MEDIA GENERAL INC
Form 10-K
February 27, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 30, 2007

OR

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

For the transition period ______ to ______

Commission File No. 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)**	**54-0850433** **(I.R.S. Employer** **Identification No.)**
333 E. Franklin St., Richmond, VA **(Address of principal executive offices)**	**23219** **(Zip Code)**

(804) 649-6000

Registrant s telephone number, including area code

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

Class A Common Stock **(Title of class)**	**New York Stock Exchange** **(Name of exchange on which registered)**

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

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

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

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

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

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

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

The aggregate market value of voting and non-voting stock held by nonaffiliates of the registrant, based upon the closing price of the Company s Class A Common Stock as reported on the New York Stock Exchange, as of July 1, 2007, was approximately $693,923,000.

The number of shares of Class A Common Stock outstanding on February 3, 2008, was 22,301,600. The number of shares of Class B Common Stock outstanding on February 3, 2008, was 555,992.

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The Company makes available on its Web site, www.mediageneral.com, its annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K as soon as reasonably practicable after being electronically filed with the Securities and Exchange Commission.

Part I, Part II and Part III incorporate information by reference from the Annual Report to Stockholders for the year ended December 30, 2007. Part III also incorporates information by reference from the proxy statement for the Annual Meeting of Stockholders to be held on April 24, 2008.

Index to Media General, Inc.

Annual Report on Form 10-K for the Year Ended December 30, 2007

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Part I

Item 1. Business

General

Media General, Inc., is an independent, publicly owned communications company situated primarily in the Southeast with interests in newspapers, television stations, and interactive media. The Company employs approximately 6,900 people on a full or part-time basis. The Company s businesses are somewhat seasonal; the second and fourth quarters are typically stronger than the first and third quarters.

The Company owns 25 daily newspapers and more than 150 other publications, as well as 23 television stations. The Company also operates more than 75 online enterprises. The Company has placed significant emphasis on convergence. Convergence combines the unique strengths of newspapers, television, and the Internet to enable the Company to better gather and present news and information to its readers, viewers, and users and on behalf of its advertisers. These efforts were initiated in the Tampa market, where *The Tampa Tribune*, WFLA-TV and *TBO.com* share the Company s News Center facility and work side by side to provide the most comprehensive news, information and entertainment in that market. The success of this initial venture led the Company to expand convergence to five additional markets in the Southeast where it operates market-leading newspapers, television stations, and Web sites in contiguous regions.

On December 18, 2007, the Federal Communications Commission (FCC) adopted a revised media ownership rule regulating the common ownership of a newspaper and a television station in the same market. The FCC amended the existing 32-year old absolute ban on newspaper/broadcast cross-ownership by crafting a rule that would presumptively allow a newspaper to own one television station or one radio station in the 20 largest markets, subject to certain limitations. The rule would also consider such combinations in other markets subject to certain public interest showings including the provision of local news by the television station, again subject to certain limitations. These new cross-ownership regulations modify the existing ban that has remained in place as a result of a stay imposed by the United States Court of Appeals for Third Circuit in 2003. In addition, the FCC announced that it would grant permanent waiver to the existing newspaper/broadcast combinations that were grandfathered in conjunction with the 1975 rule and that in certain instances involve one newspaper and one broadcast property in the same market. As a result of these actions, the FCC granted permanent waivers to the Company s convergence partnership in Tampa and its newspaper-television combinations in the following television markets: Columbus, Georgia; Florence Myrtle Beach, South Carolina; Panama City, Florida; and Tri-Cities (Tennessee and Virginia). The Company s newspaper-television partnership in Roanoke/Lynchburg/Danville, Virginia does not require an FCC waiver.

While the Company is gratified that the FCC has provided permanent waivers to the stations operating in five of its convergence markets, the Company will continue to press for cross-ownership relief in all markets, regardless of size.

Industry Segments

The Company operates in three significant industry segments. For financial information related to these segments see pages 39 and 40 of the 2007 Annual Report to Stockholders, which are incorporated herein by reference. These segments are Publishing, Broadcast, and Interactive Media. Additional information related to each of the Company s significant industry segments is included below.

Publishing Business

At December 30, 2007, the Company s wholly owned publishing operations included daily and Sunday newspapers in Virginia, Florida, North Carolina, Alabama, and South Carolina. Combined average paid circulation for these newspapers in 2007 was as follows (in thousands):

Newspaper Location	Daily	Sunday	Weekly
Virginia	334	379	46
Florida	224	292	1
North Carolina	160	172	7
Alabama	48	50	6
South Carolina	31	34	8
Total	797	927	68

The newspaper publishing industry in the United States comprises hundreds of public and private companies ranging from large national and regional companies, publishing multiple newspapers across many states, to small privately held companies publishing one newspaper in one locality. The Company is one of the largest publicly held newspaper publishing companies in the United States based on circulation and publishes more daily newspapers in the Southeast than any other company. Moreover, the Company is third in total circulation in its chosen southeastern area of focus.

All of the Company s newspapers compete for circulation and advertising with other newspapers published nationally and in nearby cities and towns and for advertising with magazines, radio, broadcast and cable television, the Internet and other promotional media. All of the newspapers compete for circulation principally on the basis of content, quality of service and price.

The primary raw material used by the Company in its publishing operations is newsprint, which is purchased at market prices from various Canadian and United States sources, including SP Newsprint Company (SPNC), in which the Company presently owns a one-third equity interest. SPNC has mills in Dublin, Georgia, and Newberg, Oregon, with a combined annual capacity in excess of one million short tons. The publishing operations of the Company consumed approximately 106,000 short tons of newsprint in 2007. Management of the Company believes that sources of supply under existing arrangements, including a commitment to purchase 35,000 short tons from SPNC, will be adequate in 2008.

In January 2008, SPNC announced that it had entered into an agreement with certain affiliates of White Birch Paper Company to be acquired. The acquisition, which is subject to regulatory approval, is expected to close during March or April of 2008. For additional information regarding the sale, see page 37 of the Annual Report to Stockholders.

In June 2005, the Company sold its 20% ownership in The Denver Post Company (Denver), parent company of the Denver Post, to MediaNews Group, Inc. For additional information regarding the sale, see page 37 of the Annual Report to Stockholders.

Broadcast Business

The Broadcast Television Division operates 23 network-affiliated television stations in the United States. The Company has initiated a plan to divest WMBB in Panama City, Florida, KALB/NALB in Alexandria, Louisiana, and WNEG in Toccoa, Georgia. The divestitures are expected to occur in the first half of 2008. For additional information, see pages 35 and 36 of the Annual Report to Stockholders. The following table sets forth certain information on each of the Company s stations:

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Station Location and Affiliation	National Market Rank (a)	Station Rank (a) *	Audience % Share (a) *	Expiration Date of FCC License (b)	Expiration Date of Network Agreement
WFLA-TV NBC (c) Tampa, FL	13	2	8%	02/01/05	01/01/12
WNCN-TV NBC (d) Raleigh-Durham, NC	28	3	5%	12/01/12	01/01/12
WCMH-TV NBC (d) Columbus, OH	32	2	11%	10/01/13	01/01/12
WSPA-TV CBS Greenville, SC Spartanburg, SC	36	1	13%	12/01/04	06/30/15
Satellite: WNEG-TV, Toccoa, GA				04/01/05	06/30/15
WYCW-TV CW Asheville, NC	36	5	2%	12/01/04	09/18/11
WVTM-TV NBC (d)(g) Birmingham, AL	40	4	7%	04/01/13	01/01/12
WCWJ-TV CW Jacksonville, FL	49	5	3%	02/01/13	09/18/11
WJAR-TV NBC (d)(g) Providence, RI	52	1	15%	04/01/07	01/01/12
WKRG-TV CBS Mobile, AL Pensacola, FL	61	1	14%	04/01/13	04/02/15
WTVQ-TV ABC Lexington, KY	64	3	10%	08/01/05	06/30/14
WSLS-TV NBC Roanoke, VA	67	3	10%	10/01/04	01/01/12
WJTV-TV CBS (g) Jackson, MS	90	1	19%	06/01/05	12/31/14
WJHL-TV CBS Johnson City, TN	91	2	16%	08/01/05	12/31/14
WSAV-TV NBC (e)(f) Savannah, GA	97	2	10%	04/01/13	01/01/12
WCBD-TV NBC (h)	100	2	12%	12/01/04	01/01/12

Charleston, SC

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Station Location and Affiliation	National Market Rank (a)	Station Rank (a) *	Audience % Share (a) *	Expiration Date of FCC License (b)	Expiration Date of Network Agreement
WBTW-TV CBS (e)(f) Myrtle Beach/Florence, SC	103	1	22%	12/01/04	06/30/15
WNCT-TV CBS (h) Greenville, NC	105	1	16%	12/01/04	12/31/14
WJBF-TV ABC (g) Augusta, GA	115	2	18%	04/01/13	06/30/14
WRBL-TV CBS Columbus, GA	128	2	12%	04/01/05	03/31/15
WMBB-TV ABC Panama City, FL	154	2	14%	02/01/05	06/30/14
WHLT-TV CBS Hattiesburg, MS	168	2	8%	06/01/05	08/31/15
KALB-TV NBC (i) Alexandria, LA	180	1	21%	06/01/05	01/01/12

(a) Source: November 2007 Nielsen Media Research.

(b) Television broadcast licenses are granted for maximum terms of eight years and are subject to renewal upon application to the FCC; the Company filed applications for renewal of all television station licenses in a timely manner prior to the applicable expiration dates. Refer to Risk Factors for further discussion of the FCC license renewal process.

(c) Station also holds a digital affiliation with NBC Weather Plus Network that expires on 12/31/08.

(d) Station also holds a digital affiliation with NBC Weather Plus Network that expired on 12/31/07.
An extension is currently being negotiated.

(e) Station also holds a digital affiliation with MyNetworkTV that expires on 9/17/11.

(f) Station also holds a digital affiliation with Retro Television Network that expires on 8/31/08.

(g) Station also holds a digital affiliation with Retro Television Network that expires 9/30/09.

(h) Station also holds a digital affiliation with CW PLUS Network that expires on 9/18/11.

(i) Station also holds a digital affiliation with CBS that expires on 12/31/09.

* Sign-On to Sign-Off Households.

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The primary source of revenues for the Company s television stations is the sale of commercial time to national and local advertisers and political candidates. Additionally, the Company s Professional Communications Systems operating unit derives revenue from the sale and integration of broadcast equipment to third parties including other broadcasters, corporate and governmental enterprises, and colleges and universities.

The Company s television stations compete for audience and advertising revenues with other television and radio stations, cable programming channels, and cable television systems as well as magazines, newspapers, the Internet and other promotional media. A number of cable television systems and direct-to-home satellite companies (which operate generally on a subscriber payment basis) are in business in the Company s broadcasting markets and compete for audience by presenting broadcast television, cable network, and other program services. The television stations compete for audience on the basis of program content and quality of reception, and for advertising revenues on the basis of price, share of market and performance.

In the third quarter of 2006, the Company acquired four NBC stations; WNCN in Raleigh, North Carolina, WCMH in Columbus, Ohio, WJAR in Providence, Rhode Island and WVTM in Birmingham, Alabama. In the third and fourth quarters of 2006, the Company sold four CBS stations; KWCH in Wichita, Kansas, and its three satellites, WIAT in Birmingham, Alabama, KIMT in Mason City, Iowa, and WDEF in Chattanooga, Tennessee. For additional information regarding the acquisition and dispositions, see page 36 of the Annual Report to Stockholders.

The television broadcast industry has largely implemented the transition from analog to digital technology in accordance with a mandated conversion timetable established by the Communications Act and the FCC. In February 2006, President Bush signed into law the Digital Television Transition and Public Safety Act setting February 17, 2009, as the deadline for completion of the transition from analog to digital television broadcasting. The law requires the FCC to terminate the licenses for all full-power analog television stations on February 18, 2009. The Company s television stations, with the exception of its satellite stations, have substantially transitioned to digital technology. The Company is in the process of completing the final stages of digital channel assignment in several markets and expects to achieve full compliance by the FCC mandated deadline.

Interactive Media Business

The Interactive Media Division (IMD), which was launched in January 2001, operates in conjunction with the Publishing and Broadcast Divisions to provide online news, information and entertainment to its customers without geographic restrictions. The Division comprises more than 75 interactive enterprises, as well as a minority investment. In July 2005, the Division acquired Blockdot, Inc., a Dallas-based advergaming and game development firm. The Division focuses on the following areas of the interactive business: improving content, driving viewership, and increasing advertising and game production revenue. As the Internet is both a medium and a marketplace, direct online sales are increasing because of expanded viewership and enhanced content. While some of the Division s online enterprises were profitable in 2007, the Division s results were adversely affected by the decline in classified volume experienced by the Publishing Division. In contrast, Blockdot s advergaming business experienced tremendous growth in 2007. The Division expects that it will be moderately profitable in 2008 due in large measure to continued success at Blockdot.

Among the online enterprises included in the Interactive Media Division, each of the Company s daily newspapers and television stations is affiliated with a Web site featuring content complementary to but increasingly more expansive than its published products or its television offerings. Online revenues are derived primarily from advertising, which includes various classified products as well as banner and sponsorship advertisements. The most successful revenue initiatives have involved classified products placed on the Company s Web sites; these products represented approximately forty percent of the Division s revenues in 2007. The majority of these revenues are derived from upsell arrangements under which customers pay an additional fee to have

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their classified advertisement placed online simultaneously with its publication in the newspaper. Revenue generated from Blockdot s advergaming business grew substantially in 2007, accounting for more than twenty percent of the Division s revenues in 2007.

In December 2006, the Company entered into a strategic alliance with Yahoo! Inc., joining a national consortium of over 20 media companies representing more than 500 newspapers to deliver classified advertising to consumers. In 2007, the Company worked with Yahoo! to transition the online career sections of its 25 daily newspapers to a Yahoo!HotJobs-driven platform. Now that the implementation is complete, a large portion of the career-related advertising sold through its daily newspaper Web sites is also posted on Yahoo!HotJobs, which gives the ads increased visibility to career seekers across the country. The Division is also proceeding with the launch of an ad serving platform which will provide Yahoo! users the ability to access local content provided by the Division s daily newspaper Web sites. The Division expects that Yahoo! s search capabilities and advertising reach coupled with the Division s local content will result in increased traffic and advertising revenue for both parties.

The Company s online enterprises compete for advertising, as well as for users discretionary time, against newspapers, magazines, radio, broadcast and cable television, other Web sites and other promotional media. These Web sites compete for users principally on the basis of content relevance and accessibility, and for advertisers primarily on viewer demographics and the innovative means in which advertising is delivered. Blockdot, through its advergaming production, also competes for advertising by providing major consumer product brands a unique method to deliver their message.

Item 1A. Risk Factors

The following paragraphs describe several risk factors which are unique to the Company:

The Company is subject to risks of decreased advertising revenues and potentially adverse effects of emerging technologies.

The Company s revenue is primarily driven by advertiser spending, which is generally lower in the first and third fiscal quarters as consumer activity slows during those periods. Additionally, advertising revenue in the Broadcast Division tends to be higher in even-numbered years, when both political and Olympics coverage occurs. The level of advertising revenue is also dependent on a variety of factors including:

- economic conditions in the Southeast, particularly in the Tampa, Richmond, and Winston-Salem markets;
- competition from other newspapers, television broadcasters, and Internet sites;
- mergers and bankruptcies of large advertisers;
- the financial condition of the Company s large customers.

The Company s two largest industry segments, Publishing and Broadcast, operate in mature businesses. Today s on demand culture has shifted consumers historical newspaper reading and television viewing behaviors, particularly among younger segments of the population. As a result, the Company s revenues are being challenged by new, often-times Internet-based, competitors who have differing business models. Additionally, the shift in consumer behaviors has the potential to modify the terms and conditions of future network affiliation agreements. The Company s future success is dependent upon its ability to evolve and adapt its Publishing and Broadcast operations to this changing business environment, and to ensure the continued growth of its Interactive Media businesses.

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A significant change in the price of newsprint will make operating results more volatile.

Newsprint, the Company s most significant raw material, is a commodity whose price continually responds to supply / demand imbalances. Historically, its price has been quite volatile. Higher newsprint prices have, in the past, provided a net benefit to the Company by virtue of its one-third investment in SPNC. However, as indicated above, with the sale of SPNC in early 2008, the Company will no longer be a net producer of newsprint. Consequently, effective with that sale, lower newsprint prices in the future would benefit the Company s operating results and higher newsprint prices in the future would adversely affect the Company s operating results.

The television broadcasting industry is highly regulated.

The ownership, operation and sale of broadcast television stations, including those licensed to the Company, are subject to the jurisdiction of the FCC, which engages in extensive regulation of the broadcasting industry under authority granted by the Communications Act and the rules and regulations of the FCC. The Communications Act requires broadcasters to serve the public interest. Among other things, the FCC assigns frequency bands; determines stations locations and operating parameters; issues, renews, revokes and modifies station licenses; regulates and limits changes in ownership or control of station licenses; regulates equipment used by stations; regulates station employment practices; regulates certain program content and commercial matters in children s programming; has the authority to impose penalties for violations of its rules or the Communications Act; and imposes annual fees on stations. Reference should be made to the Communications Act, as well as to the FCC s rules, public notices and rulings for further information concerning the nature and extent of federal regulation of broadcast television stations.

Congress and the FCC have under consideration, and in the future may adopt, new laws, regulations and policies regarding a wide variety of matters that could affect, directly or indirectly, the operation, ownership transferability and profitability of the Company s broadcast television stations and affect the ability of the Company to acquire additional stations. In addition to the matters noted above, these include, for example, spectrum use fees, political advertising rates, potential restrictions on the advertising of certain products (such as alcoholic beverages), program content, increased fines for rule violations and ownership rule changes. Other matters that could potentially affect the Company s broadcast properties include technological innovations and developments generally affecting competition in the mass communications industry, such as personal video recorders, satellite radio and television services, wireless cable systems, low-power television stations, and Internet delivered video programming services.

As indicated previously, the FCC adopted a new newspaper/broadcast ownership rule in December 2007. However, uncertainty about media ownership regulations may continue to dampen the acquisition market until the Courts have had an opportunity to review the FCC s recent action and, perhaps, until Congress considers whether it wishes to take any further action in this area.

Additionally, a rejection of license renewals and waivers by the FCC could have a material, adverse effect on the Company s business. Typically, the FCC begins processing renewal applications over the last month of the renewal term. Since the television license renewal cycle commenced in June 2004, however, the FCC has held up almost all television renewal applications filed by affiliates of the major networks pending FCC disposition of a backlog of indecency and other complaints against the networks programming. The Company filed all of its applications for renewal in a timely manner prior to the applicable expiration dates and expects its applications will be approved as the FCC works through its backlog.

While the Company strongly supports the complete elimination of all newspaper/broadcast cross-ownership restrictions, the FCC s recent modification of the cross-ownership rule could contribute generally to

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increased realignments of media entities and the convergence of various types of media. The opportunity for realignments and convergence may benefit the Company but, as other companies also may realign their properties, regulatory changes also could increase competition in the Company s markets and could adversely affect the Company s future operating results.

A declining stock market and lower interest rates could affect the value of the Company s retirement plan assets and increase its retirement obligations. An unexpected rise in health care costs would adversely impact the Company s postretirement obligations.

The Company has a funded, qualified non-contributory defined benefit retirement plan which covers substantially all employees hired before January 1, 2007, and non-contributory unfunded supplemental executive retirement and ERISA excess plans which supplement the coverage available to certain executives. There is also an unfunded plan that provides certain health and life insurance benefits to retired employees who were hired prior to 1992 and a retirement medical savings account established as of January 1, 2007. Two significant elements in determining pension expense are the expected return on plan assets and the discount rate used in projecting benefit obligations. Large declines in the stock market and lower rates of return could increase the Company s expense and cause additional cash contributions to the pension plan. The Company mitigated this risk by freezing the service accrual in the defined benefit retirement plan effective January 1, 2007.

The Company currently anticipates that the annual growth rate in the per capita costs of covered health care benefits will decrease gradually between 2008 and 2014; however should the actual growth rate deviate significantly from this assumption, the Company s postretirement obligations could increase.

The Company may experience lost advertising, damaged property and increased expense due to natural disasters.

Due to the Company s concentration in the Southeast United States, its operations are particularly susceptible to tropical storms and hurricanes. These storms can cause lost advertising revenue and higher expenses if either the Company s broadcasting or newspaper markets are threatened or are directly in the path of the storms. Additionally, the Company s property could experience severe damage in the event of a major storm.

The Company may acquire or divest properties that significantly affect its results of operations and financial position.

All acquisitions involve risk, which may include increases in debt to finance the acquisition, higher costs to integrate the new operations, lower-than-expected operating results, differing levels of internal control effectiveness at the acquired entities, and other unanticipated problems and liabilities. Periodically, acquired intangible assets are tested for possible impairment. The Company may record an impairment charge if the financial statement carrying value of an asset exceeds its estimated fair value which could be adversely affected by changing market conditions. Divestitures also have inherent risks, including possible delays in closing transactions and that the Company may not realize the sales price it expects for the businesses divested.

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Item 1B. Unresolved Staff Comments
None

Item 2. Properties
The headquarters buildings of Media General, Inc., and the *Richmond Times-Dispatch* are owned by the Company and are adjacent to one another in Richmond, Virginia. The Company owns a third adjacent building which houses the Interactive Media Division s and Broadcast Division s management. The Richmond newspaper is printed at a production and distribution facility in Hanover County, Virginia, near Richmond. The Company owns eight other daily newspapers in Virginia, all of which are printed in or around their respective cities at production and distribution facilities. The Tampa, Florida, newspaper is located in a single unit production plant and office building. The headquarters of the Company s Brooksville and Sebring, Florida, daily newspapers are located on leased property in their respective cities. The Winston-Salem newspaper is headquartered in one facility in downtown Winston-Salem; its newspaper is printed at a nearby production and distribution facility. The remaining twelve daily newspapers (seven in North Carolina, three in Alabama, and one each in South Carolina and Florida) are printed at production and distribution facilities located in or around their respective cities. The Company owns substantially all of its newspaper production equipment, production buildings and the land where these production facilities reside.

The Company s broadcast television station, WFLA-TV in Tampa, Florida, owns its headquarters and studio building; this building adjoins *The Tampa Tribune*. This structure also serves as a multimedia news center where efforts are combined and information is shared among *The Tampa Tribune*, WFLA-TV and *TBO.com*.

The Company s 23 television stations are located in 12 states (ten southeastern) as follows: four in Georgia; three each in Florida, North Carolina, and South Carolina; two each in Alabama and Mississippi; and one each in Kentucky, Louisiana, Ohio, Rhode Island, Tennessee, and Virginia. Substantially all of the television stations are located on land owned by the Company. Eleven stations own their tower and the land, six stations own their tower but lease the land, four stations participate in 50/50 partnerships that own both the tower and the land or own the tower but lease the land, and two stations lease space on towers.

The Interactive Media Division primarily operates out of and in conjunction with the Publishing and Broadcast properties but does lease space in Dallas, Texas for its advergaming operations.

The Company considers all of its properties, together with the related machinery and equipment contained therein, to be well maintained, in good operating condition, and adequate for its present needs. The Company continually evaluates future needs and from time-to-time will undertake significant projects to replace or upgrade facilities. New facilities in Bristol, Virginia and Opelika, Alabama were put in service in 2006. Projects in Lynchburg, Virginia and Myrtle Beach, South Carolina are expected to be completed in 2008.

Item 3. Legal Proceedings
None

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Item 4. Submission of Matters to a Vote of Security Holders

None

Executive Officers of the Registrant

Name	Age	Position and Office	Year First Took Office*
J. Stewart Bryan III	69	Chairman	1985
Marshall N. Morton	62	President and Chief Executive Officer	1989
O. Reid Ashe, Jr.	59	Executive Vice President and Chief Operating Officer	2001
H. Graham Woodlief, Jr.	63	Vice President, President of Publishing Division	1989
James A. Zimmerman	61	Vice President, President of Broadcast Division	2001
C. Kirk Read	38	Vice President, President of Interactive Media Division	2007
Stephen Y. Dickinson	62	Controller and Chief Accounting Officer	1989
George L. Mahoney	55	Vice President, General Counsel and Secretary	1993
Lou Anne J. Nabhan	53	Vice President, Corporate Communications	2001
John A. Schauss	52	Vice President - Finance and Chief Financial Officer	2001
James F. Woodward	48	Vice President, Human Resources	2005

* The year indicated is the year in which the officer first assumed an office with the Company.

Officers of the Company are elected at the Annual Meeting of the Board of Directors to serve, unless sooner removed, until the next Annual Meeting of the Board of Directors and/or until their successors are duly elected and qualified.

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PART II

Item 5. Market for Registrant s Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities

Reference is made to page 49 of the 2007 Annual Report to Stockholders, which is incorporated herein by reference, for information required by this item.

Item 6. Selected Financial Data

Reference is made to page 50 of the 2007 Annual Report to Stockholders, which is incorporated herein by reference, for information required by this item.

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

Reference is made to pages 19 through 25 of the 2007 Annual Report to Stockholders, which are incorporated herein by reference, for information required by this item.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to pages 23, 34, and 38 of the 2007 Annual Report to Stockholders, which are incorporated herein by reference, for information required by this item.

Item 8. Financial Statements and Supplementary Data

Consolidated financial statements of the Company as of December 30, 2007, and December 31, 2006, and for each of the three fiscal years in the period ended December 30, 2007, and the independent registered public accounting firm s report thereon, as well as the Company s unaudited quarterly financial data for the fiscal years ended December 30, 2007, and December 31, 2006, are incorporated herein by reference from the 2007 Annual Report to Stockholders pages 28 through 49.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

The Company s management, including the chief executive officer and chief financial officer, performed an evaluation of the effectiveness of the design and operation of the Company s disclosure controls and procedures. Based on that evaluation, the Company s management, including the chief executive officer and chief financial officer, concluded that the Company s disclosure controls and procedures were effective as of the end of the period covered by this report.

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The Company s attestation report on internal control over financial reporting as of December 30, 2007, and the independent registered public accounting firm s report on internal control over financial reporting as of December 30, 2007, are incorporated herein by reference from the 2007 Annual Report to Stockholders pages 26 and 27.

During the second quarter of 2007, the Company completed the installation and integration of an advertising and billing system at its third largest Publishing operation and several smaller newspapers which will upgrade information system capabilities, improve business processes and expand customer service opportunities. In addition to these objectives, the new system will result in enhanced internal controls. This new system has already been successfully installed at the Company s two largest Publishing operations and will be rolled out to the Company s remaining newspapers and certain online operations through the third quarter of 2009.

Item 9B. Other Information

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Incorporated herein by reference from the Company s definitive proxy statement for the Annual Meeting of Stockholders on April 24, 2008, with respect to directors, executive officers, Code of Business Conduct and Ethics, audit committee, and audit committee financial experts of the Company and Section 16(a) beneficial ownership reporting compliance, except as to certain information regarding executive officers included in Part I.

Item 11. Executive Compensation

Incorporated herein by reference from the Company s definitive proxy statement for the Annual Meeting of Stockholders on April 24, 2008.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Incorporated herein by reference from the Company s definitive proxy statement for the Annual Meeting of Stockholders on April 24, 2008.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Incorporated herein by reference from the Company s definitive proxy statement for the Annual Meeting of Stockholders on April 24, 2008.

Item 14. Principal Accountant Fees and Services

Incorporated herein by reference from the Company s definitive proxy statement for the Annual Meeting of Stockholders on April 24, 2008.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. and 2. Financial Statement Schedules

The financial statements and schedules listed in the accompanying index to financial statements and financial schedules are filed as part of this annual report.