting. The acquisition of ABC will enable Capital Cities to enter the network business, to upgrade the size of the markets in which it operates and to increase substantially its share of the total national broadcast market, consistent with the regulatory requirements of the FCC.

Both companies believe that competition in the video market is increasing and changing. Cable television, pay cable television, independent stations, ad hoc television networks and home video recorders are, to varying degrees, all competitive factors. In the future there is a likelihood of additional audience fragmentation and introduction of still other modes of video program distribution, such as direct broadcast satellite systems, which will create an even more competitive environment. See "Business of ABC—Competition" and "Business of Capital Cities—Competition." Both companies have concluded that the larger, broader-based enterprise which would be created by the Merger would be better able to meet successfully these competitive forces and to serve the general public.

In determining to approve the Merger Agreement, the ABC Board and the Capital Cities Board each carefully considered information with respect to the financial condition, business, operations and prospects of both ABC and Capital Cities, on both a historical and prospective basis, including certain information reflecting the two companies on a pro forma combined basis. In addition, each of the Boards of Directors considered a number of other factors, including, among other things: the terms and conditions of the transactions contemplated by the Merger Agreement and the Stock Purchase Agreement; historical information regarding the dividends and prices for ABC Common Stock and Capital Cities Common Stock; and the views and opinions of their respective managements and, in the case of ABC, its financial advisor, First Boston. See "The Merger—ABC's Financial Advisor," "Market Price and Dividend Data," "Pro Forma Financial Data" and "Index to Financial Statements."

The directors of ABC and Capital Cities have indicated their present intention to vote all the shares of their respective companies that they are entitled to vote in favor of the Merger and in favor of the issuance of the Warrants and Capital Cities Common Stock and other related proposals, respectively. For information regarding the holdings of ABC Common Stock by certain beneficial owners and the directors of ABC and the holdings of Capital Cities Common Stock by certain beneficial owners and the directors of Capital Cities, see "The Merger—Proposed Sale of Capital Cities Common Stock to Berkshire Hathaway," "Security Ownership of Certain Beneficial Owners of ABC Common Stock," "Management of ABC," "Security Ownership of Certain Beneficial Owners of Capital Cities Common Stock" and "Management of Capital Cities."

ABC's Financial Advisor

First Boston has acted as ABC's financial advisor in connection with the Merger. First Boston has delivered to the ABC Board its written opinion that the consideration to be paid to ABC's shareholders in the Merger is fair, from a financial point of view, to such shareholders. The full text of that opinion, which sets forth the assumptions made, matters considered and limitations on the scope of review undertaken in connection with rendering such opinion, is attached as Appendix D to this Joint Proxy Statement-Prospectus and should be read in its entirety.

ABC has agreed to pay First Boston a fee of $7,500,000 for its services as financial advisor. Of such fee, $2,000,000 is payable upon approval of the Merger by ABC's shareholders, $1,000,000 is payable on December 31, 1985 and $4,500,000 is payable upon the consummation of the Merger. First Boston also would act as the broker for any open market repurchases by ABC of ABC Common Stock, and if ABC commences a tender or exchange offer to purchase shares of ABC Common Stock, First Boston would be the dealer manager of the offer. See "The Merger—Repurchases by ABC of ABC Common Stock Prior to the Merger." ABC has agreed to pay First Boston a fee for any such separate service it renders and ABC also has agreed to reimburse First Boston for its out-of-pocket expenses, including the reasonable fees and expenses of its counsel. ABC also has agreed to indemnify First Boston against, and make contribution with respect to, certain liabilities, including liabilities under the federal securities laws. If ABC does not consummate a merger or similar transaction with Capital Cities, First Boston will receive a fee to be agreed upon by ABC and First Boston.

Effective Time of the Merger

The Merger Agreement provides that as soon as practicable after the later of January 1, 1986 and the satisfaction or waiver of the conditions to consummation of the Merger (including the requisite approvals of ABC and Capital Cities shareholders), an appropriate filing will be made with the New York Department of State and the Merger will thereupon become effective. See "The Merger—Representations and Warranties; Conditions to the Merger." Thereafter, ABC will be operated as a wholly owned subsidiary of Capital Cities.

It is a condition to the consummation of the Merger that all requisite regulatory approvals be obtained and become final prior to the Effective Time. See "The Merger—Representations and Warranties; Conditions to the Merger." Consequently, the Effective Time could be delayed beyond January 1, 1986 if such regulatory approvals, including final orders of the FCC, have not then been obtained. See "The Merger—Regulatory Matters."

Conversion of ABC Common Stock in the Merger

Under the Merger Agreement, at the Effective Time, each share of ABC Common Stock outstanding immediately prior thereto (other than (i) shares held by ABC or Capital Cities or any subsidiary of either, which shares shall be cancelled in the Merger, (ii) shares granted after March 18, 1985 under the ABC Stock Bonus Plan, which will be treated in the manner described under the caption "The Merger—Treatment of Employee Benefits in the Merger," and (iii) shares held by ABC shareholders who properly exercise their appraisal rights under New York law as described under the caption "The Merger—Appraisal Rights") will be automatically converted into the right to receive the cash and Warrants constituting the Merger Consideration.

Based on the number of shares of ABC Common Stock outstanding on May 9, 1985, the Merger Consideration to be received by ABC shareholders for each outstanding share of ABC Common Stock equals at least $118 in cash and 1/10th of a Warrant. Whole Warrants may be redeemed pursuant to the Redemption Option for $30 per Warrant, or an additional $3 for each share of ABC Common Stock converted in the Merger. The exact amount of the per share Merger Consideration will be determined pursuant to the formula described below and, therefore, may be adjusted in certain circumstances.

The cash portion of the Merger Consideration to be paid in respect of each such share of ABC Common Stock will equal (i) $3,429,909,422 minus the sum of (a) the aggregate purchase price (including costs and expenses) of shares of ABC Common Stock repurchased by ABC (or its subsidiaries) prior to the Effective Time and (b) the after-tax cost (including costs attributable to the loss of the use of funds or to interest expense) to ABC (and its subsidiaries) of the funds used by ABC (or its subsidiaries) to repurchase such shares of ABC Common Stock, divided by (ii) the number of shares of ABC Common Stock outstanding immediately prior to the Effective Time. Under the Merger Agreement, ABC may spend up to $1.1 billion to repurchase shares of ABC Common Stock, provided that the business of ABC is not materially adversely affected thereby. Under this formula, repurchases of ABC Common Stock at a price (as adjusted for the after-tax cost of funds used to make such repurchases) less than the cash portion of the per share Merger Consideration (initially $118) generally will result in an increase in the amount of cash paid in the Merger in respect of each share of ABC Common Stock that remains outstanding. See "The Merger—Repurchases by ABC of ABC Common Stock Prior to the Merger." The Merger Agreement also provides that if the Effective Time has not occurred on or before January 5, 1986, the cash portion of the Merger Consideration will be increased by the following rates per year, without compounding: (i) 6% for the period January 6, 1986 through June 30, 1986 (or the Effective Time, if earlier), (ii) 9% for the period July 1, 1986 through December 31, 1986 (or the Effective Time, if earlier) and (iii) 12% for the period January 1, 1987 through the Effective Time. This additional cash payment will be reduced, on a per share basis, by the amount of cash dividends declared in respect of each share of ABC Common Stock, the record date for which occurs on or after January 6, 1986 and at or prior to the Effective Time. ABC currently intends to continue paying its regular quarterly dividend of $.40 per share until consummation of the Merger. Whether or not future dividends are paid and, if so, the amount thereof will depend, however, upon ABC's earnings, capital requirements, financial condition and other factors.

The number of Warrants to be issued pursuant to the Merger Agreement in respect of each share of ABC Common Stock outstanding immediately prior to the Effective Time will equal, subject to adjustment in certain events, (i) 2,906,703 divided by (ii) the number of shares of ABC Common Stock issued and outstanding at the Effective Time. Capital Cities will pay cash in lieu of the issuance of any fractional Warrant in the Merger in an amount equal to such fraction multiplied by the greater of $30 and the fair market value of a whole Warrant. Each Warrant will entitle the holder thereof to purchase one share of Capital Cities Common Stock at an exercise price of $250 per share, and will be exercisable in whole or in part until the end of the 30th month after the Effective Time. Pursuant to the Redemption Option, a

Warrantholder may require, at any time during the 90-day period following the Effective Time, that Capital Cities redeem his Warrants at the Redemption Price of $30 per Warrant. The exercise price of the Warrants and the number of shares of Capital Cities Common Stock purchasable upon the exercise of the Warrants (or alternatively the number of Warrants) are subject to adjustment in the event of any split, stock dividend, reclassification or similar change involving Capital Cities Common Stock. In the event of an adjustment in the number of Warrants, the Redemption Price would be appropriately adjusted. No adjustment of the Warrants will be made as a result of the issuance of Capital Cities Common Stock to Berkshire Hathaway pursuant to the Stock Purchase Agreement. See "Description of the Warrants."

Exchange of Certificates Representing ABC Common Stock

Prior to the Effective Time, Capital Cities will designate a bank or trust company to act as exchange agent in the Merger (the "Exchange Agent"). Promptly after the Effective Time, the Exchange Agent will mail to each holder of record of an outstanding certificate or certificates which, immediately prior to the Effective Time, represented shares of ABC Common Stock (the "Certificates") a letter of transmittal and instructions to effect the surrender of the Certificates in exchange for payment therefor. Following the Effective Time, until surrendered, each Certificate will represent for all purposes only the right to receive the per share Merger Consideration multiplied by the number of shares evidenced by such Certificate, without any interest thereon.

ABC SHAREHOLDERS SHOULD NOT SURRENDER THEIR CERTIFICATES FOR EXCHANGE UNTIL RECEIPT OF THE LETTER OF TRANSMITTAL AND RELATED INSTRUCTIONS.

If payment is to be made to a person other than the person in whose name the Certificate surrendered is registered, it will be a condition of payment that the Certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the person requesting such payment shall pay any transfer or other taxes required by reason of the payment to a person other than the registered holder, or establish to the satisfaction of ABC, as the surviving corporation in the Merger, that such tax has been paid or is not applicable.

After the Effective Time, there will be no transfers on the stock transfer books of ABC of the shares of ABC Common Stock which were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented for transfer to ABC, such Certificates will be cancelled and exchanged for an amount equal to the Merger Consideration multiplied by the number of shares represented thereby.

IT WILL NOT BE NECESSARY FOR CAPITAL CITIES SHAREHOLDERS TO SURRENDER THEIR CERTIFICATES AT ANY TIME IN CONNECTION WITH THE MERGER.

Repurchases by ABC of ABC Common Stock Prior to the Merger

Under the Merger Agreement, ABC may spend an aggregate of not more than $1.1 billion in cash to repurchase shares of ABC Common Stock prior to the Effective Time, provided that the business of ABC is not materially adversely affected thereby. Under the formula for conversion of ABC Common Stock in the Merger, repurchases of ABC Common Stock at a price (as adjusted for the after-tax cost of funds used to make such repurchases) less than the cash portion of the per share Merger Consideration (initially $118) generally will result in an increase in the amount of cash paid in the Merger in respect of each share of ABC Common Stock that remains outstanding. Any repurchases of ABC Common Stock will increase the number of Warrants issuable in respect of each share of ABC Common Stock at the Effective Time, regardless of the price at which such repurchases are made. See "The Merger—Conversion of ABC Common Stock in the Merger."

ABC's determination to make any repurchases of ABC Common Stock will be based on then prevailing market and other conditions, including the availability of appropriate financing. Under the Merger Agreement, any such financing must be unsecured and must be prepayable or redeemable not later than immediately prior to the Effective Time without premium or penalty. Financing accomplished by way of securities convertible into or carrying the right to acquire ABC Common Stock must be approved by Capital Cities, and the conversion or acquisition rights with respect thereto must terminate prior to the

Effective Time. Consequently, ABC cannot predict whether, to what extent, when or pursuant to what terms and conditions repurchases may be made.

ABC does not presently intend to effect any repurchases of ABC Common Stock at a price (as adjusted for the after-tax cost of funds used to make such repurchases) that would not increase the value of the Merger Consideration payable in respect of each outstanding share of ABC Common Stock in connection with the Merger (*i.e.*, the cash portion of the per share Merger Consideration plus the anticipated market value of the Warrants issuable in respect of each outstanding share of ABC Common Stock in the Merger). There can be no assurance, however, that an unanticipated increase in the after-tax cost of funds used to make any repurchases or an unanticipated decrease in the market value of Capital Cities Common Stock (which could reduce the anticipated value of the Warrants) will not cause any such repurchases to decrease the value of the per share Merger Consideration. In addition, the ABC Board may determine, based, among other things, on the redemption value of the Warrants and changing market conditions with respect to Capital Cities Common Stock, that repurchases that reduce the cash portion of the per share Merger Consideration, but which increase the number of Warrants issuable in the Merger in respect of each outstanding share of ABC Common Stock, are in the best interests of ABC shareholders and, therefore, should be effected.

Option Granted to Capital Cities

Pursuant to the Merger Agreement, ABC has granted to Capital Cities an option (the "Option") to purchase up to 5,300,000 shares of ABC Common Stock at a price of $118 per share. The Option exercise price and the number of shares subject to the Option will be adjusted for stock splits, dividends, combinations and similar changes in ABC's capitalization. Capital Cities has paid ABC $53,000,000, which amount would be applied at the rate of $10 per share to any exercise of the Option. If the Merger Agreement is breached by ABC or is terminated because (i) FCC regulations do not (on January 6, 1986 or at the Effective Time) permit the ownership by Capital Cities of at least 12 television stations in markets containing an aggregate of not less than 25% of the television households in the United States or (ii) ABC's shareholders do not approve the Merger by the requisite vote, then upon Capital Cities' request, ABC will repay such $53,000,000 (less any amount theretofore applied to any partial exercise of the Option). Any such repayment would terminate all other rights of Capital Cities under the Option (other than rights arising out of a breach of the Merger Agreement by ABC).

Capital Cities may exercise the Option in whole or in part at any time (i) during the 30-day period following any termination of the Merger Agreement or (ii) prior to the ABC Meeting if a third party commences a tender offer for ABC Common Stock, purchases at least 30% of the then outstanding ABC Common Stock or enters into an agreement with ABC with respect to a merger or consolidation with, or purchase of substantially all the assets of, ABC. ABC is not obligated to issue shares of ABC Common Stock upon the exercise of the Option, or upon any conversion of the Option (as discussed below), in the absence of any requisite governmental consent or approval. See "The Merger—Regulatory Matters."

The Merger Agreement also provides that if, prior to any termination of the Merger Agreement, a third party (i) acquires at least 30% of the then outstanding ABC Common Stock, (ii) enters into an agreement with respect to a business combination transaction with ABC or (iii) commences a tender offer for ABC Common Stock which is not opposed by ABC, ABC will pay to Capital Cities, upon request, in respect of each of the shares of ABC Common Stock then subject to the Option, the difference between the greatest consideration paid or proposed to be paid per share and $108 (the option exercise price of $118 per share, less the allocable portion of the $53,000,000 payment made by Capital Cities), subject to adjustment for changes in ABC's capitalization. Any such payment would terminate all other rights of Capital Cities under the Option.

At any time during the 30-day period following any termination of the Merger Agreement, Capital Cities may convert its $53,000,000 payment into shares of ABC Common Stock at $118 per share (subject to adjustment). Whether or not Capital Cities has elected so to convert the Option into shares of ABC Common Stock or to exercise the Option, at any time during the first 10 days of such 30-day period ABC may terminate the Option by repaying to Capital Cities the $53,000,000 payment. If ABC does not terminate the Option during such 10-day period, Capital Cities may sell or transfer the Option to a third party, but may not sell or transfer more than 25% of the Option to any one person or its affiliates.

If ABC terminates the Option in the manner set forth above and, within six months thereafter, a third party commences a tender offer for ABC Common Stock which is not opposed by ABC or ABC enters into an agreement with a third party with respect to a business combination transaction, ABC will pay to Capital Cities for each share which was subject to the Option at the time of termination an amount equal to the difference between the third party's proposed per share purchase price and $118 (subject to adjustment).

If Capital Cities exercises the Option following the commencement of a tender offer by a third party prior to the ABC Meeting, for the earlier of 10 years from the date of such exercise or until the present directors of ABC (or their successors who are recommended by a majority of the current ABC Board) no longer continue to constitute a majority of the ABC Board, Capital Cities will not purchase additional shares of ABC Common Stock or seek to influence the ABC Board (except as may be agreed with ABC) and, for a period of 10 years, will not sell its ABC Common Stock other than pursuant to a public offering in which Capital Cities uses its best efforts to ensure that no one person acquires in excess of one percent of the then outstanding shares of ABC Common Stock.

Proposed Sale of Capital Cities Common Stock to Berkshire Hathaway

Concurrently with the execution by Capital Cities of the Merger Agreement, Capital Cities and Berkshire Hathaway entered into the Stock Purchase Agreement. The full text of the Stock Purchase Agreement is attached as Appendix B to this Joint Proxy Statement-Prospectus. Under the Stock Purchase Agreement, Capital Cities has agreed to sell to Berkshire Hathaway, contingent upon consummation of the Merger, 3,000,000 shares of Capital Cities Common Stock at a price of $172.50 per share, or an aggregate price of $517,500,000. Such 3,000,000 shares, when issued, would represent approximately 19% of the outstanding shares of Capital Cities Common Stock based on the number of shares outstanding as of the date of this Joint Proxy Statement-Prospectus. Under the terms of the Stock Purchase Agreement, the sale to Berkshire Hathaway of Capital Cities Common Stock will be effected only after all of the conditions precedent to the closing of the Merger have been satisfied but prior to the Effective Time. The proceeds from the sale of Capital Cities Common Stock to Berkshire Hathaway will be used by Capital Cities toward payment of the Merger Consideration. See "The Merger—Source of Funds."

Pursuant to the Stock Purchase Agreement, Capital Cities has agreed with Berkshire Hathaway that, upon the sale of Capital Cities Common Stock to Berkshire Hathaway pursuant to the Stock Purchase Agreement, the Capital Cities Board will take all steps necessary and use its best efforts to cause Warren E. Buffett, Chairman of the Board and Chief Executive Officer of Berkshire Hathaway (or another designee of Berkshire Hathaway reasonably acceptable to Capital Cities) to be elected by Capital Cities' shareholders to the Capital Cities Board. Thus, following the Merger, the Capital Cities Board intends to appoint Mr. Buffett (or such designee) as one of its members to serve until the next annual meeting of the shareholders of Capital Cities, at which time Mr. Buffett (or such designee) would stand for re-election. Mr. Buffett has indicated to Capital Cities his present intention to serve as Berkshire Hathaway's designee to the Capital Cities Board upon consummation of the sale of Capital Cities Common Stock contemplated by the Stock Purchase Agreement. See "The Merger—Management of Capital Cities and ABC After The Merger; Interests of Certain Persons in the Merger."

Berkshire Hathaway has agreed with Capital Cities that, among other things, for 11 years from the date of the consummation of such sale: (i) Berkshire Hathaway will confer an irrevocable proxy to vote any shares of Capital Cities Common Stock, or common stock equivalents, owned by Berkshire Hathaway or any company or entity controlling or controlled by or under common control with Berkshire Hathaway (a "Berkshire Controlled Company") upon Thomas S. Murphy, Chairman of the Board and Chief Executive Officer of Capital Cities, so long as he shall remain the Chief Executive Officer of Capital Cities, or Daniel B. Burke, President of Capital Cities, if and so long as he shall be Chief Executive Officer of Capital Cities; (ii) neither Berkshire Hathaway nor any Berkshire Controlled Company shall acquire, without the approval of the Capital Cities Board, additional shares of Capital Cities Common Stock or common stock equivalents if, as a result of such acquisition, Berkshire Hathaway, directly or indirectly, would own an aggregate of more than 30% of the Capital Cities voting stock outstanding; (iii) Capital Cities or its designee shall have a right of first refusal to purchase any shares of Capital Cities Common Stock owned by Berkshire Hathaway or any Berkshire Controlled Company at the same price and on the same terms and conditions as is then proposed with respect to any sale of such shares to a third party; (iv) Berkshire Hathaway will not knowingly sell shares of Capital Cities voting stock to any one entity (other than to Capital Cities under its right of first refusal), or group acting in concert, if, as a result of such sale, the entity or group would hold, in the aggregate, more than five percent of the Capital Cities voting stock outstanding at the time of the sale; and (v) neither Berkshire Hathaway nor any Berkshire Controlled Company will seek to acquire control of Capital Cities without the approval of the Capital Cities Board. The NYSE has advised Capital Cities informally that the NYSE believes the irrevocable proxy described above may violate the NYSE's rules and may cause it to seek to delist the Capital Cities Common Stock from the NYSE. See "The Merger—NYSE Listing of Capital Cities Common Stock."

In order to obtain the required FCC approvals in connection with the Merger, Berkshire Hathaway and Capital Cities have agreed to divest or commit themselves to divest, subject to consummation of the Merger and receipt of requisite regulatory approvals, any properties or interests that would otherwise preclude such FCC approval or that, in the mutual opinion of Capital Cities and Berkshire Hathaway, would materially jeopardize the chances for obtaining such FCC approval. Specifically and without regard to other divestitures that may be deemed necessary or desirable in connection with the Merger, Capital Cities has agreed to sell its radio station WKBW-AM and its television station WKBW-TV, each licensed to Buffalo, New York, and Berkshire Hathaway has committed to secure the resignation of Mr. Buffett as a director of The Washington Post Company. See "The Merger—Regulatory Matters."

The Stock Purchase Agreement and the obligations of the parties thereunder will terminate if for any reason the Merger Agreement is terminated.

Mr. Buffett, 54, owns, directly or indirectly, approximately 45% of the outstanding shares of capital stock of Berkshire Hathaway. He has been Chairman of the Board of Directors and Chief Executive Officer of Berkshire Hathaway for longer than the last five years. Mr. Buffett is also a director of The Washington Post Company and FirsTier, Inc. Berkshire Hathaway is engaged in underwriting property and casualty insurance, candy production and sale, newspaper publishing and retailing of home furnishings.

Wholly owned subsidiaries of Berkshire Hathaway owned 900,800 shares of ABC Common Stock as of May 9, 1985. Berkshire Hathaway has indicated to Capital Cities that it intends to cause those shares of ABC Common Stock to be voted in favor of approval and adoption of the Merger Agreement.

Representations and Warranties; Conditions to the Merger

In the Merger Agreement, ABC, Capital Cities and Acquisition have each made certain representations and warranties with respect to, among other matters, their organization and good standing, due authorization and authority to enter into and perform their respective obligations under the Merger Agreement and their respective financial conditions and the accuracy of certain of their respective public filings.

The Merger Agreement provides that the obligations of ABC, Capital Cities and Acquisition to consummate the Merger are each subject, among other things, to the fulfillment of the following conditions at or prior to the Effective Time:

(a) the shareholders of ABC shall have approved and adopted the Merger Agreement and the shareholders of Capital Cities shall have approved the issuance of the Warrants and shares of Capital Cities Common Stock in connection with the Merger, each by the requisite vote;

(b) the waiting period applicable to the consummation of the Merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") shall have expired;

(c) all required waivers, consents and approvals of any governmental authority, commission or other regulatory body, including but not limited to the FCC, shall have been obtained and (i) shall not have been reversed, enjoined, annulled or suspended, (ii) shall not be subject to a timely request for stay, petition for reconsideration or appeal and (iii) the time for filing any such request, petition or appeal shall have expired; and

(d) the performance by the other parties in all material respects of their respective agreements and the accuracy as of the Effective Time (except as otherwise provided in the Merger Agreement) in all material respects of their respective representations and warranties.

The obligations of Capital Cities and Acquisition to effect the Merger shall be subject, at their option, to the additional condition that, as of the Effective Time, the consolidated business, assets, financial condition or results of operations (when compared with those as at and for the 12-month period ended December 29, 1984) of ABC and its subsidiaries shall not have been materially and adversely affected (i) by changes not in the ordinary course of business (but including any action initiated, pending or threatened in writing by any regulatory or other governmental body) or (ii) by changes in the ordinary course of business which result in more than a 25% decrease in ABC's consolidated pre-tax operating income (excluding certain specified extraordinary items, certain expenses in connection with the Merger and gains and losses on the disposition of assets other than in the ordinary and normal course of business).

Termination; Amendment; Waiver

The Merger Agreement may be terminated at any time prior to the Effective Time, whether before or after approval by shareholders of ABC and Capital Cities, (i) by mutual consent of the Boards of Directors of ABC, Capital Cities and Acquisition, (ii) by Capital Cities and Acquisition if on January 6, 1986 or at the Effective Time, the then currently effective rules and regulations of the FCC do not permit the ownership of at least 12 television stations by Capital Cities in markets containing not less than an aggregate of 25% of television households in the United States, (iii) by either Capital Cities and Acquisition or ABC if the requisite vote of shareholders of ABC or Capital Cities shall not be obtained at the ABC Meeting or the Capital Cities Meeting, as the case may be, (iv) by either Capital Cities and Acquisition or ABC if Capital Cities and Acquisition shall have elected not to consummate the Merger because ABC has not satisfied the condition, described above, pertaining to the absence of certain material adverse changes in the business, assets, financial condition or results of operations of ABC and (v) by either Capital Cities and Acquisition or ABC if the Merger shall not have been consummated within two years following approval by shareholders of both ABC and Capital Cities. See "Introduction," "The Merger—Representations and Warranties; Conditions to the Merger" and "—Regulatory Matters."

The Merger Agreement may be amended by written agreement by the respective Boards of Directors of ABC, Capital Cities and Acquisition at any time before or after approval of the Merger by ABC's shareholders, but after any such shareholder approval, no amendment shall be made which reduces the Merger Consideration or which in any way adversely affects the rights of ABC's shareholders without the further approval of such shareholders.

The Merger Agreement provides that at any time prior to the Effective Time the respective Boards of Directors of ABC, Capital Cities and Acquisition by written agreement may (i) extend the time for the performance of any of the obligations or other acts of the parties under the Merger Agreement, (ii) waive any inaccuracies in the representations and warranties contained in the Merger Agreement or in any document delivered pursuant thereto and (iii) waive compliance with any of the agreements or conditions contained in the Merger Agreement.

Delisting and Deregistration of ABC Common Stock After the Merger

If the Merger is consummated, ABC Common Stock will be delisted from the NYSE and will be deregistered under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"). However, ABC and Capital Cities expect that ABC will continue to be subject to certain reporting obligations under the Exchange Act for so long as ABC's 9.35% Sinking Fund Debentures due July 15, 2000 either (i) remain listed on a national securities exchange or (ii) continue to be primary obligations of ABC held by at least 300 holders of record.

Source of Funds

The total cash consideration to be paid by Capital Cities upon the conversion of the ABC Common Stock pursuant to the Merger Agreement, assuming no exercise by shareholders of ABC of their right of appraisal under the New York Business Corporation Law, will be $3,429,909,422, subject to adjustment in certain events. In addition, by virtue of exercise of the Redemption Option, Capital Cities could be required to expend up to an additional $87,201,090 to redeem Warrants during the 90-day period following the Effective Time. See "The Merger—Conversion of ABC Common Stock in the Merger" and "—Appraisal Rights." Capital Cities currently anticipates that such funds will be derived from the following sources: (i) cash and cash equivalents of Capital Cities presently available and generated from earnings up to the Effective Time; (ii) proceeds in the amount of $517,500,000 from the sale to Berkshire Hathaway of 3,000,000 shares of Capital Cities Common Stock pursuant to the Stock Purchase Agreement; (iii) net proceeds received from the divestiture of properties of the combined companies which may be effected prior to or concurrently with the Merger; and (iv) borrowings under long-term credit facilities or other arrangements with commercial lenders for the remaining required amount. Capital Cities anticipates that the aggregate indebtedness resulting from such borrowings will be reduced following the Merger to the extent of (i) the amount of proceeds from any required divestitures which are consummated following the Effective Time and (ii) available cash and cash equivalents of ABC. See "The Merger—Proposed Sale of Capital Cities Common Stock to Berkshire Hathway," "—Regulatory Matters" and "Pro Forma Financial Information."

Capital Cities has not yet obtained firm commitments for the borrowings it anticipates will be needed to effectuate the Merger. However, it believes that, based upon its history of earnings and financial condition (as well as that of ABC), it will be able to borrow all funds necessary in order to consummate the Merger. Capital Cities has represented to ABC that, not later than immediately prior to the Effective Time, it will have available to it all funds necessary to consummate the Merger. Capital Cities' obligation to consummate the Merger is not conditioned upon the availability of adequate financing. See "The Merger—Representations and Warranties; Conditions to the Merger."

Expenses

If the Merger is not consummated, all costs and expenses incurred in connection with the Merger Agreement and the transactions contemplated thereby will be paid by the party incurring such expenses, except that those expenses incurred in connection with printing this Joint Proxy Statement-Prospectus and the Registration Statement of which it forms a part will be shared equally by ABC and Capital Cities.

Registration of the Warrants; Registration and Listing of the Underlying Capital Cities Common Stock

Capital Cities has registered the Warrants and the shares of Capital Cities Common Stock issuable upon the exercise thereof pursuant to a Registration Statement on Form S-14 (the "Registration Statement") filed with the Securities and Exchange Commission (the "SEC") with respect to the issuance of the Warrants and such shares. This Joint Proxy Statement-Prospectus constitutes the Prospectus of Capital Cities as part of the Registration Statement. In addition, the Merger Agreement provides that Capital Cities will use its best efforts to obtain, prior to the Effective Time, approval for the listing of such shares of Capital Cities Common Stock on the NYSE upon official notice of issuance. See "The Merger—NYSE Listing of Capital Cities Common Stock."

NYSE Listing of Capital Cities Common Stock

Capital Cities Common Stock is listed for trading on the NYSE pursuant to a listing agreement with the NYSE (the "Listing Agreement"). The Merger Agreement provides that Capital Cities will use its best efforts to obtain, prior to the Effective Time, approval for the listing on the NYSE of the shares of Capital Cities Common Stock issuable upon exercise of the Warrants upon official notice of issuance. Capital Cities is obligated under the Listing Agreement to list the Capital Cities Common Stock to be sold to Berkshire Hathaway under the Stock Purchase Agreement (see "The Merger—Proposed Sale of Capital Cities Common Stock to Berkshire Hathaway"). The NYSE has advised Capital Cities informally that the NYSE believes the irrevocable proxy to be granted by Berkshire Hathaway to certain officers of Capital Cities in connection with the proposed sale may violate the rules and policies of the NYSE governing the listing of voting stock where the voting rights to such stock are restricted by an irrevocable proxy issued to an officer of the listed company. A denial of an application by Capital Cities to list the shares of Capital Cities Common Stock issuable to Berkshire Hathaway or the shares of Capital Cities Common Stock issuable upon exercise of the Warrants may result in a proceeding by the NYSE seeking to delist all of the shares of Capital Cities Common Stock from further trading on the NYSE. Although officials of the NYSE have not taken a definitive position on these matters, there is no assurance that, after the Effective Time, the NYSE may not seek to delist the Capital Cities Common Stock from trading on the NYSE. Capital Cities will oppose any such attempt to delist the Capital Cities Common Stock and will use its best efforts to maintain the listing of its shares.

In the event Capital Cities Common Stock were delisted from trading on the NYSE, Capital Cities would use its best efforts to ensure that, immediately upon the effectiveness of any such delisting procedure, the shares of Capital Cities Common Stock then listed on the NYSE and the shares of Capital Cities Common Stock issuable upon exercise of the Warrants will be authorized for trading on another securities exchange or for inclusion in the National Association of Securities Dealers Automated Quotations System ("NASDAQ").

Covenants of ABC Pending the Merger

Pursuant to the Merger Agreement, ABC has agreed that prior to the Effective Time ABC will (i) conduct its business only in the ordinary and usual course, provided that if the business of ABC is not materially adversely affected thereby, ABC may spend up to $1.1 billion to repurchase ABC Common Stock (see "The Merger—Repurchases by ABC of ABC Common Stock Prior to the Merger"); (ii) not amend its Certificate of Incorporation or By-Laws, except with Capital Cities' consent; (iii) not split, combine or reclassify ABC Common Stock or pay any dividend in cash, stock or property other than the regular quarterly cash dividend of $.40 per share; and (iv) not issue or agree to issue any additional shares of, or rights of any kind to acquire shares of, its capital stock except pursuant to certain types of convertible securities which may be issued, with Capital Cities' consent, in connection with the repurchases referred to in clause (i) above and except for issuances of shares pursuant to the ABC Stock Bonus Plan which are consistent with prior practice as to timing and amount.

ABC has agreed that none of ABC, its subsidiaries or its officers, directors or affiliates shall (i) solicit or encourage any offer to acquire the business and properties or capital stock of ABC by merger, purchase of assets, tender offer or otherwise, or (ii) except as may be required by law, disclose, directly or indirectly, any information not customarily disclosed or afford any other person access to the properties, books or records of ABC or otherwise assist any person preparing to make or who has made such an offer.

Change of Name from Capital Cities to "Capital Cities/ABC, Inc." After the Merger

If the holders of a majority of the shares of Capital Cities Common Stock outstanding on the Capital Cities Record Date vote in favor of Proposal 1, Capital Cities intends to deliver for filing a certificate of amendment to the Department of State of the State of New York pursuant to the New York Business Corporation Law concurrently with or promptly following the Effective Time. See "Introduction—Record Dates, Voting Rights and Votes Required for Approval." Upon filing of the certificate of amendment, Article 1 of the Capital Cities Certificate would be amended to change the name of Capital Cities to "Capital Cities/ABC, Inc." Capital Cities' management believes that this name change will promote a clearer public perception of the business of the combined entities and foster good will.

Management of Capital Cities and ABC After the Merger; Interests of Certain Persons in the Merger

The Certificate of Incorporation and By-Laws of Acquisition as in effect at the Effective Time will become the Certificate of Incorporation and By-Laws of the surviving corporation in the Merger, except that such Certificate of Incorporation will be amended to provide that the name of the surviving corporation will be American Broadcasting Companies, Inc.

Pursuant to the Merger Agreement, the directors of Acquisition at the Effective Time will become the directors of ABC after consummation of the Merger, and the officers of ABC at the Effective Time will remain the officers of ABC following consummation of the Merger and will hold office until their respective successors shall have been duly elected or appointed. Capital Cities has also agreed pursuant to the Merger Agreement that following the Effective Time it will take such action as may be necessary to cause seven directors of ABC designated by ABC and acceptable to Capital Cities to be elected to the Capital

Cities Board. ABC intends to designate Leonard H. Goldenson, Chairman and Chief Executive Officer of ABC, and Frederick S. Pierce, President of ABC, to serve on the Capital Cities Board, but has made no decision as to who among its other directors will be designated.

Following the Effective Time, Thomas S. Murphy will continue to serve as Chairman of the Board, and Daniel B. Burke will continue to serve as President, of Capital Cities. ABC and Capital Cities have also reached an understanding that Leonard H. Goldenson will serve as the Chairman of the Executive Committee of the Board of Directors of Capital Cities and Frederick S. Pierce will serve as Vice Chairman of the Board of Capital Cities and as Chairman and Chief Executive Officer of ABC following the Merger. Certain information concerning Messrs. Goldenson and Pierce and the other directors of ABC is set forth under the captions "Management of ABC" and "Compensation of Directors and Executive Officers of ABC."

Pursuant to the Stock Purchase Agreement, Capital Cities has agreed that, concurrently with Berkshire Hathaway's purchase of Capital Cities Common Stock, the directors of Capital Cities will take all steps necessary and use their best efforts to secure the election to the Capital Cities Board of Warren E. Buffett, or such other individual, reasonably acceptable to Capital Cities, whom Berkshire Hathaway nominates in his place. Certain information concerning Mr. Buffett is set forth under the caption "The Merger—Proposed Sale of Capital Cities Common Stock to Berkshire Hathaway."

In order to permit Capital Cities to fulfill its contractual commitments and to accommodate the election of ABC's seven designees and Berkshire Hathaway's designee to the Capital Cities Board, the Capital Cities Board is seeking shareholder approval to enlarge the Capital Cities Board of Directors. If the holders of a majority of the shares of Capital Cities Common Stock outstanding on the Capital Cities Record Date vote in favor of Proposal 1, it is anticipated that, concurrently with or promptly following the Effective Time, a certificate of amendment to the Capital Cities Certificate ~~will be delivered~~ for filing to the Department of State of the State of New York, resulting in the amendment of Article 8 of the Capital Cities Certificate to grant to the Capital Cities Board the authority to enlarge the Board of Directors to not more than 21 directors. See "Introduction—Record Dates, Voting Rights and Votes Required for Approval." The Capital Cities Certificate presently provides, among other things, that the Capital Cities Board shall be comprised of not less than 7 nor more than 15 directors. The Capital Cities Board believes that this amendment is in the best interests of Capital Cities shareholders. The full text of proposed amended Article 8 of the Capital Cities Certificate forms a part of Appendix C to this Joint Proxy Statement-Prospectus.

Treatment of Employee Benefits in the Merger

Restricted Stock. The Merger Agreement provides that the holders of restricted shares of ABC Common Stock ("Restricted Stock") granted pursuant to the ABC Stock Bonus Plan prior to March 18, 1985 will be entitled to participate in the Merger and receive the per share Merger Consideration in exchange for each of their shares of Restricted Stock. Holders (other than holders whose employment with ABC commenced after March 18, 1985 and subject to certain other limited exceptions) of Restricted Stock granted after March 18, 1985 will receive a cash payment in settlement of each share thereof equal to the fair market value of the per share Merger Consideration. The Merger Agreement provides that immediately prior to the Effective Time the restricted period with respect to the Restricted Stock (the "Restricted Period") shall terminate and consequently a vote for adoption of the Merger Agreement will constitute a vote to amend the ABC Stock Bonus Plan to provide for termination of the Restricted Period.

Holders (other than holders whose employment with ABC commenced after March 18, 1985 and subject to certain other limited exceptions) of Share Units (as defined in the ABC Stock Bonus Plan) granted prior to or after March 18, 1985 will receive a cash payment in settlement of each such Share Unit equal to the fair market value (as determined in accordance with the Merger Agreement) of the per share Merger Consideration plus all dividend equivalents accrued with respect to such Share Units to the date of payment. The Merger Agreement provides that immediately prior to the Effective Time the participation period with respect to the Share Units (the "Participation Period") shall terminate and consequently a vote for adoption of the Merger Agreement will constitute a vote to amend the ABC Stock Bonus Plan to provide for termination of the Participation Period. ABC will make suitable arrangements with Capital Cities with respect to Share Units and Restricted Stock granted to employees whose employment with ABC commenced after March 18, 1985.

Holders of Restricted Stock who receive the Merger Consideration or the fair market value of the Merger Consideration, as described above, will recognize ordinary income in an amount generally equal to the consideration received for such Restricted Stock at the time that the Restricted Period terminates. An employee who receives Warrants will have a tax basis in a Warrant equal to the fair market value of a Warrant and the federal income tax consequences of the ownership of such Warrant will be the same as those set forth in "The Merger—Certain Federal Income Tax Consequences to ABC Shareholders." Holders of Share Units who receive cash for each Share Unit and Dividend Equivalent (as defined in the ABC Stock Bonus Plan) held by them will recognize ordinary income in an amount equal to the cash received.

Key Employees Incentive Compensation Plan. With regard to the ABC Key Employees Incentive Compensation Plan (the "KEICP"), the Merger Agreement provides that, at or immediately prior to the Effective Time, a cash payment will be made to each individual with a deferred KEICP account, other than an active employee of ABC at the Effective Time, in an amount equal to the fair market value of the Merger Consideration for each share of ABC Common Stock contingently credited to an individual under the KEICP. Such payment shall be made without regard to any limitations on the amount of the payments that may be received under the KEICP. For federal income tax purposes, such employees will recognize ordinary income in an amount equal to the cash received. An individual who is an active employee of ABC at the Effective Time shall continue to be a participant in the KEICP, subject to its terms and conditions, except that his account in the KEICP will be credited with a cash amount equal to the fair market value of the Merger Consideration for each share of ABC Common Stock contingently credited to him under the KEICP. These amounts will bear annual interest at the publicly announced base rate of Citibank, N.A., as in effect from time to time. Such an individual will not be subject to federal income taxes solely as a result of these changes to the KEICP.

Other Employee Benefits. The Merger Agreement provides that, for at least three years following the Effective Time, Capital Cities will maintain in the form in effect on March 18, 1985 the following ABC employee benefit plans: (i) the Retirement Plan of American Broadcasting Companies, Inc. (and the comparable retirement plans of its subsidiaries); (ii) the ABC Savings & Investment Plan; and (iii) the Comprehensive Medical Expense Plan of American Broadcasting Companies, Inc., in each case only if the continuation of the plan does not violate any provision of law or require Capital Cities to provide benefits for its employees (who are not employees of ABC) in excess of the benefits which it presently provides.

The Merger Agreement further provides that, following the Merger, Capital Cities will provide employee benefits to ABC employees that, in the aggregate, are comparable to and not less favorable than those currently provided by ABC. To the extent practicable and appropriate, in the opinion of Capital Cities, existing ABC benefit programs, in addition to those specifically enumerated above, will also be continued. As of the date of this Joint Proxy Statement-Prospectus, the trustee of ABC's Savings & Investment Plan and Employee Stock Ownership Plan had not determined where to reinvest the cash and whether to hold, dispose of or exercise the Warrants to be received upon the conversion of ABC Common Stock in the Merger, nor has the trustee under the Savings & Investment Plan determined the manner in which the ABC participants' contributions will be matched or how the ABC Common Stock fund will be operated after the Merger. The Merger Agreement provides that the surviving corporation in the Merger will honor all of ABC's contractual obligations to its retirees to the full extent required by law.

Capital Cities has also agreed to indemnify employees of ABC with respect to any tax liability, up to a maximum of an aggregate of $20,000,000, incurred by them as a result of "parachute payments" (as defined in section 4999 of the Internal Revenue Code of 1954, as amended) received by them pursuant to the Merger Agreement or as a result of the Merger. At the present time, neither ABC nor Capital Cities anticipates that any significant payment will be made by Capital Cities under this indemnity.

Certain Federal Income Tax Consequences to ABC Shareholders

General. The receipt of the Merger Consideration in exchange for ABC Common Stock (or the receipt of cash pursuant to the exercise of dissenter's rights) will be a taxable transaction for federal income tax purposes to the shareholders receiving such payment (and may be a taxable transaction for state, local and foreign tax purposes as well). A holder of ABC Common Stock will recognize gain or loss equal to the difference between the shareholder's tax basis for the ABC Common Stock owned by him at the Effective Time and the amount of cash and the fair market value of the Warrants (or the cash alone in the case of a shareholder who exercises dissenter's rights) received therefor. A shareholder must calculate his gain or loss separately with respect to each block of ABC Common Stock (shares purchased at the same price and in the same transaction) owned by him. In general, such gain or loss will be a capital gain or loss if the ABC Common Stock is a capital asset in the hands of the shareholder, and it will be a long-term capital gain or loss if the shareholder's holding period is more than six months. A portion of a shareholder's long-term capital gain may constitute an item of tax preference which may be subject to the alternative minimum tax in the case of a noncorporate shareholder and the corporate minimum tax in the case of a corporate shareholder. The foregoing discussion may not be applicable to a holder of ABC Common Stock who acquired such ABC Common Stock as compensation. See "The Merger—Treatment of Employee Benefits in the Merger."

The Warrants. As noted above, at the time of the Merger, the fair market value of the Warrants will be taken into account in determining the amount of a shareholder's gain or loss as a result of the exchange of his ABC Common Stock for the Merger Consideration. Such fair market value should be determined by reference to the trading price of the Warrants immediately after the Merger if such Warrants trade, as is anticipated. The fair market value of a Warrant will constitute a shareholder's tax basis in the Warrant.

A Warrantholder who exercises the Redemption Option will recognize gain or loss at the time of the redemption measured by the difference between the Redemption Price and his tax basis in the Warrant. Such gain or loss will be a short-term capital gain or loss if the Warrant is held as a capital asset.

The exercise of a Warrant pursuant to its terms will not be a taxable transaction for federal income tax purposes. A Warrantholder's tax basis in the Capital Cities Common Stock acquired pursuant to the exercise of a Warrant will be equal to a Warrantholder's tax basis for the Warrant plus the amount of cash paid upon such exercise of the Warrant, but the holding period of such Warrant will not be included in the holding period of the Capital Cities Common Stock received upon exercise.

THE FOREGOING IS ONLY A GENERAL DESCRIPTION OF CERTAIN OF THE FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO ABC SHAREHOLDERS, WITHOUT CONSIDERATION OF THE PARTICULAR FACTS AND CIRCUMSTANCES OF EACH SHAREHOLDER'S SITUATION. EACH ABC SHAREHOLDER IS URGED TO CONSULT HIS OWN TAX ADVISOR WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES TO HIM OF THE MERGER, PARTICULARLY WITH RESPECT TO ANY CHANGES IN THE TAX LAWS THAT MIGHT OCCUR AFTER THE DATE HEREOF.

Regulatory Matters

Antitrust. Under the HSR Act and the rules promulgated thereunder by the Federal Trade Commission (the "FTC"), neither the Merger nor the proposed sale of Capital Cities Common Stock to Berkshire Hathaway may be consummated until notifications have been given and certain information has been furnished to the FTC and the Antitrust Division of the Department of Justice (the "Division") and specified waiting period requirements have been satisfied. The required waiting periods under the HSR Act will expire on June 8, 1985, unless any of ABC, Capital Cities or Berkshire Hathaway theretofore receives a request for additional information from the Division or the FTC. If additional information is requested from ABC or Capital Cities, or both, pursuant to the HSR Act, the Merger may not be consummated until the expiration of a 20-day waiting period following substantial compliance by ABC or Capital Cities, or both, as the case may be, with such request. Similarly, if additional information is requested from Capital Cities or Berkshire Hathaway, or both, pursuant to the HSR Act, the proposed sale of Capital Cities Common Stock to Berkshire Hathaway may not be consummated until the expiration of a 20-day waiting period following substantial compliance by Capital Cities or Berkshire Hathaway, or both, as the case may be, with such request.

At any time before or after the Effective Time, and notwithstanding that the HSR Act waiting period has expired, either the Division or the FTC, or both, could take such action under the antitrust laws as it deems necessary or desirable in the public interest. Such action could include seeking to enjoin the consummation of the Merger or seeking divestiture of stock or businesses acquired as a result of the Merger, and/or seeking to enjoin the proposed sale of Capital Cities Common Stock to Berkshire Hathaway or seeking divestiture of Capital Cities Common Stock sold to Berkshire Hathaway.

Based on information available to them, ABC and Capital Cities believe that the Merger can be effected in compliance with the antitrust laws, and Capital Cities and Berkshire Hathaway believe that the proposed sale of Capital Cities Common Stock to Berkshire Hathaway can be effected in compliance with the antitrust laws. However, there can be no assurance that a challenge to the Merger or the proposed sale of Capital Cities Common Stock to Berkshire Hathaway on antitrust grounds will not be made or that, if such a challenge were made, ABC and Capital Cities or Capital Cities and Berkshire Hathaway, as the case may be, would prevail or would not be required to accept certain conditions (possibly including certain divestitures) in order to consummate the Merger or the proposed sale of Capital Cities Common Stock to Berkshire Hathaway.

Federal Communications Commission. Certain operations of Capital Cities and ABC are regulated pursuant to the Communications Act of 1934, as amended (the "Communications Act"), and the rules, regulations and policies of the FCC promulgated pursuant to the Communications Act. Each of the television and radio stations operated by Capital Cities or ABC broadcasts pursuant to a license granted by the FCC. See "Significant Regulations Applicable to Broadcasting and Cable Television Services."

Section 310(d) of the Communications Act requires that the FCC issue its prior written consent before any licenses for radio and television stations may be transferred or assigned, and provides that the FCC may issue such consent only upon a finding that the public interest, convenience and necessity will be served by permitting the transfers or assignments. For this purpose, the consummation of the Merger will be a transfer of control of ABC and, therefore, FCC approval will be required with respect to each broadcast license held by ABC before the Merger can be effected. The obligation of each of the parties to consummate the Merger is conditioned upon obtaining all such required regulatory approvals. See "The Merger—Representations and Warranties; Conditions to the Merger." Capital Cities and ABC intend to file applications seeking such FCC approval as promptly as practicable. The applications will contain information regarding the legal, financial and other qualifications of Capital Cities and ABC, and a demonstration that FCC approval will be consistent with the public interest, convenience and necessity.

Capital Cities will be required to demonstrate that it is in compliance with the so-called alien ownership provisions of Section 310 of the Communications Act, which as a general matter limit the degree to which aliens, foreign governments or representatives of aliens or foreign governments may own the stock or participate in the management or operations of a broadcast licensee. Based upon information currently available to it, Capital Cities does not believe that aliens hold interests in Capital Cities that violate these requirements, or that the alien ownership provisions will have any effect on consummation of the Merger.

A number of other applicable statutory provisions, rules, regulations and policies directly affect the transactions contemplated by the Merger Agreement and the Stock Purchase Agreement and would, in the absence of a waiver by the FCC, require divestiture of various facilities currently owned by Capital Cities or ABC if the Merger is to be consummated.

Section 613(a) of the Communications Act prohibits any company owning television stations (whether or not it operates a television network) from owning cable antenna television systems ("cable systems") located in communities within the service contours of those television stations. An FCC rule presently provides, among other things, that a company owning a television network such as the ABC Television Network may not own cable systems under any circumstances. The FCC is currently considering whether to eliminate this rule. The likely outcome of the proceeding cannot be predicted.

The FCC's rules provide that a license for a radio or television station will not be granted if the applicant owns, or has a significant interest in, another station of the same type (TV, AM or FM) which provides service to areas already served by the station operated or controlled by the applicant. Another FCC rule provides that the FCC will not grant applications for station acquisitions which would result in the creation of new AM-VHF or FM-VHF combinations under common ownership in the same market, or in the continuation of existing combinations under new ownership.

The FCC's rules also prohibit a single entity from directly or indirectly owning, operating or controlling more than 12 AM and 12 FM radio stations in the United States. In addition, a rule that became effective April 2, 1985 prohibits a single entity from owning, operating or controlling more than 12 television stations (UHF or VHF) operating in markets that contain more than 25% of U.S. television households. For purposes of this rule, ownership of a UHF station will result in the attribution of only 50% of the television households in the UHF station's market. Moreover, a single entity may own minority interests in two additional AM, FM and television stations (up to a maximum of 14 of each) controlled by members of minority groups, so long as, in the case of television, the entities' stations are not licensed to operate in markets that contain more than 30% of the television households in the country. The prior rules limited entities to seven AM, seven FM and seven television stations (of which up to five could be VHF stations). Both a petition for reconsideration before the FCC and a petition for review to the United States Court of Appeals for the District of Columbia Circuit are pending with respect to the FCC's rulemaking proceeding. The outcome of these proceedings cannot be predicted. Although judicial reversal could result in the reinstatement of the seven station limits, the likely standards that would ultimately be adopted by the FCC if the new rules were overturned or modified cannot be predicted. The Merger Agreement provides that Capital Cities and Acquisition may terminate the Merger Agreement if on January 6, 1986 or at the Effective Time FCC rules then in effect do not permit the ownership of at least 12 television stations by Capital Cities in markets containing not less than an aggregate of 25% of U.S. television households. See "The Merger—Termination; Amendment; Waiver."

In the above-described rulemaking proceeding establishing the 12-station/25% ownership limit rule for television stations, the FCC made it clear that only compelling public interest considerations would cause it to permit a company owning a television network to acquire an independent, non-affiliated television station in a market in which the network is affiliated with another station.

The rules also provide that the FCC will not grant applications for station acquisitions by an entity owning, operating or controlling a daily newspaper published in the same market served by the broadcast stations to be acquired. The rules also provide, in effect, that a broadcast licensee acquiring a daily newspaper in a market in which it also owns a station must eliminate the common broadcast/newspaper ownership before the date for renewal of the broadcast station license or the expiration of one year from the acquisition, whichever period is longer.

As a general matter, officers and directors of a licensee have the licensee's stations attributed to them for purposes of the FCC's rules described above. With respect to shareholders, the rules are triggered, and an entity has a licensee's stations attributed to it, if the entity has the power to vote or control the vote of more than five percent of the company's outstanding shares, except that mutual funds, insurance companies and bank trust departments, which undertake to hold their shares for investment purposes only, may vote or control the vote of up to 10% of a licensee's stock before the stations will be so attributed. In addition to these benchmarks, under some circumstances the FCC's so-called cross-interest policy may prohibit a person or entity from having a smaller interest (or a non-stock interest) in competing media in the same market. The attribution rules described in this paragraph could affect the exercise by Capital Cities of the Option. See "The Merger—Option Granted to Capital Cities."

As noted, the foregoing statutory provisions, rules, regulations and policies operate to require, in connection with the Merger, the divestiture of a number of communications properties currently owned by Capital Cities or by ABC—either because of combinations created by the transaction between Capital Cities and ABC, the loss of so-called "grandfathered" status for existing combinations or, in the case of Capital Cities' broadcasting properties licensed to Buffalo, New York, because of a combination created by reason of the transaction between Capital Cities and Berkshire Hathaway. Unless waivers from the FCC were obtained, therefore, Capital Cities could not obtain permanent control of such properties following the Merger.

Except as discussed below, Capital Cities has decided not to seek waiver of the relevant rules, and Capital Cities and ABC currently propose that the following properties owned by them will be divested: (i) the following television properties owned by Capital Cities: WTNH-TV, New Haven; WFTS-TV, Tampa; and WKBW-TV, Buffalo; (ii) the following television property owned by ABC: WXYZ-TV, Detroit; (iii) the following radio properties owned by Capital Cities: WPAT (AM and FM), Paterson, New Jersey; KLAC-AM and KZLA-FM, Los Angeles; and WKBW-AM, Buffalo; (iv) the following radio properties owned by ABC: KTKS-FM, Dallas; KSRR-FM, Houston; WRIF-FM, Detroit; WABC-AM and WPLJ-FM, New York City; KABC-AM and KLOS-FM, Los Angeles; WLS (AM and FM), Chicago; and

KGO-AM, San Francisco; (v) the following newspaper property owned by Capital Cities: Red Bank Register Co.; and (vi) the Capital Cities Cable Division in its entirety.

Prior approval by the FCC will be required for the divestiture of the broadcast properties and the communications licenses pursuant to which Capital Cities' Cable Division operates its cable systems. Prior approval by local franchising authorities will be required for divestiture of many of the cable systems. For a detailed description of these properties, see "Business of ABC" and "Business of Capital Cities."

With respect to WPVI-TV, Philadelphia, which is owned by Capital Cities, the service contours of this station overlap with the service contours of ABC's WABC-TV, New York City, so that ownership of both stations by a single entity would not be permitted under the FCC's rules, absent a waiver. Capital Cities currently intends to request a waiver of the rules prohibiting it from owning these two stations. Whether such a waiver request will be granted cannot be predicted. If it is denied, Capital Cities will be required to divest WPVI-TV, in which case it would not be required to divest WXYZ-TV, Detroit. If Capital Cities does not divest WXYZ-TV, it will be required under the FCC's rules to divest *The Oakland Press* (Pontiac, Michigan) as well as WJR-AM and WHYT-FM, Detroit.

With respect to the foregoing properties proposed to be divested, in some cases Capital Cities may seek waivers designed to permit it to divest the facilities involved within a period of time following the consummation of the Merger. Whether the FCC will permit any such temporary waivers cannot be predicted. If the FCC were to deny such requests, the properties involved would have to be divested, subject to further FCC approvals, before the Merger could be consummated.

Although ABC and Capital Cities believe that the requisite FCC approvals can be obtained, there can be no assurance that such approvals will be obtained, or if so, when, or that such approvals may not be conditioned upon additional divestitures or that adverse consequences not envisioned by the parties might not result to ABC or Capital Cities or their respective businesses in the event of adverse action or inaction by the FCC.

Appraisal Rights

Holders of shares of ABC Common Stock who follow the procedures set forth in Section 623 and Section 910 of the New York Business Corporation Law (collectively, the "Appraisal Statute") will be entitled to have their shares of ABC Common Stock appraised by a New York court and to receive payment of the "fair value" of such shares as determined by that court. The shares of ABC Common Stock with respect to which the holder has perfected his demand for appraisal rights in accordance with the Appraisal Statute and has not effectively withdrawn or lost his rights to such appraisal are referred to in this Joint Proxy Statement-Prospectus as the "Dissenting Shares." Capital Cities shareholders will not be entitled to appraisal rights in the Merger.

The following summary of the provisions of the Appraisal Statute is not intended to be a complete statement of such provisions and is qualified in its entirety by reference to the Appraisal Statute, the text of which is attached as Appendix E to this Joint Proxy Statement-Prospectus.

An ABC shareholder electing to exercise appraisal rights (i) must deliver to ABC, prior to the ABC Annual Meeting, or at such meeting but before the vote is taken on the Merger, a written objection to the Merger (the "Notice of Election"), which shall include a notice of his election to dissent, his name and residence address, the number of shares of ABC Common Stock as to which he dissents and a demand for payment of the fair value of his shares (provided that such Notice of Election must be in addition to and separate from any proxy or vote against the Merger) and (ii) must not vote in favor of the Merger. A proxy that is delivered to ABC but left blank will, unless revoked, be voted FOR adoption of the Merger Agreement. Accordingly, in order to be assured that a holder's shares of ABC Common Stock are not voted in favor of adoption of the Merger Agreement, an ABC shareholder electing to exercise appraisal rights who votes by proxy must not leave the proxy blank but must (i) vote AGAINST adoption of the Merger Agreement or (ii) ABSTAIN from voting for or against adoption of the Merger Agreement. Neither a vote against the Merger nor a proxy directing such vote nor an abstention will satisfy the requirement that a Notice of Election be delivered to ABC before the vote upon the Merger Agreement.

An ABC shareholder may not dissent as to less than all of the shares as to which such shareholder has a right to dissent held by such shareholder of record or that he owns beneficially. A nominee or fiduciary may not dissent on behalf of any beneficial owner as to less than all of the shares held of record by such nominee or fiduciary on behalf of such owner and as to which such nominee or fiduciary has a right to dissent. All Notices of Election should be addressed to American Broadcasting Companies, Inc., 1330 Avenue of the Americas, New York, New York 10019, Attention: Secretary.

Within 10 days after the date on which shareholders of ABC approve the Merger, ABC must notify each shareholder of ABC who filed a Notice of Election and who did not vote in favor of adoption of the Merger Agreement that the Merger Agreement has been approved and adopted.

At the Effective Time, each holder of Dissenting Shares will cease to have any of the rights of an ABC shareholder except the right to be paid the fair value of his shares and any of the other rights under the Appraisal Statute. A Notice of Election may be withdrawn by a shareholder of ABC prior to his acceptance in writing of an offer made by ABC to pay for the value of such shareholder's shares (as described below), except that a Notice of Election may not be withdrawn later than 60 days following the Effective Time unless ABC shall fail to make a timely offer to pay for the value of the Dissenting Shares, in which case such dissenter shall have 60 days from the date such offer was made to withdraw his election. In either event, after such time, a Notice of Election may not be withdrawn without the written consent of ABC. In order to be effective, withdrawal of a Notice of Election must be accompanied by a return to ABC of any advance payment made to the ABC shareholder by ABC as described below.

If any ABC shareholder who demands appraisal of his shares of ABC Common Stock under the Appraisal Statute effectively withdraws or loses such right to appraisal, such shares of ABC Common Stock will be converted into the Merger Consideration in accordance with the Merger Agreement.

At the time of filing the Notice of Election, or within one month thereafter, ABC shareholders must submit the certificates representing their shares of ABC Common Stock to ABC, and ABC shall note conspicuously thereon that a Notice of Election has been filed and shall return the certificates to the shareholder. Any shareholder of ABC who fails to submit his or her certificates for such notation shall, at the option of ABC exercised by written notice to such shareholder within 45 days of the date of filing of such Notice of Election, lose his appraisal rights, unless a court, for good cause shown, shall otherwise direct.

Within 15 days after the expiration of the period within which shareholders may file their Notice of Election, or within 15 days after the Merger is consummated, whichever is later (but in no case later than 90 days after the shareholders' vote adopting the Merger Agreement), ABC must make a written offer to pay for the Dissenting Shares at a price which ABC considers to be their fair value. This offer will be accompanied by a statement setting forth the aggregate number of shares of ABC Common Stock with respect to which Notices of Election to dissent have been received and the aggregate number of holders of such shares.

If the Merger has been consummated at the time the offer is made, the offer will be accompanied by (i) advance payment to each dissenting shareholder who has submitted his certificates for notation thereon of the election to dissent of an amount equal to 80% of such offer; or (ii) as to each dissenting shareholder who has not yet submitted his certificates for notation thereon of the election to dissent, a statement that advance payment to him of an amount equal to 80% of the amount of such offer will be made by ABC promptly upon submission of his certificates. If the Merger has not been consummated at the time of the making of such offer, such advance payment or statement as to advance payment will be sent to each shareholder entitled thereto upon consummation of the Merger. Acceptance of such advance payment by a dissenting shareholder will not constitute a waiver of his dissenters' rights. If the Merger is not consummated within 90 days after approval of the Merger Agreement by ABC shareholders, such offer may be conditioned upon the consummation of the Merger. It is not anticipated that the Merger will be consummated during such 90-day period. See "The Merger—Effective Time of the Merger," "—Representations and Warranties; Conditions to the Merger" and "—Regulatory Matters."

If ABC fails to make an offer within the 15-day period described above, or if it makes an offer but ABC and a dissenting shareholder do not agree within 30 days of the making of such offer upon the price to be paid for such holder's shares of ABC Common Stock, ABC must, within 20 days, institute a special proceeding in the appropriate court to determine the rights of dissenting shareholders and to fix the fair value of their shares. However, if ABC does not institute such a proceeding within such 20-day period, any dissenting shareholder may, within 30 days after such 20-day period, institute a proceeding for the same purpose. If such proceeding is not instituted by the dissenting shareholder within such 30-day period, the shareholder's dissenters rights shall be extinguished unless the New York Supreme Court, for good cause shown, shall otherwise direct. All dissenting shareholders, other than those who agreed with ABC as to the price to be paid for their shares, will be made parties to such proceeding.

With respect to dissenting shareholders of ABC who are entitled to payment, the court shall proceed to fix the value of the shares of ABC Common Stock, which shall be the fair value as of the close of business on the day prior to the ABC Meeting. In fixing the fair value of the shares, the court will consider the nature of the Merger and its effects on ABC and its shareholders, the concepts and methods then customary in the relevant securities and financial markets for determining fair value of shares of a corporation engaging in a similar transaction under comparable circumstances and all other relevant factors. The final order by the court shall include an allowance for interest at such rate as the court finds to be equitable, accruing from the Effective Time to the date of payment.

Each party in the appraisal proceeding shall bear its own costs and expenses, including counsel fees. The court may, however, in its discretion, assess any of the costs, fees and expenses incurred by ABC against ABC shareholders who dissent if the court finds that their refusal to accept ABC's offer of payment was arbitrary, vexatious or otherwise not in good faith. Similarly the costs, fees and expenses incurred by an ABC shareholder may be assessed by the court, in its discretion, against ABC if the fair value of the shares as determined by the court materially exceeds the amount which ABC offered to pay or under certain other circumstances, including a failure by ABC to follow certain procedures of Section 623 of the Appraisal Statute.

Within 60 days after the final determination of the proceeding, ABC shall pay to each dissenting shareholder the amount found to be due such shareholder, upon surrender of the certificates representing shares of ABC Common Stock.

Any ABC shareholder who duly demands, prior to the ABC Meeting, an appraisal in compliance with the Appraisal Statute will not, after the Effective Time, be entitled to vote the shares subject to such demand for any purpose or be entitled to the payment of dividends or other distributions on those shares, except dividends or other distributions payable to shareholders of record as of a date prior to the Effective Time.

Failure to follow the steps required by the Appraisal Statute for perfecting appraisal rights may result in the loss of such rights. **In view of the complexity of the provisions of the Appraisal Statute, shareholders of ABC who are considering dissenting from the Merger should consult their own legal advisors.**

MARKET PRICE AND DIVIDEND DATA

ABC Common Stock and Capital Cities Common Stock are each listed and traded on the NYSE. The following table sets forth, for the calendar periods indicated, the high and low sales prices on the NYSE Composite Tape, and dividends paid, per share of ABC Common Stock and Capital Cities Common Stock, respectively, all as reported in published financial sources:

	ABC Common Stock		
	High	Low	Dividends
1983			
First Quarter	$65¼	$48⅜	$.40
Second Quarter	69¾	59¾	.40
Third Quarter	63	53	.40
Fourth Quarter	64¼	52⅛	.40
1984			
First Quarter	61⅜	50¼	.40
Second Quarter	65¼	55¾	.40
Third Quarter	77¼	60¼	.40
Fourth Quarter	68¼	56½	.40
1985			
First Quarter	115	59⅞	.40
Second Quarter (through May 9, 1985)	110⅜	104⅞	—

	Capital Cities Common Stock		
	High	Low	Dividends
1983			
First Quarter	$147	$114¾	$.05
Second Quarter	157½	135	.05
Third Quarter	153¾	135¾	.05
Fourth Quarter	156¼	133	.05
1984			
First Quarter	147¾	123½	.05
Second Quarter	166	136¼	.05
Third Quarter	174½	155	.05
Fourth Quarter	167¾	150¼	.05
1985			
First Quarter	222	152¼	.05
Second Quarter (through May 9, 1985)	223	200½	.05

The reported closing sales prices of ABC Common Stock and Capital Cities Common Stock on the NYSE Composite Tape on March 15, 1985, the last trading day for ABC Common Stock and Capital Cities Common Stock on the NYSE prior to the announcement by ABC and Capital Cities of the execution of the Merger Agreement, were $74.50 and $176.00, respectively, per share. On May 9, 1985, the last NYSE trading day prior to the date of this Joint Proxy Statement-Prospectus, the reported closing sales prices of ABC Common Stock and Capital Cities Common Stock on the NYSE were $109⅛ and $216, respectively, per share. ABC and Capital Cities shareholders are urged to obtain current market quotations. No Warrants are currently outstanding and consequently there is no current market with respect thereto.