MEDIA GENERAL INC
Form 10-Q
May 06, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC. 20549

Form 10-Q

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

For the quarterly period ended March 27, 2011

OR

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

For the transition period from ______ to ______

Commission file number: 1-6383

MEDIA GENERAL, INC.

(Exact name of registrant as specified in its charter)

Commonwealth of Virginia	**54-0850433**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
333 E. Franklin St., Richmond, VA	**23219**
(Address of principal executive offices)	**(Zip Code)**

(804) 649-6000

(Registrant s telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Larger accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	¨

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock as of May 1, 2011.

Class A Common shares:	22,486,117
Class B Common shares:	548,564

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MEDIA GENERAL, INC.

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FORM 10-Q REPORT

March 27, 2011

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MEDIA GENERAL, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(Unaudited)

(000 s except shares)

	March 27, 2011	December 26, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18,641	$ 31,860
Accounts receivable - net	82,981	102,314
Inventories	6,798	7,053
Other	25,060	29,745
Total current assets	133,480	170,972
Other assets	40,482	40,629
Property, plant and equipment - net	392,937	398,939
FCC licenses and other intangibles - net	212,902	214,416
Excess of cost over fair value of net identifiable assets of acquired businesses	355,017	355,017
	$ 1,134,818	$ 1,179,973

See accompanying notes.

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MEDIA GENERAL, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(Unaudited)

(000 s except shares and per share data)

	March 27, 2011	December 26, 2010
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 23,060	$ 30,030
Accrued expenses and other liabilities	74,005	89,784
Total current liabilities	97,065	119,814
Long-term debt	658,728	663,341
Retirement, post-retirement and post-employment plans	170,265	170,670
Deferred income taxes	39,838	34,729
Other liabilities and deferred credits	28,767	27,497
Stockholders equity:		
Preferred stock ($5 cumulative convertible), par value $5 per share, authorized 5,000,000 shares; none outstanding		
Common stock, par value $5 per share:		
Class A, authorized 75,000,000 shares; issued 22,482,877 and 22,493,878 shares	112,414	112,469
Class B, authorized 600,000 shares; issued 548,564 and 548,564 shares	2,743	2,743
Additional paid-in capital	26,975	26,381
Accumulated other comprehensive loss	(125,301)	(126,799)
Retained earnings	123,324	149,128
Total stockholders equity	140,155	163,922
	$ 1,134,818	$ 1,179,973

See accompanying notes.

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MEDIA GENERAL, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(Unaudited)

(000 s except for per share data)

	Three Months Ended	
	March 27, 2011	March 28, 2010
Revenues		
Publishing	$ 73,344	$ 81,298
Broadcasting	65,326	67,085
Digital media and other	10,273	10,481
Total revenues	148,943	158,864
Operating costs:		
Employee compensation	78,219	75,592
Production	35,756	35,533
Selling, general and administrative	26,196	25,329
Depreciation and amortization	13,019	13,701
Total operating costs	153,190	150,155
Operating income (loss)	(4,247)	8,709
Other income (expense):		
Interest expense	(16,564)	(19,823)
Other, net	265	375
Total other expense	(16,299)	(19,448)
Loss before income taxes	(20,546)	(10,739)
Income tax expense	5,258	6,007
Net loss	$ (25,804)	$ (16,746)
Net loss per common share - basic and assuming dilution	$ (1.15)	$ (0.75)

See accompanying notes.

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MEDIA GENERAL, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

(000 s)

	Three Months Ended	
	March 27, 2011	March 28, 2010
Operating activities:		
Net loss	$ (25,804)	$ (16,746)
Adjustments to reconcile net loss:		
Depreciation and amortization	13,019	13,701
Deferred income taxes	6,215	7,506
Intraperiod tax allocation	(957)	(413)
Write-off of previously deferred debt issuance costs		1,772
Change in assets and liabilities:		
Accounts receivable and inventories	19,588	15,842
Accounts payable, accrued expenses, and other liabilities	(16,319)	6,094
Company owned life insurance (cash surrender value less policy loans including repayments)	(789)	(2,799)
Other, net	1,115	(4,103)
Net cash (used) provided by operating activities	(3,932)	20,854
Investing activities:		
Capital expenditures	(4,612)	(2,128)
Other, net	151	486
Net cash used by investing activities	(4,461)	(1,642)
Financing activities:		
Increase in bank debt	20,248	134,156
Repayment of bank debt	(25,108)	(446,524)
Proceeds from issuance of senior notes		293,070
Debt issuance costs		(11,863)
Other, net	34	81
Net cash used by financing activities	(4,826)	(31,080)
Net decrease in cash and cash equivalents	(13,219)	(11,868)
Cash and cash equivalents at beginning of period	31,860	33,232
Cash and cash equivalents at end of period	$ 18,641	$ 21,364
Cash paid for interest	$ 24,867	$ 11,989

See accompanying notes.

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MEDIA GENERAL, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

1. The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting, and with applicable quarterly reporting regulations of the Securities and Exchange Commission. They do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements and, accordingly, should be read in conjunction with the consolidated financial statements and related footnotes included in the Company s Annual Report on Form 10-K for the year ended December 26, 2010.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of interim financial information have been included.

2. Inventories are principally raw materials (primarily newsprint).

3. The Company recorded non-cash income tax expense of $5.3 million in the first quarter of 2011 compared to $6 million in the equivalent quarter of 2010. The Company s tax provision for both periods had an unusual relationship to its pretax loss due primarily to the existence of a full deferred tax asset valuation allowance at the beginning of both periods. This circumstance generally results in a zero net tax provision since the income tax expense or benefit that would otherwise be recognized is offset by the change to the valuation allowance. The tax expense recorded in the first quarter of 2011 reflects the accrual of approximately $6.2 million ($7.5 million for the first quarter of 2010) of valuation allowance in connection with the tax amortization of the Company s indefinite-lived intangible assets that is not available to offset existing deferred tax assets (termed a naked credit), partially offset by $900 thousand of tax benefit related to the intraperiod allocation items in Other Comprehensive Income. The Company expects the naked credit to result in approximately $25 million of non-cash income tax expense for the full-year 2011; other tax adjustments and intraperiod tax allocations that are difficult to forecast may also affect the remainder of 2011. A full discussion of the naked credit issue is contained in Note 2 of Item 8 of the Company s Form 10-K for the year ended December 26, 2010.

4. In the first quarter of 2010, the Company established a new financing structure; the Company simultaneously amended and extended its bank term loan facility and issued senior notes. As a result, the Company immediately expensed previously deferred debt issuance costs of $1.8 million. The senior notes mature in 2017 and have a face value of $300 million, an interest rate of 11.75%, and were issued at a price equal to 97.69% of face value. The proceeds from the senior notes were used to pay down existing bank credit facilities. The bank term loan facility matures in March 2013 and bears an interest rate of LIBOR plus a margin ranging from 3.75% to 4.75% (4.25% at December 26, 2010), determined by the Company s leverage ratio, as defined in the agreement. The new agreements have two main financial covenants: a leverage ratio and a fixed charge coverage ratio which involve debt levels, interest expense as well as other fixed charges, and a rolling four-quarter calculation of EBITDA, all as defined in the agreements. The Company pledged its cash and assets as well as the stock of its subsidiaries as collateral; the Company s subsidiaries also guaranteed the debt of the parent company. Additionally, there are restrictions on the Company s ability to pay dividends (none are allowed in 2011), make capital expenditures above certain levels, repurchase its stock, and engage in certain other transactions such as making investments or entering into capital leases above certain levels. The bank term loan facility contains an annual requirement to use excess cash flow (as defined within the agreement) to repay debt. Other factors, such as the sale of assets, may also result in a mandatory prepayment of a portion of the bank term loan. The Company was in compliance with all covenants and expects that the covenants will continue to be met. The following table includes information about the carrying values and estimated fair values of the Company s financial instruments at March 27, 2011 and December 26, 2010:

	March 27, 2011		December 26, 2010	
(In thousands)	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Assets				
Investments				
Trading	$ 287	$ 287	$ 249	$ 249
Liabilities				
Interest rate swaps	4,435	4,435	6,891	6,891
Long-term debt:				
Bank term loan	364,412	362,278	369,412	365,980

11.75% senior notes	294,177	331,969	293,929	320,608
Revolving credit facility ($65 million available at 3/27/11)				

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Trading securities held by the Supplemental 401(k) plan are carried at fair value and are determined by reference to quoted market prices. The fair value of the bank term loan debt in the chart above was estimated using discounted cash flow analyses and an estimate of the Company s bank borrowing rate (by reference to publicly traded debt rates as of March 27, 2011) for similar types of borrowings. As of March 27, 2011, the fair value of the 11.75% Senior Notes was valued at the most recent trade prior to the end of the quarter which approximates fair value. Under the fair value hierarchy, the Company s trading securities fall under Level 1 (quoted prices in active markets), and its long term debt falls under Level 2 (other observable inputs).

In the third quarter of 2006, the Company entered into several interest rate swaps as part of an overall strategy to manage interest cost and risk associated with variable interest rates, primarily short-term changes in LIBOR. These interest rate swaps are cash flow hedges with original notional amounts totaling $300 million; swaps with notional amounts of $100 million matured in 2009, and the remaining swaps with nominal amounts of $200 million will mature in the third quarter of 2011. Changes in cash flows of the interest rate swaps offset changes in the interest payments on the Company s Facilities. These swaps effectively convert a portion of the Company s variable rate bank debt to fixed rate debt with a weighted average interest rate approximating 9.9% at March 27, 2011.

The interest rate swaps are carried at fair value based on the present value of the estimated cash flows the Company would have received or paid to terminate the swaps; the Company applied a discount rate that is predicated on quoted LIBOR prices and current market spreads for unsecured borrowings. In the first quarter of 2011 and 2010, $2.7 and $2.8 million, respectively, were reclassified from Other Comprehensive Income (OCI) into interest expense on the Consolidated Condensed Statement of Operations as the effective portion of the interest rate swap. The pretax change deferred in OCI for the first quarter of 2011 and 2010 was $2.5 million and $1.1 million, respectively. All amounts paid for these swaps are recorded in the Consolidated Condensed Statement of Operations during the accounting period in the Interest expense line. Based on the estimated current and future fair values of the swaps as of March 27, 2011, the Company estimates that $4.4 million will be reclassified from OCI to interest expense in the next twelve months. Interest rate swaps are recorded on the Consolidated Condensed Balance Sheets in the line item Accrued expenses and other liabilities. Under the fair value hierarchy, the Company s interest rate swaps fall under Level 2 (other observable inputs). The following table includes information about the Company s derivative instruments as of March 27, 2011:

(In thousands)	Fair Value as of March 27, 2011	Fair Value as of December 26, 2010
Fair value of interest rate swaps	$ 4,435	$ 6,891

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5. The Company is a diversified communications company located primarily in the southeastern United States. The Company is comprised of five geographic segments (Virginia/Tennessee, Florida, Mid-South, North Carolina and Ohio/Rhode Island) along with a sixth segment that includes interactive advertising services and certain other operations.

Revenues for the geographic markets include revenues from 18 network-affiliated television stations, three metropolitan newspapers, and 20 community newspapers, all of which have associated websites. Additionally, more than 200 specialty publications that include weekly newspapers and niche publications and the websites that are associated with many of these specialty publications are included in revenues for the geographic markets. Revenues for the sixth segment, Advertising Services & Other, are generated by three interactive advertising services companies and certain other operations including a broadcast equipment and studio design company.

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Management measures segment performance based on profit or loss from operations before interest, income taxes, and acquisition related amortization. Amortization of acquired intangibles is not allocated to individual segments although the intangible assets themselves are included in identifiable assets for each segment. Intercompany sales are primarily accounted for as if the sales were at current market prices and are eliminated in the consolidated financial statements. Certain promotion in the Company s newspapers and television stations on behalf of its online shopping portal are recognized based on incremental cost. The Company s reportable segments are managed separately, largely based on geographic market considerations and a desire to provide services to customers regardless of media platform. In certain instances, operations have been aggregated based on similar economic characteristics. The following table sets forth the Company s current and prior-year financial performance by segment:

(In thousands)	Revenues	Depreciation and Amortization	Operating Profit (Loss)
Three Months Ended March 27, 2011			
Virginia/Tennessee	$ 42,580	$ (3,177)	$ 3,837
Florida	33,945	(1,600)	(3,135)
Mid-South	38,292	(2,957)	5,412
North Carolina	17,629	(1,410)	127
Ohio/Rhode Island	12,357	(773)	2,344
Advertising Services & Other	5,149	(240)	(13)
Eliminations	(1,009)		
			8,572
Unallocated amounts:			
Acquisition intangibles amortization		(1,514)	(1,514)
Corporate expense		(1,348)	(8,272)
	$ 148,943	$ (13,019)	
Corporate interest expense			(16,553)
Other			(2,779)
Loss before income taxes			$ (20,546)
Three Months Ended March 28, 2010			
Virginia/Tennessee	$ 45,851	$ (3,289)	$ 7,609
Florida	38,073	(1,762)	1,245
Mid-South	36,585	(3,010)	4,676
North Carolina	18,809	(1,557)	1,111
Ohio/Rhode Island	13,615	(835)	3,281
Advertising Services & Other	6,336	(231)	1,441
Eliminations	(405)		(2)
			19,361
Unallocated amounts:			
Acquisition intangibles amortization		(1,571)	(1,571)
Corporate expense		(1,446)	(7,956)
	$ 158,864	$ (13,701)	
Corporate interest expense			(19,814)
Other			(759)

Loss before income taxes	$	(10,739)

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6. The Consolidated Condensed Statements of Operations include amortization expense from amortizing intangible assets of $1.5 million for the first quarter of 2011 and $1.6 million for the first quarter of 2010. Currently, intangibles amortization expense is projected to be approximately $6 million in total for 2011, decreasing to $3 million in 2012, and to $2 million from 2013 to 2015.

The Company has recorded pretax cumulative impairment losses related to goodwill approximating $685 million through March 27, 2011, with no impairment losses recorded in the first quarter of 2011. The following table shows the gross carrying amount and accumulated amortization for intangible assets as of March 27, 2011 and December 26, 2010:

	December 26, 2010		Change	March 27, 2011	
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Amortization Expense	Gross Carrying Amount	Accumulated Amortization
Amortizing intangible assets (including network affiliation, advertiser, programming and subscriber relationships):					
Virginia/Tennessee	$ 55,326	$ 43,088	$ 178	$ 55,326	$ 43,266
Florida	1,055	1,055		1,055	1,055
Mid-South	84,048	66,057	1,072	84,048	67,129
North Carolina	11,931	10,316	37	11,931	10,353
Ohio/Rhode Island	9,157	5,222	89	9,157	5,311
Advert. Serv. & Other	6,614	3,847	138	6,614	3,985
Total	$ 168,131	129,585	$ 1,514	$ 168,131	$ 131,099
Indefinite-lived intangible assets:					
Goodwill:					
Virginia/Tennessee	$ 96,725			$ 96,725	
Florida	43,123			43,123	
Mid-South	118,153			118,153	
North Carolina	20,896			20,896	
Ohio/Rhode Island	61,408			61,408	
Advert. Serv. & Other	14,712			14,712	
Total goodwill	355,017			355,017	
FCC licenses					
Virginia/Tennessee	20,000			20,000	
Mid-South	93,694			93,694	
North Carolina	24,000			24,000	
Ohio/Rhode Island	36,004			36,004	
Total FCC licenses	173,698			173,698	
Other	2,172			2,172	
Total	$ 530,887			$ 530,887	

7. The following table sets forth the computation of basic and diluted earnings per share from continuing operations. There were approximately 36,000 shares and 57,000 shares that were not included in the computation of diluted EPS for the quarter ended March 27, 2011 and March 28, 2010, respectively, because to do so would have been anti-dilutive for the period presented.

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(In thousands, except per share amounts)		Quarter Ended March 27, 2011		Quarter Ended March 28, 2010
Numerator for basic and diluted earnings per share:				
Loss available to common stockholders	$	(25,804)	$	(16,746)
Denominator for basic and diluted earnings per share:				
Weighted average shares outstanding		22,400		22,290
Loss per common share (basic and diluted)				
(basic and diluted)	$	(1.15)	$	(0.75)

8. The following table provides the components of net periodic employee benefits expense for the Company s benefit plans for the first quarter of 2011 and 2010:

	Pension Benefits		Other Benefits	
(In thousands)	March 27, 2011	March 28, 2010	March 27, 2011	March 28, 2010
Service cost	$	$	$ 50	$ 50
Interest cost	5,600	5,825	550	600
Expected return on plan assets	(6,175)	(5,950)		
Amortization of prior-service (credit)/cost			450	450
Amortization of net loss/(gain)	950	700	(125)	(200)
Net periodic benefit cost	$ 375	$ 575	$ 925	$ 900

9. The Company s comprehensive loss consisted of the following:

	Quarter Ended	
(In thousands)	March 27, 2011	March 28, 2010
Net loss	$ (25,804)	$ (16,746)
Unrealized gain on derivative contracts (net of deferred taxes)	1,498	647
Comprehensive loss	$ (24,306)	$ (16,099)

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10. The following table shows the Company s Statement of Stockholders Equity as of March 27, 2011:

		Common Stock					
(In thousands, except shares)	*Class A Shares*	Class A	Class B	Paid-in Capital	Comprehensive Income (Loss)	Retained Earnings	Total
Balance at December 26, 2010	*22,493,878*	$ 112,469	$ 2,743	$ 26,381	$ (126,799)	$ 149,128	$ 163,922
Net loss						(25,804)	(25,804)
Unrealized gain on derivative contracts (net of deferred taxes of $958)					1,498		1,498
Comprehensive loss							(24,306)
Exercise of stock options	*11,232*	56		(32)			24
Performance accelerated restricted stock	*(22,374)*	(112)		(6)			(118)
Stock-based compensation				622			622
Other	*141*	1		10			11
Balance at March 27, 2011	*22,482,877*	$ 112,414	$ 2,743	$ 26,975	$ (125,301)	$ 123,324	$ 140,155

11. The Company s subsidiaries guarantee the debt securities of the parent company. The Company s subsidiaries are 100% owned except for the Company s Supplemental 401(k) Plan; all subsidiaries except those in the non-guarantor column (which includes the Supplemental 401(k) Plan) currently guarantee the debt securities. These guarantees are full and unconditional and on a joint and several basis. The following financial information presents condensed consolidating balance sheets, statements of operations, and statements of cash flows for the parent company, the Guarantor Subsidiaries, and the Non-Guarantor Subsidiaries, together with certain eliminations.

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Media General, Inc.

Condensed Consolidating Balance Sheet

As of March 27, 2011

(In thousands, unaudited)

	Media General Corporate	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Media General Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 16,711	$ 1,930	$	$	$ 18,641
Accounts receivable - net		82,981			82,981
Inventories	3	6,795			6,798
Other	3,450	21,610			25,060
Total current assets	20,164	113,316			133,480
Investment in and advances to subsidiaries	284,217	1,985,660		(2,269,877)	
Intercompany note receivable	678,512			(678,512)	
Other assets	24,001	16,194	287		40,482
Property, plant & equipment - net	27,661	365,276			392,937
FCC licenses and other intangibles - net		212,902			212,902
Excess cost over fair value of net identifiable assets of acquired businesses		355,017			355,017
TOTAL ASSETS	$ 1,034,555	$ 3,048,365	$ 287	$ (2,948,389)	$ 1,134,818
LIABILITIES AND STOCKHOLDERS EQUITY					
Current liabilities:					
Accounts payable	$ 7,462	$ 15,604	$	$ (6)	$ 23,060
Accrued expenses and other liabilities	31,935	42,070			74,005
Total current liabilities	39,397	57,674		(6)	97,065
Long-term debt	658,728				658,728
Intercompany loan		678,512		(678,512)	
Retirement, post-retirement and post-employment plans	170,265				170,265
Deferred income taxes		39,838			39,838
Other liabilities and deferred credits	23,662	4,103	1,002		28,767
Stockholders equity					
Common stock	115,157	4,872		(4,872)	115,157
Additional paid-in capital	29,323	2,435,790	(1,896)	(2,436,242)	26,975
Accumulated other comprehensive loss	(125,301)				(125,301)
Retained earnings	123,324	(172,424)	1,181	171,243	123,324
Total stockholders equity	142,503	2,268,238	(715)	(2,269,871)	140,155
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	$ 1,034,555	$ 3,048,365	$ 287	$ (2,948,389)	$ 1,134,818

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Media General, Inc.

Condensed Consolidating Balance Sheet

As of December 26, 2010

(In thousands)

	Media General Corporate	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Media General Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 30,893	$ 967	$	$	$ 31,860
Accounts receivable - net		102,314			102,314
Inventories	2	7,051			7,053
Other	3,112	57,001		(30,368)	29,745
Total current assets	34,007	167,333		(30,368)	170,972
Investment in and advances to subsidiaries	316,619	1,979,076		(2,295,695)	
Intercompany note receivable	673,265			(673,265)	
Other assets	23,266	17,114	249		40,629
Property, plant and equipment - net	27,518	371,421			398,939
FCC licenses and other intangibles - net		214,416			214,416
Excess cost over fair value of net identifiable assets of acquired businesses		355,017			355,017
Total assets	$ 1,074,675	$ 3,104,377	$ 249	$ (2,999,328)	$ 1,179,973
LIABILITIES AND STOCKHOLDERS EQUITY					
Current liabilities:					
Accounts payable	$ 9,289	$ 20,747	$	$ (6)	$ 30,030
Accrued expenses and other liabilities	42,434	77,718		(30,368)	89,784
Total current liabilities	51,723	98,465		(30,374)	119,814
Long-term debt	663,341				663,341
Intercompany loan		673,265		(673,265)	
Retirement, post-retirement and post-employment plans	170,670				170,670
Deferred income taxes		34,729			34,729
Other liabilities and deferred credits	22,594	4,039	864		27,497
Stockholders equity					
Common stock	115,212	4,872		(4,872)	115,212
Additional paid-in capital	28,806	2,435,790	(1,906)	(2,436,309)	26,381
Accumulated other comprehensive loss	(126,799)				(126,799)
Retained earnings	149,128	(146,783)	1,291	145,492	149,128
Total stockholders equity	166,347	2,293,879	(615)	(2,295,689)	163,922
Total liabilities and stockholders equity	$ 1,074,675	$ 3,104,377	$ 249	$ (2,999,328)	$ 1,179,973

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Media General, Inc.

Condensed Consolidating Statements of Operations

Three Months Ended March 27, 2011

(In thousands, unaudited)

	Media General Corporate	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Media General Consolidated
Revenues	$ 9,328	$ 149,892	$	$ (10,277)	$ 148,943
Operating costs:					
Employee compensation	10,172	67,937	110		78,219
Production		36,670		(914)	35,756
Selling, general and administrative	388	35,171		(9,363)	26,196
Depreciation and amortization	620	12,399			13,019
Total operating costs	11,180	152,177	110	(10,277)	153,190
Operating loss	(1,852)	(2,285)	(110)		(4,247)
Other income (expense):					
Interest expense	(16,553)	(11)			(16,564)
Intercompany interest income (expense)	17,154	(17,154)			
Investment income (loss) - consolidated affiliates	(25,751)			25,751	
Other, net	241	24			265
Total other income (expense)	(24,909)	(17,141)		25,751	(16,299)
Income (loss) before income taxes	(26,761)	(19,426)	(110)	25,751	(20,546)
Income tax expense (benefit)	(957)	6,215			5,258
Net income (loss)	(25,804)	(25,641)	(110)	25,751	(25,804)
Other comprehensive income (net of tax)	1,498				1,498
Comprehensive income (loss)	$ (24,306)	$ (25,641)	$ (110)	$ 25,751	$ (24,306)

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Media General, Inc.

Condensed Consolidating Statements of Operations

Three Months Ended March 28, 2010

(In thousands, unaudited)

	Media General Corporate	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Media General Consolidated
Revenues	$ 8,414	$ 183,128	$	$ (32,678)	$ 158,864
Operating costs:					
Employee compensation	8,584	66,981	27		75,592
Production		35,841		(308)	35,533
Selling, general and administrative	(135)	57,832		(32,368)	25,329
Depreciation and amortization	613	13,089		(1)	13,701
Total operating costs	9,062	173,743	27	(32,677)	150,155
Operating income (loss)	(648)	9,385	(27)	(1)	8,709
Other income (expense):					
Interest expense	(19,814)	(9)			(19,823)
Intercompany interest income (expense)	11,104	(11,104)			
Investment income (loss) - consolidated affiliates	(7,876)			7,876	
Other, net	375				375
Total other income (expense)	(16,211)	(11,113)		7,876	(19,448)
Loss before income taxes	(16,859)	(1,728)	(27)	7,875	(10,739)
Income tax expense (benefit)	(113)	6,120			6,007
Net loss	(16,746)	(7,848)	(27)	7,875	(16,746)
Other comprehensive income (net of tax)	647				647
Comprehensive loss	$ (16,099)	$ (7,848)	$ (27)	$ 7,875	$ (16,099)

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Media General, Inc.

Condensed Consolidating Statements of Cash Flows

Three Months Ended March 27, 2011

(In thousands, unaudited)

	Media General Corporate	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Media General Consolidated
Cash flows from operating activities:					
Net cash (used) provided by operating activities	$ (3,383)	$ (539)	$ (10)	$	$ (3,932)
Cash flows from investing activities:					