

MEDIA GENERAL INC  
Form 8-K  
June 29, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) June 25, 2012

MEDIA GENERAL, INC.  
(Exact name of registrant as specified in its charter)

Commonwealth of Virginia  
(State or other jurisdiction  
of incorporation)

1-6383  
(Commission  
File Number)

54-0850433  
(I.R.S. Employer  
Identification No.)

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

23219  
(Zip Code)

Registrant's telephone number, including (804) 649-6000  
area code

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01 Completion of Acquisition or Disposition of Assets

On June 25, 2012, Media General, Inc. (the Company) completed the previously announced sale of all of its newspapers, with the exception of its group of newspapers in and around Tampa, Florida, to World Media Enterprises Inc. (World Media, a subsidiary of Berkshire Hathaway, Inc.) for \$142 million in cash subject to adjustment for working capital and other items. The Company retained the previously frozen pension assets and liabilities and post-retirement obligations related to employees of the businesses that were sold. The newspapers purchased by World Media include 63 daily and weekly titles in Virginia, North Carolina, South Carolina and Alabama.

The foregoing description of the disposition does not purport to be complete and is qualified in its entirety by reference to the full text of the Asset Purchase Agreement, as amended. The Asset Purchase Agreement was filed as Exhibit 10.1 to the Current Report on Form 8-K filed on May 18, 2012 and is incorporated by reference herein. Amendment No. 1 to Asset Purchase Agreement is filed as Exhibit 10.1 to this Current Report on Form 8-K, and is incorporated by reference herein.

The Company expects to record an after-tax loss on the sale of newspapers to World Media in the range of \$105-115 million in the second quarter of 2012. After transaction fees and the repayment of funds drawn on the revolving credit facility, the Company intends to use the net proceeds from the newspaper sale to offer to repay on a pro rata basis the existing senior secured notes and its term loan at par with no prepayment penalty.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Information

The following unaudited pro forma condensed consolidated financial statements and notes thereto are included below: unaudited pro forma balance sheet as of March 25, 2012 and unaudited pro forma statements of operations for the three months ended March 25, 2012 and March 27, 2011 and for the fiscal years ended December 25, 2011, December 26, 2010 and December 27, 2009.

The unaudited pro forma condensed consolidated balance sheet as of March 25, 2012 is based on the Company's balance sheet as of March 25, 2012, after giving effect the sale transaction as if it had occurred as of March 25, 2012. The unaudited pro forma condensed consolidated statements of operations for the three months ended March 25, 2012 and March 27, 2011, and for the fiscal years ended December 25, 2011, December 26, 2010 and December 27, 2009, give effect to the transaction as if it occurred on December 29, 2008. In the second quarter, the Company's Production Services business ceased operations, and the Company sold the assets of DealTaker.com to a private buyer for a nominal amount. The Company is also in discussions with prospective buyers for its Tampa print properties and associated websites, a sale of these properties is considered probable. These businesses are collectively shown as "other properties to be divested" for each period presented and will be reflected as discontinued operations in the second quarter Form 10-Q.

In order to derive the pro forma financial information, the historical results of the Company have been adjusted to eliminate the assets, liabilities, and results of operations of the newspapers sold to World Media, as well as the Tampa print properties and related websites, DealTaker.com, and the Company's Productions Services business, all which have historically been consolidated by the Company. Pro forma adjustments are described in the notes to the unaudited condensed consolidated pro forma consolidated financial statements.



The unaudited pro forma financial statements have been provided for information purposes only and do not purport to be indicative of what would have occurred had the disposition actually been made as of such dates, nor are they indicative of results which may occur in the future. For example, the unaudited pro forma financial statements do not reflect the Company's intentions to reduce its corporate overhead by 35%-40%. It also does not reflect its new capital structure following a refinancing of bank debt in May 2012. The unaudited pro forma financial statements should be read in conjunction with the historical financial statements of the Company included in its Annual Report on Form 10-K for the year ended December 25, 2011 and its Quarterly Report on Form 10-Q for the quarter ended March 25, 2012.

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Media General, Inc.  
 Pro Forma Condensed Consolidated Balance  
 Sheet  
 (Unaudited, in  
 thousands)

As of March 25, 2012

	Historical	Adjustments for Properties Sold to World Media (1a)	Adjustments for Other Properties to be Divested (1f)	Pro Forma
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 12,177	\$ (19 )	\$ (6 )	\$ 12,152
Accounts receivable - net	83,263	(19,016 )	(8,072 )	56,175
Inventories	6,105	(4,562 )	(1,543 )	-
Other	18,953	(2,376 )	(1,917 )	14,660
Assets of discontinued operations	-	-	24,375 (1g)	24,375
<b>Total current assets</b>	<b>120,498</b>	<b>(25,973 )</b>	<b>12,837</b>	<b>107,362</b>
Other assets	38,536	(3,623 )	(821 )	34,092
Property, plant and equipment - net	364,724	(173,918 )	(26,726 )	164,080
FCC licenses and other intangibles - net	203,760	(2,019 )	(50 )	201,691
Excess of cost over fair value of net identifiable assets of acquired businesses - net	315,590	(66,023 )	(2,460 )	247,107
<b>Total assets</b>	<b>\$ 1,043,108</b>	<b>\$ (271,556 )</b>	<b>\$ (17,220 )</b>	<b>\$ 754,332</b>
<b>Current liabilities:</b>				
Accounts payable	\$ 24,603	\$ (6,571 )	\$ (3,593 )	\$ 14,439
Accrued expenses and other liabilities	68,228	(16,066 ) (1b)	(6,719 )	45,443
Liabilities of discontinued operations	-	-	10,884	10,884
<b>Total current liabilities</b>	<b>92,831</b>	<b>(22,637 )</b>	<b>572</b>	<b>70,766</b>
Long-term debt	658,444	(134,738 ) (1c)	-	523,706
Retirement, post-retirement and	221,121	-	-	221,121

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post-employment plans						
Deferred income taxes	46,334	(1,121 )	(1d)	3,116	(1h)	48,329
Other liabilities and deferred credits	24,361	(60 )		(572 )		23,729
Stockholders' equity (deficit)	17	(113,000 )	(1e)	(20,336 )	(1i)	(133,319 )
Total liabilities and stockholders' equity (deficit)	\$ 1,043,108	\$ (271,556 )		\$ (17,220 )		\$ 754,332

See notes to the pro forma condensed consolidated financial statements.

Media General, Inc.

Pro Forma Condensed Consolidated Statements of Operations

(Unaudited, in thousands except per share amounts)

For the Three Months Ended March 25, 2012

	Historical	Adjustments for Properties Sold to World Media (2a)	Adjustments for Other Properties to be Divested (2b)	Pro Forma
<b>Revenues</b>				
Broadcast television	\$ 73,442	\$ -	\$ (1,290 )	\$ 72,152
Digital media and other	8,808	(4,123 )	(1,718 )	2,967