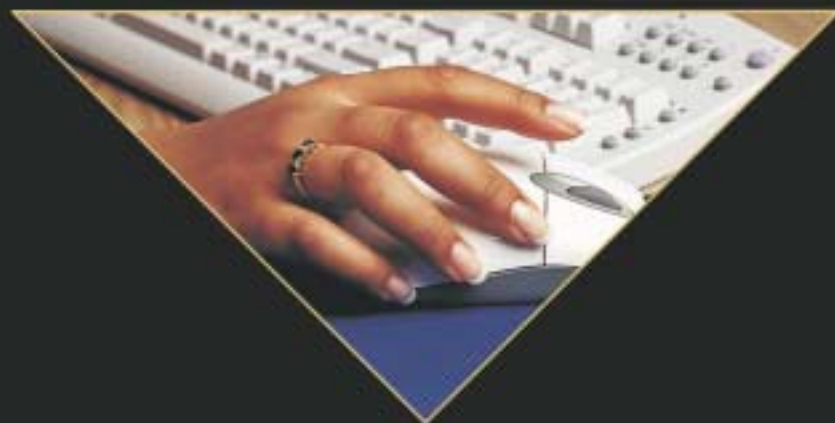


Media General

INTERACTIVE MEDIA



2000
ANNUAL REPORT



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion addresses the principal factors affecting the Company's operations during the past three years and should be read in conjunction with the financial statements and the Ten-Year Financial Summary found in this report.

OVERVIEW

Over the past several years, the Company has transformed itself into a leading provider of high-quality news, information and entertainment services in the Southeast through a series of strategically targeted acquisitions and dispositions. By concentrating its newspapers, television stations and online enterprises in the Southeast, the Company has positioned itself to take advantage of this region's economic growth while leveraging the power of multimedia. The Company continues to strengthen its regional presence through growth and expansion of its existing businesses in their current markets, as well as by entering into beneficial strategic alliances.

In January 2001 the Company launched its Interactive Media Division which, as a new segment, will operate in conjunction with the Publishing and Broadcast Divisions to foster the Company's strategy of convergence by: delivering information and entertainment through the Company's existing Web sites, capitalizing on new online growth opportunities, and providing expanded choices for its advertisers, readers, viewers and users. The Internet represents a dynamic marketplace which will provide the Company with the medium to facilitate convergence by combining the strengths of all three of its divisions.

The Company has engaged in a series of acquisitions, exchanges, investments and dispositions which have significantly increased its penetration of southeastern households through the Company's chosen media of newspapers, television stations and, most recently, interactive media. This transition began in October 1995 with the purchase of four daily newspapers and several weekly publications in Virginia from Worrell Enterprises, Inc. The expansion continued with the purchase of Park Communications, Inc., in January 1997, which was followed by the subsequent sale of several non-southeastern properties acquired in that transaction. In September of 1997, the Company made an initial investment in Hoover's, Inc., a leading provider of online financial information. Further expanding its reach and tightening its focus over the past three years, the Company's growing southeastern presence has been punctuated by the following events:

- January 1998, purchase of the Bristol Herald Courier (Bristol, VA).
- June 1998, sale of the Company's Kentucky newspaper properties.
- July 1998, purchase of the Hickory Daily Record (Hickory, NC).
- May 1999, sale of WHOA-TV (Montgomery, AL).
- June 1999, sale of 20% of the common stock of Denver Newspapers, Inc. (Denver), resulting in a \$19 million after-tax gain.
- August 1999, initial investment in AdOne, L.L.P., the leading online database of classified advertising.
- October 1999, disposition of its Cable operations, resulting in a \$799 million after-tax gain; in June 2000, an additional \$8.3 million after-tax gain was recognized due to certain post-closing adjustments related to the sale.
- March 2000, opening of a new fully digital, state-of-the-art multimedia center (the News Center) in Tampa bringing together WFLA-TV, The Tampa Tribune, and *TBO.com*.
- March 2000, purchase of Spartan Communications, Inc. (Spartan), which doubled the number of the Company's television stations from 13 to 26.
- April 2000, initial investment in iBlast, a company that will use a portion of the new digital broadcasting spectrum to send information directly to business and consumer PC devices.
- July 2000, initial investment in iPipe, a provider and distributor of top-rated content and advertising services for Web sites.
- July 2000, initial investment in KOZ.com, a company that creates commercial Web sites and provides the support systems that make them successful.

- July 2000, sale of a small daily newspaper in southeastern Virginia and a triweekly in northeastern North Carolina.
- August 2000, purchase of five daily and two weekly newspapers from Thomson Newspapers (Thomson) in South Carolina and Alabama.
- August 2000, disposition of Garden State Paper, resulting in a \$13.8 million after-tax loss.

The aforementioned transactions culminated in the Company's ownership of 25 daily newspapers and nearly 100 other publications, as well as 26 (21 southeastern) television stations. Additionally, the Company continues to cultivate and expand relationships with several innovative dot-com companies, having invested approximately \$18 million over the past three years.

In December 1999 the Company initiated a program to repurchase up to \$250 million of its Class A common stock. Through December 2000, approximately 4.1 million shares had been repurchased at a cost of \$204 million.

The Company's decision to sell Garden State Paper (GSP) was influenced by the trend toward consolidation within the newsprint industry combined with the significant capital expenditures which would have been necessary at GSP to remain competitive in this industry. The Company recorded a loss of \$13.8 million (net of income tax benefit of \$6.2 million), which is subject to resolution with the buyer of certain post-closing income tax matters and other items. The transaction also included a seven-year, financial fixed-price newsprint swap agreement which the Company does not intend to retain. Concurrent with the sale, the Company retired \$20 million of 7.125% municipal revenue bonds.

The Company's decision to sell its Cable operations in 1999 was propelled by the fast-moving trend toward consolidation within this specialized industry. The significant size gained by operators of multiple systems provides them with competitive advantages unavailable to single-system operators. The Company recorded a gain of \$799 million (net of income taxes of \$510 million) in 1999; in the second quarter of 2000, certain final post-closing adjustments related to this sale resulted in an additional gain of \$8.3 million (net of income taxes of \$3.6 million).

The sales of GSP and the Cable operations allow the Company to focus its resources fully on those media segments, namely newspapers and television stations, where it has achieved critical mass in the Southeast, as well as on the Internet, where geographical distinctions are not as critical. The purchases of Spartan and certain Thomson newspapers, with their concentrations of television stations and newspapers in the Southeast, were natural progressions in the Company's southeastern evolution. The Company continues to evaluate opportunities to further its strategy in this thriving region.

RESULTS OF OPERATIONS

Net Income

Results for both 2000 and 1999 were heavily influenced by several significant and non-recurring events, including the sales of Garden State Paper in 2000, the Cable operations in 1999, and 20% of the common stock of Denver in 1999. Additionally, 2000 included a fifty-third week of results as compared to fifty-two weeks in 1999 and 1998. Concurrent with the gain on sale of the Company's Cable operations was an extraordinary charge representing costs associated with the early redemption of debt. The accompanying chart facilitates a better understanding of the Company's year-over-year comparative performance excluding these unusual items on an after-tax basis. Inclusive of these unique items, net income for 2000 was \$53.7 million (\$2.22 per share assuming dilution).

Excluding these unique items, net income rose 6% in 2000 over the prior year. This rise was principally due to a 77% increase in Broadcast operating profits, primarily attributable to the solid results (in large part due to Political advertising) posted by the newly acquired Spartan properties. Publishing Segment results were flat despite the acquisition of the Thomson properties. Strong Broadcast results more than offset a

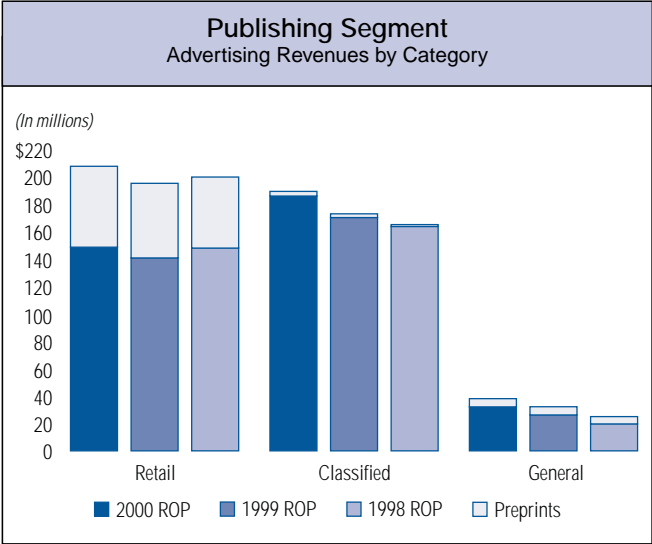
<i>(In millions)</i>	2000	1999
Net income	\$ 53.7	\$ 881.3
Adjusted for:		
Gain on sale of Cable operations	-	(798.7)
Extraordinary item (debt redemption)	-	1.3
Gain on sale of Denver	-	(18.9)
(Income) loss from discontinued operations	4.3	(5.1)
Loss on sale of Garden State Paper	13.8	
Gain on Cable sale — adjustment	(8.3)	—
Net income as adjusted	\$ 63.5	\$ 59.9

55% rise in acquisition-related intangibles amortization expense, as well as a 19% increase in Corporate expense due to the expanded resources necessary to support the Company's broadened operations, as well as to an additional week of expenses in the current year. The significant growth of the Company over the past several years, combined with the need for more timely dissemination and retrieval of information have, in particular, necessitated these infrastructure investments. Earnings per share assuming dilution, excluding the items in the previous chart, increased 18% to \$2.63 per share from \$2.23 per share. This seemingly disproportionate percentage increase in EPS as compared to net income is primarily accounted for by the Company's stock repurchase program, which lowered average shares outstanding by 2.7 million shares, just over 10%.

Comparative results for 1999 were also meaningfully influenced by the unusual items highlighted in the previous chart; net income was \$881.3 million (\$33.25 per share, or \$32.78 per share — assuming dilution). Excluding these one-time items, net income rose 25% on the strength of a solid year-over-year performance within the Publishing Segment (up 11%), a 26% decline in interest expense due to decreased debt, and \$9.4 million of interest income attributable to the investment of proceeds derived from the Cable sale. Together, these more than offset an 11% decrease in Broadcast Segment profits and a 50% decline in the Company's share of income from its investment in SP Newsprint Company (SPNC) as the average realized newsprint selling price declined \$71 per ton. Earnings per share assuming dilution, excluding the previously discussed items, increased 25% from \$1.78 per share to \$2.23 per share, paralleling the rise in net income.

Publishing

Operating income for the Publishing Segment remained relatively flat in 2000, decreasing less than \$1 million from 1999. Excluding the recently acquired Thomson properties, which contributed \$5.7 million of operating income in 2000, revenues increased \$26.1 million but were more than offset by a \$32.6 million rise in operating expenses. The accompanying chart illustrates improved revenues in all advertising categories over a three-year period, with the exception of lackluster retail advertising revenues in 1999 (due to reduced grocery and department store advertising).



Classified revenues showed the largest increase on the strength of automotive advertising; General advertising was up due to strong telecommunications advertising in 2000 and robust automotive advertising in 1999. In recent years, Preprints (advertiser supplements inserted into a newspaper) have taken on a role of greater importance in newspaper advertising; to help illustrate this distinction, Preprint revenues have been differentiated from ROP (Run-of-Press) revenues in the accompanying chart.

Excluding the Thomson properties, Publishing Segment operating expenses rose significantly due to a combination of factors. Employee compensation and benefit expense increased \$12.6 million in 2000 as a result of salary increases combined with staffing new positions principally for online operations.

Newsprint expense rose \$5.4 million due to increased consumption, coupled with higher average cost per ton. Finally, other operating costs were up due to higher circulation, marketing and promotion, and occupancy costs. The Tampa Tribune incurred additional expense and rental costs related to moving its newsroom to the News Center, which also houses WFLA-TV and the Company's area online presence, *TBO.com*.

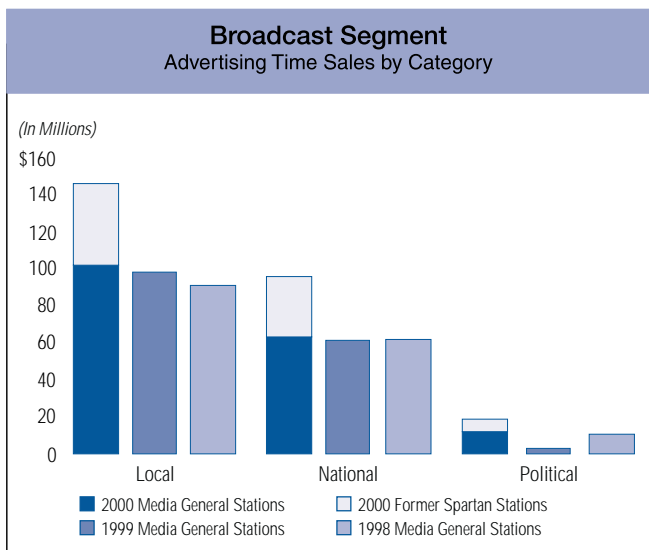
Operating income for the Publishing Segment increased \$14.6 million (11%) in 1999 over the comparable 1998 amount; \$3.5 million of this increase was contributed by properties acquired or disposed of in those years. Excluding acquisitions and dispositions, this robust performance was driven by an \$11.8 million rise in revenues combined with a \$3.2 million decrease in operating expenses. This year-over-year revenue gain was the result of a strong performance in classified and general advertising (both led by the automotive category), which more than offset soft retail advertising revenues (down in the grocery and department store categories) as illustrated in the chart. Newsprint expense decreased 14% in 1999 from the prior year as a re-

sult of lower cost per ton, but was partially offset by a 2% increase in employee compensation and benefits expense due to enhanced employee benefit offerings.

In June 1999 the Company completed the sale of 20% of the outstanding common stock of Denver Newspapers, Inc.; the Company retained a 20% ownership in the common stock of Denver. Investment income earned from that affiliate fell from a \$3.2 million profit in 1998 to a \$.4 million loss in 1999 and slid further to a \$.9 million loss in 2000. These comparisons reflect the Company's 40% ownership in 1998, versus its 20% ownership beginning June 30, 1999. This pattern of reduced income was primarily attributable to increased circulation and newsprint expenses, which were only partially mitigated by a rise in advertising revenues; increased expenses resulted from higher average newsprint cost combined with elevated circulation expense in the intensely competitive Colorado market. Effective in January 2001, The Denver Post and the Denver Rocky Mountain News entered into a joint-operating agreement under which the competing newspapers combined their advertising, circulation and production operations, while maintaining separate newsrooms. This arrangement should be beneficial to both newspapers and return The Denver Post to profitability in 2001.

Broadcast

Broadcast operating income rose \$28.6 million in 2000; \$25 million of this increase was due to the addition in the second quarter of the Spartan properties. Excluding Spartan, revenues rose a solid \$13.9 million, while operating expenses increased \$10.3 million. The accompanying chart illustrates improved time sales in all advertising categories, with the exception of



Political advertising during 1999's off-election year. In 2000, Political advertising posted a very strong year-over-year revenue increase as a result of the hotly contested presidential and congressional elections; National revenues rose on the strength of the automotive advertising category; and Local advertising improved due to vigor in the telecommunications and services categories. Excluding Spartan, the small to mid-size stations posted nearly 50% of this total advertising revenue increase in 2000, while the Company's largest station, WFLA in Tampa, was responsible for the remainder.

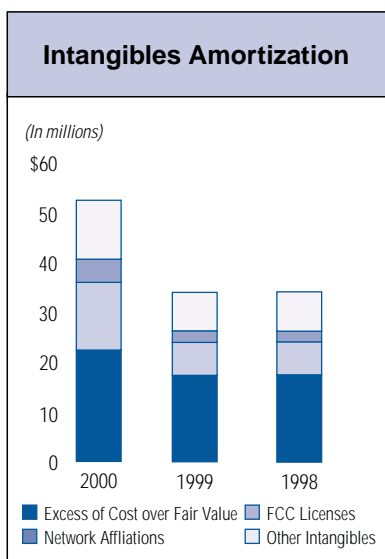
Excluding Spartan, employee compensation and benefit expense rose 6.5% due to normal salary and benefit cost adjustments, while programming costs increased 4.5% as a result of enhanced programming. The Company's Tampa station was responsible for a large portion of these increased operating expenses for the reasons

mentioned above as well as higher occupancy costs as WFLA moved into the News Center early in 2000. The Segment has begun to reap the benefits of the investment made in previous years in its small to mid-market stations to invigorate their performance. In 2000, these stations combined to produce, collectively, an 18% year-over-year increase in operating profits.

Broadcast operating income decreased \$4.7 million in 1999, down 11% from 1998. This decline was driven by a \$1.9 million drop in revenues combined with a \$2.8 million increase in operating expenses. Throughout the industry, advertising spending was severely affected in 1999 by the lack of political activity and the absence of advertising associated with an Olympic year. The Company's largest station, WFLA in Tampa, bore the brunt of the impact from this lack of political spending, while simultaneously suffering from a generally weak national advertising market. WFLA's 23% decline in operating profits in 1999 more than accounted for the entire Segment's shortfall from the prior year's level. An overall increase in operating expense at the Company's remaining stations was more than offset by a corresponding rise in revenues produced by these stations. Higher 1999 expense levels ensued as a result of improved programming and higher employee compensation and benefits expense, as the Company continued to invest in its smaller stations in an effort to improve their audience shares. Excluding WFLA, the Company's remaining stations posted a combined 1% increase in operating profits despite the challenges posed by the combination of 1999 being an off-election and non-Olympic year.

Newsprint Expense

The sale of Garden State Paper considerably reduced the Company's overall exposure to fluctuations in newsprint prices. Additionally, in conjunction with the sale of GSP, the Company entered into a financial newsprint swap agreement that it does not intend to retain (see Note 4 to the accompanying consolidated financial statements). Under the agreement, the Company receives a floating price per metric ton (\$605 per metric ton at December 31, 2000) and pays a fixed price of \$596 per metric ton. Currently, a \$50 increase or decrease in average newsprint price over the term of the contract on the overhedged portion would result in income or expense, respectively, to the Company of approximately \$3.5 million; it would have a significant effect on the fair value of the hedged portion of the swap contract recorded on the Balance Sheet as well. The Company also benefits from rising newsprint prices due to its one-third ownership of SPNC. The current trend in the newsprint industry is toward increasing newsprint prices as evidenced by the March 1, 2001 announced price increase of \$50 per metric ton by all major newsprint suppliers.



Intangibles Amortization Expense

Intangibles amortization expense increased \$18.5 million in 2000 from the prior-year equivalent period as a result of the purchases of Spartan and Thomson. The accompanying chart illustrates the components which comprise intangibles amortization expense, as well as where the year-over-year fluctuations occurred.

Interest Income and Expense

Interest expense in 2000 and 1999 decreased \$2.5 million and \$16 million, respectively, from the prior-year equivalent periods due primarily to a \$56 million and a \$240 million reduction in average debt outstanding. These debt reductions were effected when a portion of the proceeds from the October 1999 sale of the Company's Cable operations was used to repay all bank debt then outstanding and to terminate the associated interest rate swaps. In 2000, the second quarter purchase of Spartan and the third quarter purchase of the Thomson properties increased the Company's debt; however, average debt outstanding still remained appreciably lower than prior-year levels. The effective interest rate rose from just over 7% in 1998 and 1999 to approximately 7.5% in 2000.

In October 1999, the Company invested the remaining proceeds from the Cable sale of approximately \$665 million in prime-rated commercial paper and earned interest income of \$8.2 million in the first quarter of 2000 and \$9.4 million in the fourth quarter of 1999 on these investments.

Concurrent with the Spartan acquisition, the Company entered into several new interest rate swap agreements as part of an overall risk management strategy (see Note 4 to the accompanying consolidated financial statements). The objective is to manage interest cost and risk associated with variable interest rates, primarily short-term changes in LIBOR, not to trade such instruments for profit or loss. These interest rate swaps total \$300 million in notional amount with maturities that range from less than one year to three years; they effectively convert that portion of the Company's variable rate debt to fixed rate debt with a weighted average interest rate approximating 7.4%. If short-term interest rates were to be either higher or lower by one percentage point throughout 2001 and the Company's interest rate swap agreements and long-term debt levels were consistent with 2000, the Company's interest expense and income before taxes would change by approximately \$3 million. This amount is determined by considering the impact of the hypothetical interest rates on the Company's borrowing cost, short-term investment balances, and interest rate swap agreements.

Income Taxes

The Company's effective tax rate on income from continuing operations was approximately 38%, 39% and 36% in 2000, 1999 and 1998. The slight dip in 2000's effective tax rate was primarily due to a lower effective state tax rate precipitated by a reorganization of corporate entities following recent acquisitions and dispositions. The lower 1998 effective tax rate was primarily the result of a favorable settlement of a state tax examination.

LIQUIDITY

The proceeds from the maturity of short-term investments, from the sale of GSP, and from the post-closing settlement related to the Cable disposition, together with cash on hand and funds generated from operations and financing activities, combined to provide funds for several large transactions during 2000. The most significant of these were: approximately \$610 million for the purchase of Spartan, approximately \$532 million of federal and state tax payments (the majority of which were attributable to the gain on the October 1999 sale of the Company's Cable operations), approximately \$238 million for the purchase of the Thomson properties, and in excess of \$192 million of current-year stock repurchases. These funds also supplied \$43 million for capital expenditures, approximately \$9 million for the purchase of a group of small weekly newspapers in southwestern Virginia, and \$15.3 million for the payment of dividends to stockholders.

In order to comply with FCC regulations and to remain competitive within the broadcast industry, the Company presently expects to invest approximately \$50 million over the next two years implementing the transition to digital broadcasting. Additionally, the Company anticipates increases in other capital expenditures in 2001 over the prior year, due in large part to the construction of a new station in Charleston for WCBD-TV, remodeling several other facilities, and the investment necessary to launch the new Interactive Media Division. The Company expects income from continuing operations to be sufficient to fully utilize, over the next several years, net operating losses (NOLs) acquired from Spartan (see Note 6 to the accompanying consolidated financial statements). The Company anticipates that internally generated funds provided by operations, together with existing credit facilities, will be more than adequate to finance projected capital expenditures, dividends to stockholders and 2001 working capital needs, as well as other initiatives.

OUTLOOK FOR 2001

With the sale of GSP and the Cable operations, the Company has positioned itself to concentrate on its core operations while capitalizing on the advantages of media convergence. With our newly launched Interactive Media Division, 2001 will be a year focused on development, as well as the genesis of a new corporate structure comprised of three divisions with interconnected capabilities. While the next several years will reflect the expense of starting and building our Interactive Media Division, we expect that it will become profitable in 2003 and will have an immediate impact on the Company's convergence efforts. The Publishing Division will be facing a softer advertising environment, particularly early in the year, and higher year-over-year newsprint expenses. Despite the positive contributions expected from our Spartan stations, the Broadcast Division will be challenged in 2001 by the combination of both an off-election and non-Olympic year. However, the Company expects to benefit from higher income from its investment in SPNC. As Media General further develops its new alignment, it will be able to advance its strategy of southeastern expansion, to maximize its ability to leverage content and other resources through media convergence, and to support new services through interactive media innovations.



Certain statements in this annual report that are not historical facts are "forward-looking" statements, as that term is defined by the federal securities laws. Forward-looking statements include statements related to pending transactions, the impact of the Internet and expectations regarding newsprint prices, advertising levels and the financial newsprint swap agreement. Forward-looking statements, including those which use words such as the Company "believes," "anticipates," "expects," "estimates," "intends" and similar statements, are made as of the date of this filing and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

Some significant factors that could affect actual results include: changes in advertising demand, the availability and pricing of newsprint, changes in interest rates, regulatory rulings and the effects of acquisitions, investments and dispositions on the Company's results of operations and its financial condition.

MANAGEMENT STATEMENT

Primary responsibility for the integrity and objectivity of the Company's financial statements rests with Management. The financial statements report on Management's stewardship of Company assets. They are prepared in conformity with accounting principles generally accepted in the United States, and accordingly include amounts that are based on Management's informed estimates and judgments. Nonfinancial information included in the annual report has also been prepared by Management and is consistent with the financial statements.

Media General, Inc., maintains an accounting system and related controls designed to provide reasonable assurance that there is proper authorization and accounting for all transactions, that financial records are reliable for preparing financial statements, and that assets are safeguarded against loss or unauthorized use. The system is supported by written policies and guidelines, a program of internal audit and the selection and training of qualified personnel.

The Audit Committee of the Board of Directors, which is composed solely of outside directors, meets periodically with Management, internal auditors and the independent auditors to review their respective activities and the discharge of their responsibilities.

Media General operates under a strict Code of Ethics that all employees are required to follow without exception. The Code requires ethical standards in all of the Company's relationships, including those with customers, suppliers and government agencies.

January 26, 2001



J. Stewart Bryan III
Chairman, President and Chief Executive Officer



Marshall N. Morton
Senior Vice President and Chief Financial Officer

REPORT OF INDEPENDENT AUDITORS

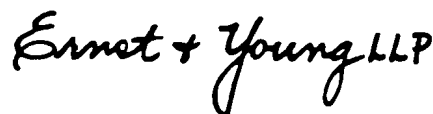
The Board of Directors and Stockholders,
Media General, Inc.

We have audited the accompanying consolidated balance sheets of Media General, Inc., as of December 31, 2000, and December 26, 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three fiscal years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Media General, Inc., at December 31, 2000, and December 26, 1999, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

January 26, 2001
Richmond, Virginia



CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Fiscal Years Ended		
	December 31, 2000 (53 weeks)	December 26, 1999	December 27, 1998
<i>Revenues</i>	\$ 830,601	\$ 692,902	\$ 688,677
<i>Operating costs:</i>			
Production	343,949	288,677	299,807
Selling, distribution and administrative	261,272	209,209	205,523
Depreciation and amortization	101,547	72,440	69,055
Total operating costs	706,768	570,326	574,385
<i>Operating income</i>	123,833	122,576	114,292
<i>Other income (expense):</i>			
Interest expense	(42,558)	(45,014)	(61,027)
Investment income — unconsolidated affiliates	5,131	9,067	22,193
Gain on sale of Denver Newspapers, Inc. stock	—	30,983	—
Other, net	16,520	12,637	(636)
Total other income (expense)	(20,907)	7,673	(39,470)
<i>Income from continuing operations before income taxes and extraordinary item</i>	102,926	130,249	74,822
<i>Income taxes</i>	39,369	51,431	26,967
<i>Income from continuing operations before extraordinary item</i>	63,557	78,818	47,855
<i>Discontinued operations:</i>			
Income (loss) from discontinued operations (net of income tax benefit of \$2,471 in 2000; income taxes of \$2,576 in 1999 and \$13,334 in 1998)	(4,350)	5,107	23,019
Gain (loss) on sale of operations (net of income tax benefit of \$2,604 in 2000 and income taxes of \$509,760 in 1999)	(5,488)	798,719	—
<i>Extraordinary item from early redemption of debt (net of income tax benefit of \$800)</i>	—	(1,328)	—
<i>Net income</i>	\$ 53,719	\$ 881,316	\$ 70,874
<i>Earnings per common share:</i>			
Income from continuing operations before extraordinary item	\$ 2.66	\$ 2.97	\$ 1.80
Income (loss) from discontinued operations	(0.41)	30.33	0.87
Extraordinary item	—	(0.05)	—
<i>Net income</i>	\$ 2.25	\$ 33.25	\$ 2.67
<i>Earnings per common share – assuming dilution:</i>			
Income from continuing operations before extraordinary item	\$ 2.63	\$ 2.93	\$ 1.78
Income (loss) from discontinued operations	(0.41)	29.90	0.85
Extraordinary item	—	(0.05)	—
<i>Net income</i>	\$ 2.22	\$ 32.78	\$ 2.63

Notes to Consolidated Financial Statements begin on page 28.

CONSOLIDATED BALANCE SHEETS

(In thousands, except shares and per share amounts)

ASSETS

	December 31, 2000	December 26, 1999
<i>Current assets:</i>		
Cash, cash equivalents and short-term investments	\$ 10,404	\$ 646,046
Accounts receivable (less allowance for doubtful accounts 2000 — \$7,471; 1999 — \$7,088)	117,254	102,834
Inventories	7,168	14,282
Other	38,054	33,572
Total current assets	172,880	796,734
<i>Investments in unconsolidated affiliates</i>	90,739	87,871
<i>Other assets</i>	59,565	58,945
<i>Property, plant and equipment, at cost:</i>		
Land	30,465	28,432
Buildings	157,504	164,384
Machinery and equipment	459,012	534,514
Construction in progress	6,795	10,749
Accumulated depreciation	(273,826)	(356,603)
Net property, plant and equipment	379,950	381,476
<i>Excess of cost over fair value of net identifiable assets of acquired businesses (less accumulated amortization 2000 - \$80,817; 1999 - \$58,553)</i>	958,443	631,597
<i>FCC licenses and other intangibles (less accumulated amortization 2000 - \$81,555; 1999 - \$51,657)</i>	899,705	383,751
Total assets	\$ 2,561,282	\$ 2,340,374

Notes to Consolidated Financial Statements begin on page 28.

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 2000	December 26, 1999
<i>Current liabilities:</i>		
Accounts payable	\$ 27,203	\$ 32,032
Accrued expenses and other liabilities	87,338	75,190
Income taxes payable	-	508,966
Current maturity of long-term debt	-	13,000
Total current liabilities	<u>114,541</u>	<u>629,188</u>
<i>Long-term debt</i>	<u>822,077</u>	46,838
<i>Deferred income taxes</i>	<u>351,491</u>	217,437
<i>Other liabilities and deferred credits</i>	<u>101,251</u>	116,009
<i>Commitments and contingencies (Note 9)</i>		
<i>Stockholders' equity:</i>		
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		
22,158,070 and 25,911,614 shares	110,790	129,558
Class B, authorized 600,000 shares; issued		
556,574 shares	2,783	2,783
Additional paid-in capital	-	3,040
Accumulated other comprehensive income — unrealized gains (losses)		
on equity securities	(3,481)	7,392
Unearned compensation	(2,145)	(2,973)
Retained earnings	1,063,975	1,191,102
Total stockholders' equity	<u>1,171,922</u>	<u>1,330,902</u>
<i>Total liabilities and stockholders' equity</i>	<u>\$ 2,561,282</u>	<u>\$ 2,340,374</u>

Notes to Consolidated Financial Statements begin on page 28.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Fiscal Years Ended		
	December 31, 2000 (53 weeks)	December 26, 1999	December 27, 1998
<i>Cash flows from operating activities:</i>			
Net income	\$ 53,719	\$ 881,316	\$ 70,874
Adjustments to reconcile net income:			
Extraordinary item	—	1,328	—
Depreciation and amortization	105,293	97,532	100,201
Deferred income taxes	3,327	(5,484)	(5,945)
Provision for doubtful accounts	4,751	4,676	6,269
Investment income — unconsolidated affiliates	(5,131)	(10,333)	(22,193)
Distribution from unconsolidated affiliates	3,400	30,372	7,700
Gain on sale of Denver Newspapers, Inc. common stock	—	(30,983)	—
Net loss on disposition of Garden State Paper	13,774	—	—
Net gain on disposition of Cable operations	(8,286)	(798,719)	—
Net cash provided by operations	170,847	169,705	156,906
Change in assets and liabilities:			
Accounts receivable and inventories	(13,457)	(6,317)	(6,810)
Other current assets	(829)	(2,694)	15,986
Accounts payable, accrued expenses and other liabilities	(9,513)	(33,778)	(5,631)
Income taxes payable	(516,812)	1,868	(10,016)
Other, net	(2,842)	(5,765)	(11,044)
Net cash (used) provided by operating activities	(372,606)	123,019	139,391
<i>Cash flows from investing activities:</i>			
Capital expenditures	(42,873)	(60,829)	(49,480)
Purchase of businesses	(857,570)	—	(132,680)
Proceeds from disposition of Garden State Paper	76,623	—	—
Proceeds from disposition of Cable operations	10,063	1,404,407	—
Proceeds from sale of other businesses	3,825	8,058	28,123
Denver Newspapers, Inc.:			
Proceeds from sale of common stock	—	39,000	—
Redemption of preferred stock	—	34,000	—
Proceeds (purchases) of short-term investments — net	390,748	(390,748)	—
Other investments	(12,283)	(6,780)	—
Other, net	255	1,198	2,924
Net cash (used) provided by investing activities	(431,212)	1,028,306	(151,113)
<i>Cash flows from financing activities:</i>			
Increase in debt	1,095,000	268,000	463,000
Repayment of debt	(333,333)	(1,136,509)	(436,383)
Stock repurchase	(192,692)	(22,743)	—
Cash dividends paid	(15,299)	(16,062)	(14,974)
Other, net	5,248	3,650	4,212
Net cash provided (used) by financing activities	558,924	(903,664)	15,855
Net (decrease) increase in cash and cash equivalents	(244,894)	247,661	4,133
<i>Cash, cash equivalents and short-term investments:</i>			
Cash and cash equivalents at beginning of year	255,298	7,637	3,504
Cash and cash equivalents at end of year	10,404	255,298	7,637
Short-term investments at end of year	—	390,748	—
Cash, cash equivalents and short-term investments at end of year	\$ 10,404	\$ 646,046	\$ 7,637

Notes to Consolidated Financial Statements begin on page 28.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except shares and per share amounts)

	Total	Common Stock		Addi- tional Paid-in Capital	Accu- mulated Other Compre- hensive Income	Unearned Compen- sation	Retained Earnings
		Class A	Class B				
Balance at December 28, 1997	\$ 418,226	\$ 130,862	\$ 2,783	\$ 16,733	\$ —	\$ (2,100)	\$ 269,948
Net income	70,874	—	—	—	—	—	70,874
Cash dividends (\$0.56 per share)	(14,974)	—	—	—	—	—	(14,974)
Purchase and retirement of 77,011 Class A shares	(3,571)	(385)	—	(3,186)	—	—	—
Exercise of options on 112,560 Class A shares	3,049	563	—	2,486	—	—	—
Income tax benefits relating to restricted shares and exercised options	2,406	—	—	2,406	—	—	—
Issuance of 6,748 Class A shares under dividend reinvestment plan	289	34	—	255	—	—	—
Amortization of unearned compensation	1,050	—	—	—	—	1,050	—
Balance at December 27, 1998	477,349	131,074	2,783	18,694	—	(1,050)	325,848
Net Income	881,316	—	—	—	—	—	881,316
Unrealized gain on equity securities (net of deferred taxes of \$4,454)	7,392	—	—	—	7,392	—	—
Comprehensive income	888,708	—	—	—	—	—	—
Cash dividends (\$0.60 per share)	(16,062)	—	—	—	—	—	(16,062)
Purchase and retirement of 580,456 Class A shares	(26,448)	(2,902)	—	(23,546)	—	—	—
Exercise of options on 197,726 Class A shares	4,234	988	—	3,246	—	—	—
Issuance of 72,200 Class A shares under restricted stock plan	—	361	—	3,098	—	(3,459)	—
Income tax benefits relating to restricted shares and exercised options	1,227	—	—	1,227	—	—	—
Issuance of 7,423 Class A shares under dividend reinvestment plan	358	37	—	321	—	—	—
Amortization of unearned compensation	1,536	—	—	—	—	1,536	—
Balance at December 26, 1999	1,330,902	129,558	2,783	3,040	7,392	(2,973)	1,191,102
Net income	53,719	—	—	—	—	—	53,719
Unrealized loss on equity securities (net of deferred tax benefit of \$6,346)	(10,873)	—	—	—	(10,873)	—	—
Comprehensive income	42,846	—	—	—	—	—	—
Cash dividends (\$0.64 per share)	(15,299)	—	—	—	—	—	(15,299)
Purchase and retirement of 3,890,136 Class A shares	(192,817)	(19,451)	—	(7,819)	—	—	(165,547)
Exercise of options on 136,969 Class A shares	4,023	685	—	3,338	—	—	—
Income tax benefits relating to restricted shares and exercised options	1,478	—	—	1,478	—	—	—
Issuance of 5,723 Class A shares under dividend reinvestment plan	254	29	—	225	—	—	—
Amortization and forfeitures of unearned compensation	535	(31)	—	(262)	—	828	—
Balance at December 31, 2000	\$ 1,171,922	\$ 110,790	\$ 2,783	\$ —	\$ (3,481)	\$ (2,145)	\$ 1,063,975

Notes to Consolidated Financial Statements begin on page 28.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Principles of Consolidation

The accompanying financial statements include the accounts of Media General, Inc., and subsidiaries more than 50% owned (the Company). All significant intercompany balances and transactions have been eliminated. See Note 9 for a summary of the Company's accounting policies.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Certain prior-year financial information has been reclassified to conform with the current year's presentation.

The Company's fiscal year ends on the last Sunday in December. Results for 2000 are for the 53-week period ended December 31, 2000, while results for 1999 and 1998 are for the 52-week periods ended December 26, 1999, and December 27, 1998, respectively.

Note 2: Acquisitions, Dispositions and Discontinued Operations

Over the past few years, the Company has completed several acquisitions. All of these transactions were accounted for as purchases and have been included in the Company's consolidated results of operations since their respective dates of acquisition. Purchase price has been allocated to the assets acquired based on appraisals of estimated fair values. Such estimated values are preliminary for those acquisitions completed in 2000 and may change as more facts become known. The excess of the purchase price over the fair market value of the tangible net assets acquired was allocated to FCC licenses, other identifiable intangibles, and excess cost over net assets acquired and is being amortized on a straight-line basis over periods ranging from 3 to 40 years.

In March 2000 the Company acquired the common stock of Spartan Communications, Inc. (Spartan); the transaction included 12 network-affiliated television stations and one UPN affiliate which is operated under a local marketing agreement. The total consideration approximated \$610 million (including approximately \$9 million of transaction costs and net of \$5 million cash received). Approximately \$500 million of the purchase price was funded with borrowings under an existing \$1.2 billion revolving credit facility; concurrent with this acquisition, the Company entered into several new interest rate swap agreements as part of an overall risk management strategy (see Note 4). Approximately \$540 million of the purchase price was allocated to FCC licenses and other identifiable intangibles and \$129 million to excess cost over the net assets acquired.

The following summary presents the Company's unaudited pro forma consolidated results of operations for the year ended December 31, 2000, and December 26, 1999, as if the Spartan acquisition had been completed at the beginning of each period. Certain Spartan items have been reclassified to conform with Media General's presentation. The pro forma information is presented for comparative purposes only and does not purport to be indicative of what would have occurred had the acquisition actually been made at such date, nor is it necessarily indicative of future operating results:

<i>(In thousands, except per share amounts)</i>	Pro Forma Year Ended December 31, 2000	Pro Forma Year Ended December 26, 1999
Revenues	\$ 853,135	\$ 804,834
Income from continuing operations before extraordinary item	\$ 57,966	\$ 50,005
Discontinued operations	(9,838)	803,826
Extraordinary item	-	(1,328)
Net income	\$ 48,128	\$ 852,503
Income per common share:		
Income from continuing operations before extraordinary item	\$ 2.42	\$ 1.88
Income (loss) from discontinued operations	(0.41)	30.33
Extraordinary item	-	(0.05)
Net income	\$ 2.01	\$ 32.16
Income per common share — assuming dilution:		
Income from continuing operations before extraordinary item	\$ 2.40	\$ 1.86
Income (loss) from discontinued operations	(0.41)	29.90
Extraordinary item	-	(0.05)
Net income	\$ 1.99	\$ 31.71

In August 2000 the Company acquired, for approximately \$238 million, the assets of certain newspaper groups located in South Carolina and Alabama from Thomson Newspapers. This transaction was also funded with borrowings under the Company's existing \$1.2 billion revolving credit facility. Additionally, in June 2000, the Company acquired a group of weekly newspapers in southwestern Virginia from Family Community Newspapers of Southwest Virginia, Inc., for approximately \$9 million. The portion of the purchase price for these acquisitions allocated to identifiable intangibles (principally subscriber lists) was \$6 million and to excess cost over the net assets acquired was \$223 million. Pro forma information for these acquisitions has not been provided because such information would not differ significantly from the results provided above.

In September 2000 the Company sold Garden State Paper (GSP) to an affiliate of Enron North America Corporation for approximately \$76.6 million, including working capital. The Company recorded a loss of \$13.8 million (net of income tax benefit of \$6.2 million) which is subject to resolution with the buyer of certain income tax matters and other items. The transaction also included a seven-year, financial fixed-price newsprint agreement which the Company does not intend to retain. Concurrent with the sale, the Company retired \$20 million of 7.125% municipal revenue bonds (see Note 4).

In October 1999 the Company sold its cable operations to Cox Communications, Inc., for approximately \$1.4 billion in cash, at which time the Company recorded a gain of \$799 million (net of income taxes of \$510 million). In the second quarter of 2000, certain final post-closing adjustments related to this sale resulted in an additional gain of \$8.3 million (net of income taxes of \$3.6 million). Immediately following the sale in 1999, approximately \$735 million of the proceeds were used to pay off all amounts then outstanding under the Company's revolving credit agreements and to terminate the associated interest rate swaps (see Note 4), and the remaining proceeds of approximately \$665 million were invested, primarily in prime-rated commercial paper.

The following results of GSP and the Cable Segment have been presented as income (loss) from discontinued operations in the accompanying consolidated statements of operations:

<i>(In thousands)</i>	Fiscal Years Ended		
	December 31, 2000	December 26, 1999	December 27, 1998
Revenues	\$ 55,656	\$ 225,670	\$ 284,352
Costs and expenses	62,477	217,987	247,999
Income (loss) before income taxes	(6,821)	7,683	36,353
Income taxes (benefit)	(2,471)	2,576	13,334
Income (loss) from discontinued operations	\$ (4,350)	\$ 5,107	\$ 23,019

In January 1998 the Company acquired, for approximately \$93 million, the assets of the Bristol Herald Courier (Bristol), a daily newspaper in southwestern Virginia, and two affiliated weekly newspapers. In July 1998 the Company acquired, for approximately \$40 million, the assets of the Hickory Daily Record (Hickory), a daily newspaper in northwestern North Carolina. The portion of the purchase price for these acquisitions allocated to identifiable intangibles (principally subscriber lists) was \$8 million, to other assets, net (principally property, plant and equipment) was \$17 million, and to excess cost over the net assets acquired was \$108 million. Also, in June 1998, the Company completed the sale of its Kentucky newspaper properties for approximately \$24 million. The Bristol and Hickory acquisitions were funded with borrowings under an existing revolving credit facility, coupled with proceeds from the disposition of the Kentucky newspaper properties.

Note 3: Investments in Unconsolidated Affiliates

In June 1999 the Company sold 20% of the outstanding common stock of Denver Newspapers, Inc. (DNI), the parent company of The Denver Post (a Colorado daily newspaper), to MediaNews, Inc., for \$39 million, resulting in a \$19 million after-tax gain. Subsequently, DNI's name was changed to The Denver Post Corporation (Denver). The Company still retains 20% ownership of the common stock of Denver and, for the three-year period ending June 2002, will share in any realized appreciation in value of its original 20% ownership if that stock is sold to a third party or publicly offered. Additionally, the Company's preferred stock investment in DNI was redeemed in June 1999, for \$34 million plus \$19.2 million of accrued but unpaid dividends. Using the equity method, the Company recognized, on a one-month lag, 20% of Denver's net income applicable to common stockholders in 2000 and 1999 (after the sale), and 40% of net income applicable to common stockholders in 1999 (before the sale) and 1998.

The Denver Post and the Denver Rocky Mountain News have entered into a joint-operating agreement, effective in January 2001, under which the competing newspapers combined their advertising, circulation and production operations, while maintaining separate newsrooms.

The Company also has a one-third partnership interest in SP Newsprint Company (SPNC), a domestic newsprint manufacturer which also pays licensing fees to the Company. In November 1999, SPNC acquired Smurfit Newsprint Corporation's Newberg, Oregon mill. The Company has purchased, at market prices, approximately 40 thousand tons of newsprint from SPNC in each of the past three years.

Retained earnings of the Company at December 31, 2000, included \$22.6 million related to undistributed earnings of unconsolidated affiliates. Additionally, the Company owns approximately 7.4% of AdOne, L.L.P., a national online database of classified advertising and e-commerce, which is being accounted for under the equity method.

Note 4: Long-Term Debt and Other Financial Instruments

Long-term debt at December 31, 2000, and December 26, 1999, was as follows:

<i>(In thousands)</i>	2000	1999
Revolving credit facility	\$ 790,000	\$ —
8.62% senior notes due annually from 2001 to 2002	26,000	39,000
7.125% revenue bonds	—	20,000
Bank lines	5,000	—
Capitalized leases	1,077	838
Less: current maturity of long-term debt	—	(13,000)
Long-term debt	\$ 822,077	\$ 46,838

In December 1996 the Company entered into a seven-year revolving credit facility committing a syndicate of banks to lend the Company up to \$1.2 billion. This facility has mandatory commitment reductions of 25% each year by the end of 2001 and 2002. Interest rates under the facility are typically based on the London Interbank Offered Rate (LIBOR) plus a margin ranging from .225% to .75% (.375% at December 31, 2000), based on the Company's debt to cash flow ratio (leverage ratio), as defined. Under this facility, the Company pays commitment fees (.10% at December 31, 2000) on the unused portion of the facility at a rate based on its leverage ratio.

The Company's debt covenants contain a minimum net worth requirement (\$435.1 million at December 31, 2000), and require the maintenance of an interest coverage ratio and a leverage ratio, as defined. Long-term debt maturities during the five years subsequent to December 31, 2000, aggregating \$822.0 million are as follows: 2001 — \$18.0 million; 2002 — \$203.3 million; 2003 — \$600.3 million; 2004 — \$.2 million; 2005 — \$.2 million.

At December 31, 2000, the Company had borrowings of \$5 million from bank lines and \$13 million of senior notes due within one year classified as long-term debt in accordance with the Company's intention and ability to refinance these obligations on a long-term basis under existing facilities. The interest rate on the bank lines was 7% at December 31, 2000.

In October 1999 the Company used proceeds from the sale of its cable operations (see Note 2) to pay off all amounts outstanding under its revolving credit agreements. The associated interest rate swap agreements covering \$725 million of that debt were terminated as well, resulting in an extraordinary charge of \$1.3 million (\$0.05 per share, both basic and assuming dilution), net of a \$.8 million tax benefit. In March 2000 the Company borrowed funds under the aforementioned credit facility to purchase Spartan Communications, Inc. (see Note 2); concurrent with this acquisition, the Company entered into several new interest rate swap agreements to manage interest cost and risk associated with increasing variable interest rates, primarily short-term changes in LIBOR. These interest rate swaps totaled \$300 million in notional amount with maturities that range from less than one year to three years; they effectively convert a portion of the Company's variable rate debt to fixed rate debt with a weighted average interest rate approximating 7.4%. Prior to the adoption on January 1, 2001, of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, the Company used the accrual method to account for all interest rate swap agreements. Amounts which were due to or from interest rate swap counterparties were recorded as an adjustment to interest expense in the periods in which they accrued. The Company's exposure to credit loss on its interest rate swap agreements in the event of non-performance by the counterparties is believed to be remote due to the Company's requirement that counterparties have a strong credit rating.

In September 2000, concurrent with the sale of Garden State Paper (GSP), the Company retired \$20 million of 7.125% municipal revenue bonds. In conjunction with the sale, the Company entered into a financial newsprint swap agreement that it does not intend to retain. The agreement, under which the Company receives a floating price per metric ton and pays a fixed price of \$596 per metric ton, is being accounted for as a derivative under the accrual method. Predominantly, the agreement hedges the

Company's exposure to changes in the cost of newsprint; however, a portion of the agreement currently exceeds the Company's newsprint usage. For the year ended December 31, 2000, the Company recognized an unrealized gain of approximately \$1.2 million in "Other, net" on the accompanying Statement of Operations related to the change in fair value of the portion of the swap not designated as a hedge by the Company for the time period between the GSP sale and December 31, 2000. The Company's exposure to credit loss on its newsprint swap agreement in the event of nonperformance by the counterparty is believed to be remote due to the financial strength of that party.

Effective January 1, 2001, the Company adopted SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*. These statements require that all derivatives be recognized as either assets or liabilities on the balance sheet at fair value. If a derivative is a hedge, depending upon the nature of the hedge, a change in its fair value will either be offset against the change in the fair value of the hedged assets, liabilities, or firm commitments through earnings, or recognized in other comprehensive income (OCI) until the hedged item is recognized in earnings. Any difference between fair value of the hedge and the item being hedged, known as the ineffective portion, will be immediately recognized in earnings. The Company has several interest rate swap agreements and a newsprint swap agreement that are derivatives; the interest rate swaps and a designated portion of the newsprint swap qualify as cash flow hedges under the new standard. The interest rate swaps are not expected to have an impact on the Company's Statement of Operations but will affect the Company's Balance Sheet and Statement of Stockholders' Equity; the magnitude of the impact will vary over time dependent on market LIBOR rates. Changes in value of the effective portion of the newsprint swap will impact the Company's Balance Sheet and Statement of Stockholders' Equity, and changes in the ineffective portion will be recorded directly in the Statement of Operations. The magnitude of the impact will vary over time dependent principally on changes in future newsprint prices; currently, a \$1 increase or decrease in the average newsprint price over the term of the contract would result in income or expense, respectively, to the Company of approximately \$70 thousand.

The table below includes information about the carrying values and estimated fair values of the Company's financial instruments at December 31, 2000 and December 26, 1999:

(In thousands)	2000		1999	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Assets:				
Investments	\$ 13,318	\$ 13,318	\$ 20,648	\$ 20,648
Newsprint swap agreement	—	11,991	—	—
Liabilities:				
Long-term debt:				
Revolving credit facility	790,000	790,000	—	—
8.62% senior notes	26,000	26,478	39,000	39,696
7.125% revenue bonds	—	—	20,000	21,023
Bank lines	5,000	5,000	—	—
Interest rate swap agreements	—	5,324	—	—

The Company's investments which have a readily determinable value and are classified as available-for-sale are carried at fair value, with unrealized gains or losses, net of deferred taxes, reported as a separate component of stockholders' equity. The Company's other investments which do not have readily determinable fair values are carried at cost which approximates fair value. The fair values of the interest rate swaps and the newsprint swap were based on a discounted cash flow analysis of the estimated amounts the Company would have received or paid to terminate the swaps. Fair values of the Company's long-term debt were estimated, in both years, using discounted cash flow analyses based on the Company's incremental borrowing rates for similar types of borrowings. The borrowings under the Company's revolving credit facility and bank lines approximated their fair value.

Note 5: Business Segments

The Company, located primarily in the southeastern United States, is a diversified communications company which has two business segments: Publishing and Broadcasting. The Publishing Segment, the Company's largest based on revenue and segment profit, includes 25 daily newspapers and nearly 100 weekly newspapers and other publications, the Company's 20% interest in Denver, the Company's 7% interest in AdOne, LLP, as well as its online financial data service. The Broadcasting Segment consists of 26 network-affiliated broadcast television stations and a provider of equipment and studio design services. See Note 2 for a discussion of the disposition of the Company's Newsprint and Cable operations.

Management measures segment performance based on operating cash flow (operating income plus depreciation and amortization) as well as profit or loss from operations before interest, income taxes, and acquisition related amortization. Amortization of the excess of cost over fair value of net identifiable assets, as well as FCC licenses and other intangibles, is not allocated to individual segments although the intangible assets themselves are included in identifiable assets for each segment. Investments in Denver and AdOne are not allocated to segment assets although the equity income is included in the Publishing Segment. Intercompany sales are accounted for as if the sales were at current market prices and are eliminated in the consolidated financial statements. The Company's reportable segments, which are managed separately, are strategic business enterprises that provide distinct products and services using diverse technology and production processes.

Information by segment is as follows:

<i>(In thousands)</i>	Publishing	Broadcasting	Total
2000			
Consolidated revenues*	\$ 567,673	\$ 262,928	\$ 830,601
Segment operating cash flow	\$ 177,653	\$ 84,501	\$ 262,154
Allocated amounts:			
Equity in net loss of unconsolidated affiliates	(2,546)		(2,546)
Depreciation and amortization	(26,303)	(18,617)	(44,920)
Segment profit	\$ 148,804	\$ 65,884	214,688
Unallocated amounts:			
Interest expense			(42,558)
Investment income – SP Newsprint			7,677
Acquisition intangibles amortization			(52,501)
Corporate expenses			(35,535)
Other			11,155
Consolidated income from continuing operations before income taxes			\$ 102,926
Segment assets	\$ 1,024,068	\$ 1,383,414	\$ 2,407,482
Corporate			153,800
Consolidated assets			\$ 2,561,282
Segment capital expenditures	\$ 18,577	\$ 13,008	\$ 31,585
Discontinued Newsprint capital expenditures			6,015
Corporate			5,273
Consolidated capital expenditures			\$ 42,873

* Intercompany revenues are less than 1% of consolidated revenues and have been eliminated.

<i>(In thousands)</i>	Publishing	Broadcasting	Total
1999			
Consolidated revenues*	\$ 524,017	\$ 168,885	\$ 692,902
Segment operating cash flow	\$ 174,929	\$ 47,854	\$ 222,783
Allocated amounts:			
Equity in net loss of unconsolidated affiliates	(673)		(673)
Depreciation and amortization	(24,617)	(10,542)	(35,159)
Segment profit	<u>\$ 149,639</u>	<u>\$ 37,312</u>	186,951
Unallocated amounts:			
Interest expense			(45,014)
Investment income — SP Newsprint			6,567
Acquisition intangibles amortization			(33,934)
Corporate expenses			(29,932)
Gain on sale of Denver Newspapers, Inc. common stock			30,983
Other			14,628
Consolidated income from continuing operations before income taxes and extraordinary item			<u>\$ 130,249</u>
Segment assets	\$ 788,625	\$ 670,612	\$ 1,459,237
Discontinued Newsprint assets			91,272
Corporate			789,865
Consolidated assets			<u>\$ 2,340,374</u>
Segment capital expenditures	\$ 12,570	\$ 14,389	\$ 26,959
Discontinued Cable and Newsprint capital expenditures			30,902
Corporate			2,968
Consolidated capital expenditures			<u>\$ 60,829</u>
1998			
Consolidated revenues*	\$ 517,880	\$ 170,797	\$ 688,677
Segment operating cash flow	\$ 155,452	\$ 51,318	\$ 206,770
Allocated amounts:			
Equity in net income of unconsolidated affiliate	3,226		3,226
Depreciation and amortization	(23,627)	(9,311)	(32,938)
Segment profit	<u>\$ 135,051</u>	<u>\$ 42,007</u>	177,058
Unallocated amounts:			
Interest expense			(61,027)
Investment income — SP Newsprint			12,831
Acquisition intangibles amortization			(34,111)
Corporate expenses			(23,011)
Other			3,082
Consolidated income from continuing operations before income taxes			<u>\$ 74,822</u>
Segment assets	\$ 809,803	\$ 691,787	\$ 1,501,590
Discontinued Cable and Newsprint assets			216,537
Corporate			199,219
Consolidated assets			<u>\$ 1,917,346</u>
Segment capital expenditures	\$ 11,534	\$ 10,061	\$ 21,595
Discontinued Cable and Newsprint capital expenditures			26,065
Corporate			1,820
Consolidated capital expenditures			<u>\$ 49,480</u>

* Intercompany revenues are less than 1% of consolidated revenues and have been eliminated.

The substantial decrease and increase in assets attributable to Corporate during 2000 and 1999, respectively, was primarily due to short-term investments which were generated as a direct result of the sale of the Company's Cable operations in 1999. These investments were sold in 2000 to pay the income taxes related to that transaction, as well as to fund a portion of the Spartan acquisition.

Note 6: Taxes on Income

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*, which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this "liability" method, deferred tax liabilities and assets are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities by applying enacted statutory tax rates applicable to future years in which the differences are expected to reverse.

The Company's federal income tax returns for fiscal years 1997 and 1998 are currently under examination by the Internal Revenue Service. The Company's federal income tax returns have been examined by the Internal Revenue Service through fiscal year 1996 and settled through 1993. Various state returns are currently under examination by state tax authorities. The results of these examinations are not expected to be material to the Company's results of operations, financial position or cash flow.

Significant components of income taxes from continuing operations are as follows:

<i>(In thousands)</i>	2000	1999	1998
<i>Current:</i>			
Federal	\$ 21,234	\$ 45,895	\$ 24,643
State	<u>2,551</u>	<u>7,620</u>	<u>5,367</u>
	<u>23,785</u>	<u>53,515</u>	<u>30,010</u>
<i>Deferred:</i>			
Federal	18,339	(1,927)	(2,670)
State	<u>(2,755)</u>	<u>(157)</u>	<u>(373)</u>
	<u>15,584</u>	<u>(2,084)</u>	<u>(3,043)</u>
	<u>\$ 39,369</u>	<u>\$ 51,431</u>	<u>\$ 26,967</u>

The Company's provision for state income taxes for the fiscal year 2000 reflects a \$3 million deferred state income tax benefit due to a reduction in the Company's effective state tax rate.

Temporary differences that gave rise to significant components of the Company's deferred tax liabilities and assets at December 31, 2000, and December 26, 1999, are as follows:

<i>(In thousands)</i>	2000	1999
Deferred tax liabilities:		
Difference between book and tax bases of intangible assets	\$ 306,730	\$ 155,770
Tax over book depreciation	87,583	88,508
Other	<u>15,645</u>	<u>17,414</u>
Total deferred tax liabilities	<u>409,958</u>	<u>261,692</u>
Deferred tax assets:		
Employee benefits	(34,535)	(36,918)
Acquired net operating losses	(19,445)	—
Other	<u>(12,820)</u>	<u>(15,542)</u>
Total deferred tax assets	<u>(66,800)</u>	<u>(52,460)</u>
Deferred tax liabilities, net	343,158	209,232
Deferred tax assets included in other current assets	<u>8,333</u>	<u>8,205</u>
Deferred tax liabilities	<u>\$ 351,491</u>	<u>\$ 217,437</u>

Reconciliation of income taxes computed at the federal statutory tax rate to actual income tax expense from continuing operations is as follows:

<i>(In thousands)</i>	2000	1999	1998
Income taxes computed at federal statutory tax rate	\$ 36,024	\$ 45,587	\$ 26,187
Increase (reduction) in income taxes resulting from:			
State income taxes, net of federal income tax benefit	(133)	4,850	3,204
Investment income — unconsolidated affiliates	261	(397)	(2,622)
Amortization of excess cost (goodwill)	3,697	2,815	2,960
Life insurance plans	125	(1,139)	(1,905)
Other	(605)	(285)	(857)
	\$ 39,369	\$ 51,431	\$ 26,967

Net of refunds, in 2000, 1999 and 1998, the Company paid income taxes of \$531.9 million, \$52.1 million and \$56.5 million, respectively. The significant increase in taxes paid in 2000 was attributable to the gain on the sale of the Company's Cable operations in 1999.

As a result of an acquisition in 2000, the Company has a federal net operating loss of approximately \$45.8 million that will expire in the year 2014. The Company also has state net operating losses as a result of this acquisition.

Note 7: Common Stock and Stock Options

Holders of the Class A common stock are entitled to elect 30% of the Board of Directors and, with the holders of Class B common stock, also are entitled to vote on the reservation of shares for stock awards and on certain specified types of major corporate reorganizations or acquisitions. Class B common stock can be converted into Class A common stock on a share-for-share basis at the option of the holder. Both classes of common stock receive the same dividends per share.

Each non-employee member of the Board of Directors of the Company participates in the Directors' Deferred Compensation Plan. The plan provides that each non-employee Director shall receive half of his or her annual compensation for services to the Board in the form of Deferred Stock Units (DSU); each Director additionally may elect to receive the balance of his or her compensation in cash or DSU. Other than dividend credits, deferred stock units do not entitle Directors to any rights due to a holder of common stock. DSU account balances may be settled as of the Director's retirement date by a cash lump-sum payment, a single distribution of common stock, or annual installments of either cash or common stock over a period of up to ten years. The Company records expense annually based on the amount of compensation paid to each director as well as an adjustment for changes in the Company's stock price. Expense recognized in 1999 and 1998 under the plan was \$456,000 and \$550,000; a benefit of \$169,000 was recognized in 2000.

Stock-based awards are granted to key employees in the form of nonqualified stock options and restricted stock under the 1995 Long-Term Incentive Plan (LTIP). The plan is administered by the Compensation Committee of the Board of Directors. Grant prices of stock options are determined by the Committee and shall not be less than the fair market value on the date of grant. Options are exercisable during the continued employment of the optionee but not for a period greater than ten years and not for a period greater than one year after termination of employment, and they become exercisable at the rate of one-third each year from the date of grant. Restricted stock is awarded in the name of each of the participants; these shares have all the rights of other Class A shares, subject to certain restriction and forfeiture provisions. In 1999, 72,200 shares were granted under terms of the plan. Restrictions on the shares expire no more than ten years after the date of award, or earlier if pre-established performance targets are met. The pre-established performance targets were met for the 1997 award and of the 91,000 shares granted, 31,600 shares remained outstanding under that award at December 31, 2000. The plan will continue until terminated by the Company.

Options to purchase Class A common stock were granted to key employees under the 1976 and 1987 nonqualified stock option plans prior to the 1995 LTIP. The Company will not make any future awards under these plans and past awards are not affected. Options outstanding under the plans are exercisable during the continued employment of the optionee, but not for a period greater than ten years after the date of grant for options granted subsequent to the 1991 amendment to the 1987 plan and for a period of not greater than three years after termination of employment.

Restricted shares of the Company's Class A common stock were granted to certain key employees under the 1991 restricted stock plan. The Company will not make any future awards under the plan and past awards are not affected. At December 31, 2000, 18,000 shares granted in 1995 remain restricted under the terms of the plan. Shares were awarded in the name of each of the participants; these shares have all the rights of other Class A shares, subject to certain restrictions and forfeiture provisions. Restrictions on the shares expire no more than ten years after the date of the award, or earlier if certain performance targets are met.

Unearned compensation was recorded at the date of the restricted stock awards based on the market value of the shares. Unearned compensation, which is shown as a separate component of stockholders' equity, is being amortized to expense over a vesting period (not exceeding ten years) based upon expectations of meeting certain performance targets. The amount amortized to expense in 2000, 1999 and 1998 was \$.4 million, \$1.5 million and \$1.0 million, respectively.

In December 1999, the Board of Directors authorized a program to repurchase up to \$250 million of the Company's Class A common stock. The Company repurchased stock, at market prices, throughout 2000 and, at December 31, 2000, 4.1 million shares had been repurchased at a cost of \$204 million since the program's inception, including \$7.5 million from the Company's thrift plan. Additionally, the Company entered into a stock redemption agreement in 1985, which was amended in 1988, and 1994, with the late D. Tennant Bryan, former Chairman Emeritus of the Company. In June 1999, the estate of D. Tennant Bryan exercised its option under the 1994 stock redemption agreement to sell to the Company 15% of Mr. Bryan's ownership in Media General Class A Stock at the time of his death. This exercise resulted in the Company purchasing 326,897 shares from the estate, at a 10% discount from average stock price, for \$13.6 million.

The following information is provided solely in connection with the disclosure requirements of SFAS No. 123, *Accounting for Stock-Based Compensation*. If the Company had elected to recognize compensation cost related to its stock options granted in 2000, 1999 and 1998 in accordance with the provisions of SFAS No. 123, earnings per share would have declined \$0.08 (\$0.07 assuming dilution), \$0.05 (\$0.07 assuming dilution) and \$0.05 (\$0.04 assuming dilution) in 2000, 1999 and 1998, and pro forma net income and earnings per share would have been \$52.0 million, \$880.1 million and \$69.7 million; and \$2.17 (\$2.15 assuming dilution), \$33.20 (\$32.73 assuming dilution) and \$2.62 (\$2.59 assuming dilution), respectively. The fair value for these options was estimated at the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions for 2000, 1999 and 1998, respectively: risk-free interest rates of 6.71%, 4.72% and 5.61%; dividend yields of 1.26%, 1.31% and 1.45%; volatility factors of .331, .293 and .287; and an expected life of 8 years.

A summary of the Company's stock option activity, and related information for the years ended December 31, 2000, December 26, 1999 and December 27, 1998, follows:

Options	2000		1999		1998	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding — beginning of year	986,773	\$ 32.96	1,056,203	\$ 28.96	1,049,097	\$ 26.68
Granted	176,500	52.06	136,000	47.91	122,000	46.38
Exercised	(136,969)	29.37	(197,726)	21.42	(112,560)	27.08
Forfeited	(19,569)	42.97	(7,704)	43.90	(2,334)	6.64
Outstanding — end of year	<u>1,006,735</u>	<u>36.61</u>	<u>986,773</u>	<u>32.96</u>	<u>1,056,203</u>	<u>28.96</u>
Price range at end of year	\$2 to \$52		\$2 to \$48		\$2 to \$46	
Price range for exercised shares	\$2 to \$48		\$2 to \$48		\$2 to \$46	
Available for grant at end of year	319,408		467,100		603,100	
Exercisable at end of year	751,887		749,558		799,388	
Weighted-average fair value of options granted during the year	\$ 23.25		\$ 17.82		\$ 17.68	

The following table summarizes information about stock options outstanding at December 31, 2000:

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
\$ 2.50	12,700	*	\$ 2.50	12,700	\$ 2.50
18.81-20.19	134,500	1 year	19.36	134,500	19.36
27.63-31.81	360,868	5 years	29.94	360,868	29.94
32.50-46.50	209,867	**	42.14	180,111	41.44
47.91-52.06	<u>288,800</u>	9 years	50.45	<u>63,708</u>	49.00
2.50-52.06	<u>1,006,735</u>		36.61	<u>751,887</u>	31.95

(*) Exercisable during lifetime of optionee

(**) Exercisable during the continued employment of the optionee and for a three-year period thereafter with the exception of 99,367 options which were issued on 1/28/98 for \$46.38 with a remaining contractual life of seven years

Note 8: Retirement Plans

The Company has non-contributory defined benefit retirement plans which cover substantially all employees, and non-contributory unfunded supplemental executive retirement and ERISA excess plans which supplement the coverage available to certain executives. The Company also provides certain health and life insurance benefits for retired employees. The previously mentioned plans are collectively referred to as the "Plans."

The assumptions used in the measurement of the Company's benefit obligation are shown as follows:

Weighted-average Assumptions at End of Year	Pension Benefits		Other Benefits	
	2000	1999	2000	1999
Discount rate	7.50%	7.75%	7.50%	7.75%
Expected return on plan assets	10.50	10.50	—	—
Rate of compensation increase	4.50	4.75	4.50	4.75

For measurement purposes, an 8.75% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2000. The rate was assumed to decrease gradually each year to a rate of 5.25% for 2007 and remain at that level thereafter.

With the passage of time, actual experience differs from the assumptions used in determining the Company's pension and postretirement benefit obligations. These differences, coupled with external economic factors, cause periodic revision of the assumptions. The effects of actual versus assumed experience, as well as changes in assumptions, give rise to actuarial gains and losses in the table that follows. These actuarial gains and losses represent differences in actual versus expected return on plan assets and other changes in assumptions and are recognized over the expected service period of active participants.

The following table provides a reconciliation of the changes in the Plans' benefit obligations and fair value of assets for the years ended December 31, 2000, and December 26, 1999, and a statement of the funded status at December 31, 2000, and December 26, 1999.

<i>(In thousands)</i>	Pension Benefits		Other Benefits	
	2000	1999	2000	1999
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 206,911	\$ 220,157	\$ 32,085	\$ 32,648
Service cost	8,012	7,618	356	462
Interest cost	17,558	15,053	2,575	2,215
Participant contributions	—	—	506	279
Actuarial (gain) loss	19,922	(22,576)	2,409	(1,618)
Acquisitions	4,677	—	439	—
Curtailment	—	(2,099)	—	—
Benefit payments	(13,219)	(11,242)	(2,828)	(1,901)
Benefit obligation at end of year	<u>243,861</u>	<u>206,911</u>	<u>35,542</u>	<u>32,085</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	239,571	240,162	—	—
Actual return on plan assets	(972)	9,365	—	—
Acquisitions	5,562	—	—	—
Employer contributions	1,695	1,286	2,828	1,901
Benefit payments	(13,219)	(11,242)	(2,828)	(1,901)
Fair value of plan assets at end of year	<u>232,637</u>	<u>239,571</u>	<u>—</u>	<u>—</u>
Funded status:				
Plan assets greater than (less than) benefit obligation	(11,224)	32,660	(35,542)	(32,085)
Unrecognized transition asset	—	(1,012)	—	—
Unrecognized prior-service cost	2,178	2,786	—	—
Unrecognized actuarial (gain) loss	(14,668)	(60,614)	5,993	3,201
Accrued benefit cost	\$ (23,714)	\$ (26,180)	\$ (29,549)	\$ (28,884)

The following table provides the components of net periodic benefit cost for the Plans for fiscal years 2000, 1999 and 1998:

<i>(In thousands)</i>	Pension Benefits			Other Benefits		
	2000	1999	1998	2000	1999	1998
Service cost	\$ 8,013	\$ 7,618	\$ 6,469	\$ 356	\$ 462	\$ 469
Interest cost	17,558	15,053	14,906	2,575	2,215	2,214
Expected return on plan assets	(23,853)	(21,221)	(19,285)	-	-	-
Amortization of transition asset	(1,012)	(706)	(499)	-	-	-
Amortization of prior-service cost	608	588	829	-	-	-
Amortization of net (gain) loss	(1,200)	(53)	2	123	114	-
Multi-employer plans expense	467	621	589	-	-	-
Net periodic benefit cost	\$ 581	\$ 1,900	\$ 3,011	\$ 3,054	\$ 2,791	\$ 2,683

The Company recorded a \$1.8 million curtailment gain in 1999 as a result of the sale of its Cable operations, which was included in the gain on disposal of that segment.

The Company's policy is to fund benefits under the supplemental executive retirement, excess, and postretirement benefits plans as claims and premiums are paid. As of December 31, 2000, and December 26, 1999, the benefit obligation related to the supplemental executive retirement and ERISA excess plans included in the preceding tables was \$28.9 million and \$24.7 million, respectively.

Assumed health care cost rates have an effect on the amounts reported for the health care plans. A one percent change in assumed health care cost trend rates would have the following effects:

<i>(In thousands)</i>	1% Increase	1% Decrease
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	\$ 110	\$ (101)
Effect on the health care component of the accumulated postretirement benefit obligation	1,580	(1,440)

The Company also sponsors a thrift plan covering substantially all employees. Company contributions represent a partial matching of participant contributions up to a maximum of 3.3% of the employee's salary. Contributions charged to expense under the plan were \$5.3 million, \$5.5 million and \$5.0 million in 2000, 1999 and 1998, respectively. Beginning in 2001, the Company will increase its match to 100% of participant contributions up to a maximum of 4% of the employee's salary.

Note 9: Other

Revenue recognition

The principal sources of revenue are the sale of advertising in newspapers, the sale of newspapers to individual subscribers and distributors and the sale of airtime on television stations. In addition, the sale of advertising on its newspaper and television websites and portals, as well as revenues derived from the online sale of financial data by a specialized financial services company, are becoming increasingly important. Advertising revenue is recognized when advertisements are published, aired or displayed, or when related advertising services are rendered. Subscription revenue is recognized on a pro-rata basis over the term of the subscription. Revenue from the sale of online financial data is recognized pro-rata over the term of the contract, subject to adjustment in certain circumstances, for usage volume.

Depreciation and amortization

Plant and equipment are depreciated, primarily on a straight-line basis, over their estimated useful lives, which are generally 40 years for buildings and range from 3 to 20 years for machinery and equipment. Depreciation deductions are computed by accelerated methods for income tax purposes. Internal use software is amortized on a straight-line basis over its estimated useful life, not to exceed 5 years.

Excess of cost over fair value of net identifiable assets of acquired businesses through 1970 (approximately \$32 million) is not amortized unless there is evidence of diminution in value; such excess cost incurred after 1970 is being amortized by the straight-line method over periods not exceeding 40 years. FCC licenses and other intangibles are being amortized by the straight-line method over periods ranging from 3 to 40 years. Amortization of the excess of cost over fair value of net identifiable assets of acquired businesses and FCC licenses and other intangibles was \$52.6 million, \$34.1 million and \$34.3 million in 2000, 1999 and 1998, respectively.

Management periodically evaluates the recoverability of long-lived assets, where indicators of impairment are present, by reviewing current and projected profitability or undiscounted cash flows of such assets.

Interest

In 2000, 1999 and 1998, the Company's interest expense from continuing operations was \$42.6 million, \$45 million and \$61 million, respectively. Interest paid during 2000, 1999 and 1998, net of amounts capitalized, was \$42.8 million, \$50.9 million and \$65.3 million, respectively. In 2000 and 1999, the Company earned interest income of \$8.3 million and \$9.4 million on investments in highly-rated commercial paper and United States Government securities. These amounts are included in "Other, net" on the Consolidated Statements of Operations.

Cash, cash equivalents and short-term investments

Cash in excess of current operating needs is invested in various short-term instruments carried at cost that approximates fair value. Those short-term investments having an original maturity of three months or less are classified in the balance sheet as cash equivalents.

Derivatives

The Company utilizes derivative financial instruments from time to time to manage interest cost and risk associated with variable interest rates, primarily short-term changes in LIBOR. The Company uses the accrual method to account for all interest rate swap agreements. Realized gains or losses on termination of interest rate swaps, where the underlying debt has not been terminated, are deferred and amortized over their remaining original terms as an adjustment to interest expense. Amounts which are due to or from interest rate swap counterparties are recorded as an adjustment to interest expense in the periods in which they accrue.

Inventories

Inventories consist principally of raw materials (primarily newsprint) and broadcast equipment, and are valued at the lower of cost or market. The cost of newsprint inventories and broadcast equipment is determined by the first-in, first-out, and specific identification methods, respectively.

Other current assets

Other current assets included program rights of \$15.3 million and \$13.6 million at December 31, 2000, and December 26, 1999, respectively.

Accrued expenses and other liabilities

Accrued expenses and other liabilities consisted of the following:

<i>(In thousands)</i>	2000	1999
Payroll and employee benefits	\$ 18,767	\$ 20,806
Program rights	15,240	12,839
Advances from unconsolidated newsprint affiliate	6,667	6,667
Unearned revenue	17,007	14,566
Other	29,657	20,312
Total	\$ 87,338	\$ 75,190

Lease obligations

The Company rents certain facilities and equipment under operating leases. These leases extend for varying periods of time ranging from one year to more than twenty years and in many cases contain renewal options. Total rental expense amounted to \$16.9 million in 2000, \$15.6 million in 1999 and \$14.2 million in 1998. Minimum rental commitments under operating leases with noncancelable terms in excess of one year are as follows: 2001 — \$5.3 million; 2002 — \$4.3 million; 2003 — \$2.5 million; 2004 — \$1.8 million; 2005 — \$1.3 million; subsequent years — \$2.8 million.

Concentrations of credit risk

Media General is a diversified communications company which sells products and services to a wide variety of customers located principally in the southeastern United States. The Company's trade receivables result primarily from its publishing and broadcast operations. The Company routinely assesses the financial strength of significant customers, and this assessment, combined with the large number and geographic diversity of its customer base, limits its concentration of risk with respect to trade receivables.

Comprehensive Income

The Company's comprehensive income consists of net income and unrealized gains and losses on certain investments in equity securities.

Earnings per share

The following chart is a reconciliation of the numerators and the denominators of the basic and diluted per share computations for income from continuing operations before extraordinary item, as presented in the Consolidated Statements of Operations.

(In thousands, except per share amounts)	2000			1999			1998		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS									
Income from continuing operations available to common stockholders before extraordinary item	\$ 63,557	23,920	\$ 2.66	\$ 78,818	26,506	\$ 2.97	\$ 47,855	26,579	\$ 1.80
Effect of Dilutive Securities									
Stock options		172			253			245	
Restricted stock and other	(25)	97		(34)	126		(17)	90	
Diluted EPS									
Income from continuing operations available to common stockholders plus assumed conversions before extraordinary item	\$ 63,532	24,189	\$ 2.63	\$ 78,784	26,885	\$ 2.93	\$ 47,838	26,914	\$ 1.78

Commitments and contingencies

Over the next five years the Company is committed to purchase approximately \$28.6 million of program rights which currently are not available for broadcast, including programs not yet produced. If such programs are not produced the Company's commitment would expire without obligation.

During 1997 and 1998, the Company entered into lease agreements whereby the owner constructed real estate facilities costing approximately \$96 million; the facilities are leased to the Company for a term of up to 5 years. The Company may cancel the leases by purchasing or arranging for the sale of the facilities. The Company has guaranteed recovery of a portion (88%) of the owner's cost.

QUARTERLY REVIEW

(In thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2000				
Revenues	\$ 172,458	\$ 211,299	\$ 201,865	\$ 244,979
Operating Income	23,552	35,670	20,400	44,211
Income from continuing operations	17,267	17,053	8,458	20,779
Discontinued operations	(2,905)	(7,415)	—	482
Net income	14,362	9,638	8,458	21,261
Income per share from continuing operations	0.67	0.71	0.37	0.91
Income per share from continuing operations – assuming dilution	0.66	0.70	0.36	0.91
Net income per share	0.56	0.40	0.37	0.93
Net income per share –assuming dilution	0.55	0.39	0.36	0.93
Shares traded	3,697	3,456	2,802	4,131
Stock price range	\$ 49.13-54.75	\$ 46.88-53.00	\$ 47.00-53.50	\$ 33.65-49.50
Quarterly dividend paid	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16
1999				
Revenues	\$ 164,964	\$ 174,911	\$ 166,621	\$ 186,406
Operating income	22,745	33,803	29,509	36,519
Income from continuing operations before extraordinary income	7,814	14,779	28,187	28,038
Discontinued operations	3,492	1,677	2,259	796,398
Extraordinary item	—	—	—	(1,328)
Net income	11,306	16,456	30,446	823,108
Income per share from continuing operations before extraordinary item	0.29	0.56	1.06	1.06
Income per share from continuing operations before extraordinary item — assuming dilution	0.29	0.55	1.05	1.05
Net income per share before extraordinary item	0.42	0.62	1.15	31.20
Net income per share before extraordinary item — assuming dilution	0.42	0.61	1.14	30.77
Shares traded	1,840	4,382	4,676	3,787
Stock price range	\$ 44.50-53.50	\$ 44.31-59.50	\$ 46.13-53.94	\$ 46.76-55.75
Quarterly dividend paid	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15

- Media General, Inc., Class A common stock is listed on the American Stock Exchange under the symbol MEG.A. The approximate number of equity security holders of record at February 28, 2001, was: Class A common — 2,083, Class B common — 12.
- The Company sold its Newsprint operation in the third quarter 2000 and reported a loss of \$13.8 million, net of a tax benefit of \$6.2 million, including a small adjustment in the fourth quarter. The prior year and first quarter of 2000 have been restated to reflect these items as discontinued operations (net of tax).
- The Company sold its Cable Television operations in the fourth quarter 1999 and reported a net gain of \$799 million, net of income taxes of \$510 million; in the second quarter of 2000, certain adjustments related to this sale resulted in an additional net gain of \$8.3 million, net of income taxes of \$3.6 million.
- Fourth quarter 1999 results include an extraordinary item of \$1.3 million (\$0.05 per share), net of a tax benefit of \$800 thousand, representing the cost associated with the termination of interest rate swaps.

TEN-YEAR FINANCIAL SUMMARY

(In thousands, except per share amounts)

Certain of the following data were compiled from the consolidated financial statements of Media General, Inc., and should be read in conjunction with those statements and management's discussion and analysis, which appear elsewhere in this report.

	2000	1999	1998	1997
Summary of Operations				
Operating revenues	\$ 830,601	\$ 692,902	\$ 688,677	\$ 641,910
Net income (loss)	\$ 53,719	\$ 881,316	\$ 70,874	\$ (10,490)
Adjustments to reconcile to operating cash flow:				
(Income) loss from discontinued operations (a)	4,350	(5,107)	(23,019)	(14,019)
Loss on sale of GSP operations (a)	13,774	—	—	—
Gain on sale of Cable operations (a)	(8,286)	(798,719)	—	—
Extraordinary item (b)	—	1,328	—	63,000
Cumulative effect of changes in accounting principles (c)	—	—	—	—
Gain on sale of Denver Newspapers, Inc. common stock	—	(30,983)	—	—
Gain on sale of Garden State Newspapers investment	—	—	—	—
Investment (income) loss — unconsolidated affiliates	(5,131)	(9,067)	(22,193)	(21,037)
Other, net	(16,520)	(12,637)	636	(1,798)
Interest expense	42,558	45,014	61,027	59,131
Income taxes	39,369	51,431	26,967	25,516
Operating income (d)	123,833	122,576	114,292	100,303
Depreciation and amortization	101,547	72,440	69,055	65,936
Operating cash flow	\$ 225,380	\$ 195,016	\$ 183,347	\$ 166,239
Per Share Data: (a) (b) (c)				
Income (loss) from continuing operations	\$ 2.66	\$ 2.97	\$ 1.80	\$ 1.46
Discontinued operations	(0.41)	30.33	0.87	0.53
Extraordinary item	—	(0.05)	—	(2.39)
Cumulative effect of change in accounting principles	—	—	—	—
Net income (loss)	\$ 2.25	\$ 33.25	\$ 2.67	\$ (0.40)
Per Share Data — assuming dilution: (a) (b) (c)				
Income (loss) from continuing operations	\$ 2.63	\$ 2.93	\$ 1.78	\$ 1.44
Discontinued operations	(0.41)	29.90	0.85	0.53
Extraordinary item	—	(0.05)	—	(2.37)
Cumulative effect of changes in accounting principles	—	—	—	—
Net income (loss)	\$ 2.22	\$ 32.78	\$ 2.63	\$ (0.40)
Other Financial Data:				
Total assets	\$ 2,561,282	\$ 2,340,374	\$ 1,917,346	\$ 1,814,201
Working capital	58,339	167,546	29,129	34,716
Capital expenditures	42,873	60,829	49,480	41,599
Total debt	822,077	59,838	928,101	900,140
Cash dividends per share	0.64	0.60	0.56	0.53

(a) The Company sold its Newsprint operation in September 2000 and reported a loss of \$13.8 million, net of a tax benefit of \$6.2 million, and sold its Cable Television operations in October 1999 and reported a gain of \$807 million, net of income taxes of \$513.4 million, including a small favorable adjustment in 2000. All prior periods have been restated to reflect these items as discontinued operations (net of tax).

(b) In 1999 the Company incurred a charge of \$1.3 million (net of a tax benefit of \$800 thousand), representing the cost associated with the termination of interest rate swaps, while in 1997 the Company incurred a charge of \$63 million (net of a tax benefit of \$38.6 million), representing the debt repayment premium and write-off of associated debt issuance costs related to the redemption of debt assumed in the January 1997 Park acquisition.

1996	1995	1994	1993	1992	1991
\$ 491,235	\$ 427,477	\$ 394,531	\$ 374,097	\$ 363,752	\$ 367,831
\$ 70,498	\$ 53,232	\$ 117,009	\$ 25,708	\$ 19,000	\$ (62,091)
(14,953)	(14,614)	(8,394)	(11,545)	(6,792)	(10,667)
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	(687)	—
—	—	—	—	—	—
—	—	(91,520)	—	—	—
(27,188)	(19,034)	(2,935)	990	4,926	75,640
(1,979)	(6,292)	(2,300)	(3,838)	(6,635)	(1,890)
12,680	3,858	4,118	8,343	3,950	26
30,335	18,837	21,001	5,782	4,232	3,227
69,393	35,987	36,979	25,440	17,994	4,245
32,571	27,765	26,577	27,308	25,212	20,578
\$ 101,964	\$ 63,752	\$ 63,556	\$ 52,748	\$ 43,206	\$ 24,823
\$ 2.11	\$ 1.48	\$ 4.17	\$ 0.55	\$ 0.44	\$ (2.81)
0.57	0.56	0.33	0.44	0.26	0.41
—	—	—	—	—	—
—	—	—	—	0.03	—
\$ 2.68	\$ 2.04	\$ 4.50	\$ 0.99	\$ 0.73	\$ (2.40)
\$ 2.09	\$ 1.46	\$ 4.13	\$ 0.53	\$ 0.44	\$ (2.81)
0.56	0.55	0.32	0.45	0.26	0.41
—	—	—	—	—	—
—	—	—	—	0.03	—
\$ 2.65	\$ 2.01	\$ 4.45	\$ 0.98	\$ 0.73	\$ (2.40)
\$ 1,025,484	\$ 1,016,743	\$ 787,165	\$ 745,242	\$ 787,425	\$ 762,311
13,373	22,938	14,833	9,551	9,657	3,668
28,510	29,076	56,919	32,837	92,319	115,383
276,318	327,235	173,144	262,550	321,487	277,428
0.50	0.48	0.44	0.44	0.44	0.44

(c) Includes the recognition, at the beginning of fiscal 1992, of the accumulated postretirement benefit obligation related to prior service costs of \$22.8 million (\$14.4 million after-tax; \$0.55 per share, basic and assuming dilution) as the cumulative effect of a change in accounting principle for the adoption of Statements of Financial Accounting Standards No. 106, *Employer's Accounting for Postretirement Benefits Other Than Pensions* and the adoption of Statements of Financial Accounting Standards No. 109, *Accounting for Income Taxes*, which increased 1992 net income by \$15.1 million (\$0.58 per share, basic and assuming dilution), which represented the net decrease in the Company's deferred tax liability at that date.

(d) Operating income in 1991 included pretax special charges of \$11.3 million for early retirement program and newspaper merger costs.

OPERATING LOCATIONS

PUBLISHING

DAILY NEWSPAPERS

Virginia

Richmond Times-Dispatch
 Bristol Herald Courier
 The (Lynchburg) News & Advance
 The (Charlottesville) Daily Progress
 Potomac News (Prince Wm. County)
 Danville Register & Bee
 The (Waynesboro) News Virginian
 Manassas Journal Messenger
 Culpeper Star-Exponent

North Carolina

Winston-Salem Journal
 (Concord & Kannapolis)
 Independent Tribune
 Hickory Daily Record
 Statesville Record & Landmark
 The (Morganton) News Herald
 The Reidsville Review
 The (Eden) Daily News
 The (Marion) McDowell News

Florida

The Tampa Tribune
 Highlands Today (Sebring)
 Hernando Today (Brooksville)
 Jackson County Floridan

Alabama

The Dothan Eagle
 Opelika-Auburn News
 Enterprise Ledger

South Carolina

(Florence) Morning News

OTHER OPERATIONS

Colorado

The Denver Post (20% ownership)

Washington, D.C.

Media General News Service

North Carolina

Media General Syndication Services

- ◆ Star Watch
- ◆ Spotlight
- ◆ Parent's Post
- ◆ Mature Times
- ◆ LapbyLap
- ◆ Frontiers

NEWSPRINT AFFILIATE

SP Newsprint Co. (33% ownership)
 Dublin, Ga.; Newberg, Ore.

OTHER PERIODICALS

Virginia

A Magazine (Bristol)
 Belvoir Eagle
 Better Living (Danville)
 Bland Messenger
 The Burg (Lynchburg)
 Charlottesville Business Journal
 Clinch Valley News
 Culpeper News
 The Draft (Stuarts Draft)
 Floyd Press
 Greene County Record
 HealthBeat (Charlottesville)
 Madison County Eagle
 Orange County Review
 Quantico Sentry
 Region 2000 Business (Lynchburg)
 Richlands Mountain Advisor
 Richlands News Press
 Rural Virginian (Charlottesville)
 Smyth County News & Messenger
 Stafford County Sun
 Virginia Business (statewide)
 Washington County News
 Southwest Virginia Enterprise

North Carolina

The Davidson Gazette
 The (Madison) Messenger
 The Mooresville Tribune

Florida

The Brandon News
 Carrollwood News
 East Bay Breeze
 The (Plant City) Courier
 South Tampa News
 Town 'N Country News
 The Sun (Sun City Center)
 The Suncoast News
 Temple Terrace News
 West Pasco Press

Alabama

Army Flier (Fort Rucker)
 The Ashford Power
 The Auburn Bulletin
 The Dothan Progress
 The Headland Observer

South Carolina

Lake City News & Post
 Marion Star & Mullins Enterprise
 The Weekly Observer (Hemingway)

BROADCAST

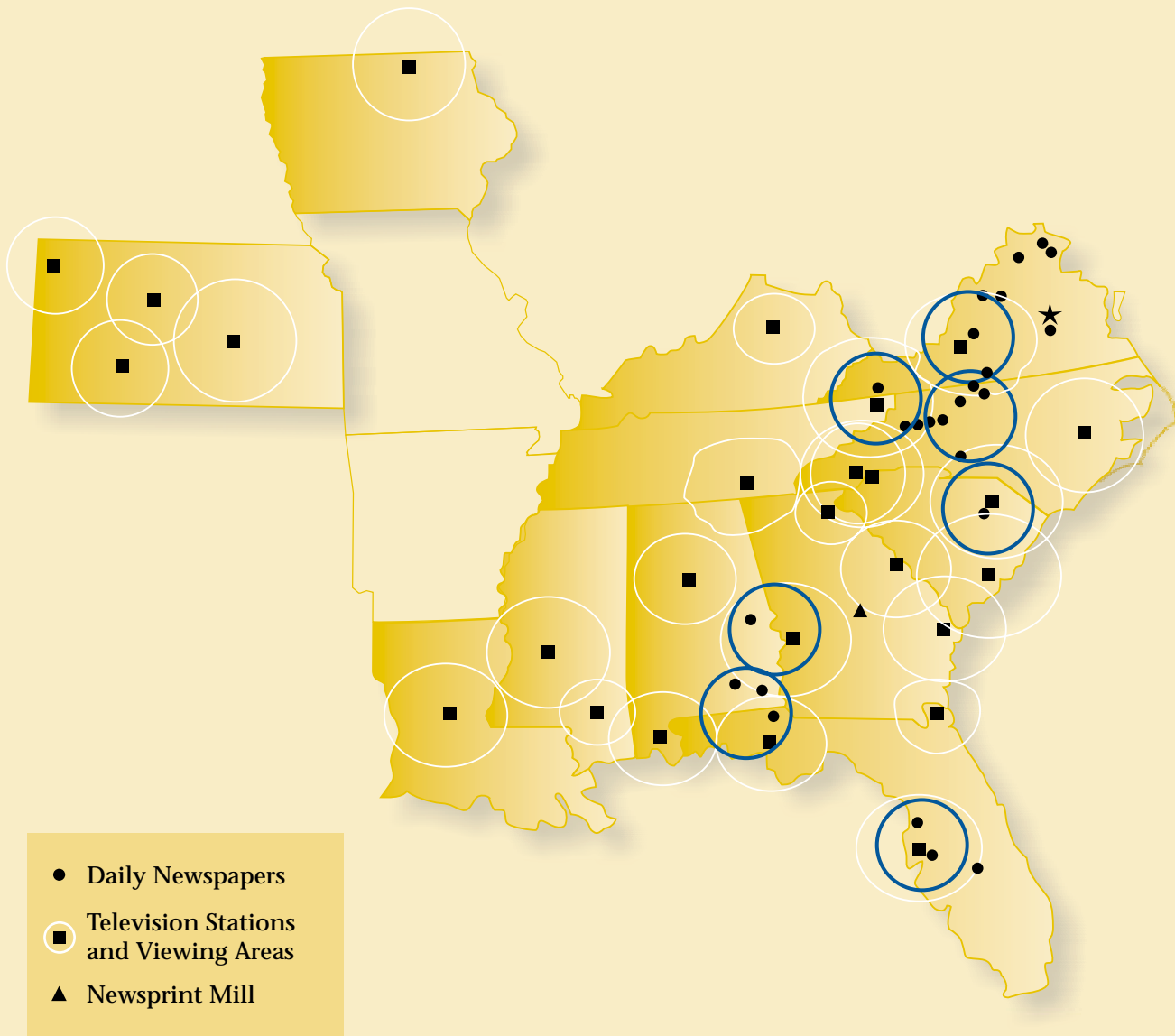
TELEVISION STATIONS

WIAT-CBS, Birmingham, Ala.
 WKRG-CBS, Mobile, Ala./Pensacola, Fla.
 WJWB-WB, Jacksonville, Fla.
 WMBB-ABC, Panama City, Fla.
 WFLA-NBC, Tampa, Fla.
 WJBF-ABC, Augusta, Ga.
 WRBL-CBS, Columbus, Ga.
 WSAV-NBC, Savannah, Ga.
 WNEG-CBS, Toccoa, Ga.
 KIMT-CBS, Mason City, Iowa
 KBSD-CBS, Dodge City, Kan.
 KBSL-CBS, Goodland, Kan.
 KBSH-CBS, Hays, Kan.
 KWCH-CBS, Wichita, Kan.
 WTVQ-ABC, Lexington, Ky.
 KALB-NBC, Alexandria, La.
 WHLT-CBS, Hattiesburg, Miss.
 WJTV-CBS, Jackson, Miss.
 WNCT-CBS, Greenville, N.C.
 WASV-UPN, Greenville/Spartanburg/
 Anderson, S.C./Asheville, N.C.
 WCBD-NBC, Charleston, S.C.
 WBTW-CBS, Florence/Myrtle Beach, S.C.
 WSPA-CBS, Greenville/Spartanburg/
 Anderson, S.C./Asheville, N.C.
 WDEF-CBS, Chattanooga, Tenn.
 WJHL-CBS, Johnson City, Tenn.
 WSLS-NBC, Roanoke, Va.
 Professional Communications Systems,
 Tampa, Fla.

INTERACTIVE MEDIA

Media General Financial Services,
 Richmond, Va.
 Tampa Bay Online (TBO.com),
 Tampa, Fla.
 gatewayva.com, Richmond, Va.
 timesdispatch.com, Richmond, Va.
 JournalNow.com, Winston-Salem, N.C.
 FlorenceMyrtleBeach.com,
 Florence, S.C.

Media General also operates more than 50 additional online enterprises related to its publications and television stations.



CONVERGENCE MARKETS

The circles on this map indicate the viewing areas of Media General's television stations. The blue circles highlight markets where the company owns both a television station and a daily newspaper. These prime convergence markets are in the viewing areas of WFLA in Tampa, Fla.; WJHL in Johnson City, Tenn.; WBTW in Florence, S.C.; WRBL in Columbus, Ga.; WMBB in Panama City, Fla.; and WSLS in Roanoke, Va. In Media General's other major markets, the company plans to pursue convergence via Web sites and by partnering with newspapers and television stations owned by other high-quality media organizations, such as Fox's WGHP in Winston-Salem, N.C.

CORPORATE INFORMATION

Form 10-K

Stockholders who would like a copy of Form 10-K, the annual report to the Securities and Exchange Commission, may obtain one by writing:

Corporate Communications
Media General Inc.
P.O. Box 85333
Richmond, Va. 23293-0001
(804) 649-6000

Annual Meeting

Stockholders of Media General Inc. are invited to attend the Annual Meeting at the Richmond Times-Dispatch production facility, Atlee Station, 5555 Chamberlayne Road (U.S. 301), Mechanicsville, Va. at 11 a.m., May 18, 2001.

Automatic Dividend Reinvestment and Stock Purchase Plan

Media General Class A stockholders receive a 5 percent discount from the market price when they reinvest their dividends in additional Media General shares. Participants in the Plan also can make optional cash purchases of Class A common stock at market price and pay no brokerage commissions. To obtain the Plan prospectus and enrollment card, write:

American Stock Transfer & Trust Co.
Dividend Reinvestment Department
6201 Fifteenth Ave.
Brooklyn, N.Y. 11219
(800) 937-5449

Transfer Agent and Registrar

American Stock Transfer & Trust Co.
Corporate Trust Department
6201 Fifteenth Ave.
Brooklyn, N.Y. 11219
(800) 937-5449

Additional company information is available on Media General's Web site:
www.mediageneral.com

OFFICERS

J. Stewart Bryan III — 62, Chairman, President and Chief Executive Officer since 1990; Executive Vice President 1985-90; Chief Operating Officer 1989-90; publisher of the Richmond Times-Dispatch since 1978; publisher of The Tampa Tribune 1976-78; executive vice president of The Tribune Co. 1971-76; vice president of The Tribune Co. 1968-71.

Marshall N. Morton — 55, Senior Vice President and Chief Financial Officer since 1989; corporate vice president and controller of West Point-Pepperell Inc. and vice president of finance and administration for J.P. Stevens (a West Point-Pepperell subsidiary) 1986-88; treasurer of West Point-Pepperell 1981-86; various financial positions at West Point-Pepperell 1972-81.

H. Graham Woodlief Jr. — 56, Vice President since 1989; president of the Publishing Division; vice president and business manager of Richmond Newspapers Inc. 1984-89; treasurer 1987-89; controller 1973-84; assistant controller 1971-73; chief accountant 1969-71.

James A. Zimmerman — 54, Vice President since January 2001; president of the Broadcast Division since 1991; president and general manager of WFLA 1990-96; vice president of operations and finance for the Broadcast Division 1987-90; vice president of administration for the Broadcast Division 1982-87; treasurer and assistant secretary of WFLA 1979-82; comptroller of WFLA 1976-79; director of internal audit for Media General 1975-76.

Neal F. Fondren — 42, Vice President and president of the Interactive Media Division since January 2001; vice president of new media for E.W. Scripps Co. 1997-00; executive positions in Scripps' Cable Television Division 1982-97.

Lou Anne J. Nabhan — 46, Vice President and director of corporate communications since January 2001; vice president of Reynolds Metals Co. 1998-00; director of corporate communications for Reynolds Metals 1993-00.

George L. Mahoney — 48, General Counsel and Secretary since 1993; assistant general counsel Dow Jones & Co. 1982-93; Satterlee & Stephens 1978-82.

Stephen Y. Dickinson — 55, Controller since 1993; assistant controller 1989-92; director of corporate tax department 1983-89; principal Ernst & Young LLP 1979-83.

John A. Schauss — 45, Treasurer since February 2001; deputy treasurer of George Washington University 1998-01; chief operating officer and chief financial officer of Eastern College 1994-98; associate vice president for finance at George Washington University 1991-94.

DIRECTORS

J. Stewart Bryan III — 62, Chairman, President and Chief Executive Officer since 1990; Director since 1974; member of the Executive Committee.

Marshall N. Morton — 55, Senior Vice President and Chief Financial Officer since 1989; Director since 1997; member of the Executive Committee.

Charles A. Davis — 52, New York, N.Y. Director since 1989; chairman of the Audit Committee; president and chief executive officer of Marsh & McLennan Capital Inc.; formerly limited partner in The Goldman Sachs Group LP; director of Merchants Bancshares Inc. and Progressive Corp.

Wyndham Robertson — 63, Chapel Hill, N.C. Director since 1996; member of the Audit Committee; former vice president for communications, University of North Carolina; a former assistant managing editor of Fortune magazine.

John G. Medlin Jr. — 67, Winston-Salem, N.C. Director since 1994; member of the Compensation Committee; chairman emeritus and former chairman and chief executive officer of Wachovia Corp.; director of BellSouth Corp., Burlington Industries Inc., R.J. Reynolds Tobacco Holdings Inc. and USAirways Group Inc.

Henry L. Valentine II — 73, Richmond, Va. Director since 1991; member of the Executive and Audit Committees; chairman of Davenport & Co. LLC.

Robert V. Hatcher Jr. — 70, Richmond, Va. Director since 1991; chairman of the Compensation Committee; former chairman and chief executive officer of Johnson & Higgins.

Robert P. Black — 73, Richmond, Va. Director since 1993; member of the Compensation Committee; former president of the Federal Reserve Bank of Richmond.

Roger H. Mudd — 72, McLean, Va. Director since 1998; member of the Audit Committee; host of The History Channel since 1994; former correspondent with CBS News, NBC News and the McNeil/Lehrer Newshour. He began his career as a reporter for The Richmond News Leader and WRNL Radio.



J. Stewart Bryan III



Marshall N. Morton



Charles A. Davis



Wyndham Robertson



John G. Medlin Jr.



Henry L. Valentine II



Robert V. Hatcher Jr.



Robert P. Black



Roger H. Mudd

Media General

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