

MEDIA GENERAL INC
Form 10-Q
July 27, 2006
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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 June 25, 2006

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
(State or other jurisdiction of

incorporation or organization)

333 E. Franklin St., Richmond, VA
(Address of principal executive offices)

54-0850433
(I.R.S. Employer

Identification No.)

23219
(Zip Code)

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(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 No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of June 25, 2006.

Class A Common shares:	23,508,128
Class B Common shares:	555,992

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MEDIA GENERAL, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(000 s except shares)

(Unaudited)

	June 25, 2006	December 25, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,863	\$ 14,977
Accounts receivable - net	114,892	117,638
Inventories	8,871	7,808
Other	31,768	33,649
Assets of discontinued operations	113,588	115,100
Total current assets	284,982	289,172
Investments in unconsolidated affiliates	88,286	83,227
Other assets	63,997	57,377
Property, plant and equipment - net	433,857	420,111
Excess of cost over fair value of net identifiable assets of acquired businesses - net	645,433	645,437
FCC licenses and other intangibles - net	471,704	480,030
	\$ 1,988,259	\$ 1,975,354

See accompanying notes.

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MEDIA GENERAL, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(000 s except shares)

(Unaudited)

	June 25, 2006	December 25, 2005
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 29,084	\$ 26,414
Accrued expenses and other liabilities	78,824	81,719
Income taxes payable	4,822	
Liabilities of discontinued operations	2,462	3,919
Total current liabilities	115,192	112,052
Long-term debt	376,996	389,984
Borrowings of consolidated variable interest entities	95,320	95,320
Deferred income taxes	326,268	308,129
Other liabilities and deferred credits	112,281	154,043
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 23,508,128 and 23,490,696 shares	117,541	117,453
Class B, authorized 600,000 shares; issued 555,992 shares	2,780	2,780
Additional paid-in capital	50,009	44,856
Accumulated other comprehensive loss	(39,573)	(64,618)
Retained earnings	831,445	815,355
Total stockholders' equity	962,202	915,826
	\$ 1,988,259	\$ 1,975,354

See accompanying notes.

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MEDIA GENERAL, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(000 s except for per share data)

(Unaudited)

	Second Quarter Ended		Six Months Ended	
	June 25, 2006	June 26, 2005	June 25, 2006	June 26, 2005
Revenues	\$ 230,058	\$ 222,786	\$ 447,501	\$ 431,579
Operating costs:				
Production	97,403	91,277	193,521	183,759
Selling, general and administrative	82,981	80,430	168,630	159,769
Depreciation and amortization	17,200	15,839	34,207	31,509
Total operating costs	197,584	187,546	396,358	375,037
Operating income	32,474	35,240	51,143	56,542
Other income (expense):				
Interest expense	(8,106)	(7,364)	(15,648)	(14,859)
Investment income - unconsolidated affiliates	4,508	724	4,839	1,438
Gain on sale of Denver		33,273		33,273
Other, net	162	319	465	795
Total other income (expense)	(3,436)	26,952	(10,344)	20,647
Income from continuing operations before income taxes and cumulative effect of change in accounting principle	29,038	62,192	40,799	77,189
Income taxes	10,776	24,422	15,198	29,896
Income from continuing operations before cumulative effect of change in accounting principle	18,262	37,770	25,601	47,293
Income from discontinued operations (net of tax)	1,914	615	1,242	389
Cumulative effect of change in accounting principle (net of tax benefit of \$190,730)				(325,453)
Net income (loss)	\$ 20,176	\$ 38,385	\$ 26,843	\$ (277,771)
Earnings (loss) per common share:				
Income from continuing operations before cumulative effect of change in accounting principle	\$ 0.77	\$ 1.60	\$ 1.09	\$ 2.01
Discontinued operations	0.08	0.03	0.05	0.02
Cumulative effect of change in accounting principle				(13.86)
Net income (loss)	\$ 0.85	\$ 1.63	\$ 1.14	\$ (11.83)
Earnings (loss) per common share assuming dilution:				
Income from continuing operations before cumulative effect of change in accounting principle	\$ 0.77	\$ 1.58	\$ 1.08	\$ 1.98
Discontinued operations	0.08	0.03	0.05	0.02
Cumulative effect of change in accounting principle				(13.65)

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Net income (loss)	\$	0.85	\$	1.61	\$	1.13	\$	(11.65)
Dividends paid per common share	\$	0.22	\$	0.21	\$	0.44	\$	0.42

See accompanying notes.

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MEDIA GENERAL, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

(000 s)

	Six Months Ended	
	June 25, 2006	June 26, 2005
Operating activities:		
Net income (loss)	\$ 26,843	\$ (277,771)
Adjustments to reconcile net income (loss):		
Cumulative effect of change in accounting principle		325,453
Depreciation and amortization	35,743	34,518
Deferred income taxes	3,362	5,862
Investment income - unconsolidated affiliates	(4,839)	(1,438)
Gain on sale of Denver		(19,393)
Change in assets and liabilities:		
Retirement plan contribution	(15,000)	(15,000)
Retirement plan accrual	10,012	7,147
Accounts receivable and inventories	2,429	1,091
Accounts payable, accrued expenses, and other liabilities	9,978	(10,171)
Income taxes payable	4,920	(4,378)
Other	(3,606)	(3,422)
Net cash provided by operating activities	69,842	42,498
Investing activities:		
Capital expenditures	(44,431)	(32,640)
Proceeds from sale of Denver		45,850
Other, net	(701)	896
Net cash (used) provided by investing activities	(45,132)	14,106
Financing activities:		
Increase in debt	173,000	161,500
Payment of debt	(185,988)	(207,488)
Debt issuance costs	(680)	(3,771)
Dividends paid	(10,587)	(10,066)
Other, net	431	3,002
Net cash used by financing activities	(23,824)	(56,823)
Net increase (decrease) in cash and cash equivalents	886	(219)
Cash and cash equivalents at beginning of period		