

MEDIA GENERAL INC
Form 11-K
June 22, 2004
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS
AND SIMILAR PLANS PURSUANT TO SECTION 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One):

☒ ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

or

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number V-1799

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

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MG ADVANTAGE 401(k) PLAN

B. Name of the issuer of the securities held pursuant to the plan and the address of its principal executive office:

MEDIA GENERAL, INC.

333 East Franklin Street

Richmond, Virginia 23219

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Financial Statements

And Supplemental Schedule

MG Advantage 401(k) Plan

Years ended December 31, 2003, and 2002,

with Report of Independent Registered Public Accounting Firm

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MG Advantage 401(k) Plan

**Financial Statements
and Supplemental Schedule**

Years ended December 31, 2003, and 2002

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Report of Independent Registered Public Accounting Firm

Administrator

MG Advantage 401(k) Plan

We have audited the accompanying statements of net assets available for plan benefits of the MG Advantage 401(k) Plan (the Plan), as of December 31, 2003 and 2002, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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 financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan at December 31, 2003 and 2002, and the changes in its net assets available for plan benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2003, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ ERNST AND YOUNG LLP

June 7, 2004

Richmond, Virginia

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MG Advantage 401(k) Plan

Statements of Net Assets Available for Plan Benefits

	December 31,	
	2003	2002
Assets		
Cash	\$ 4,991,302	\$ 4,504,431
Investments	234,557,823	194,033,544
Total Assets	239,549,125	198,537,975
Net assets available for plan benefits	\$ 239,549,125	\$ 198,537,975

See accompanying notes.

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MG Advantage 401(k) Plan

Statements of Changes in Net Assets Available for Plan Benefits

	Years Ended December 31,	
	2003	2002
Investment income:		
Dividends	\$ 2,920,002	\$ 2,048,564
Interest	663,270	1,347,826
	<u>3,583,272</u>	<u>3,396,390</u>
Net realized and unrealized appreciation in fair value of assets	28,891,548	4,549,898
Contributions:		
Employer	7,491,790	7,321,086
Participants	13,150,122	12,937,918
Rollovers	663,036	1,050,134
	<u>21,304,948</u>	<u>21,309,138</u>
Distributions to withdrawing participants	(12,768,618)	(17,868,187)
Net increase in net assets available for plan benefits	41,011,150	11,387,239
Net assets available for plan benefits at beginning of year	198,537,975	187,150,736
Net assets available for plan benefits at end of year	<u>\$ 239,549,125</u>	<u>\$ 198,537,975</u>

See accompanying notes.

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MG Advantage 401(k) Plan

Notes to Financial Statements

December 31, 2003

1. General

Fidelity Management Trust Company (Fidelity) is the trustee, recordkeeper, and investment manager of the MG Advantage 401(k) Plan (the Plan), pursuant to a trust agreement dated January 1, 2001. The investment fund options include twelve Fidelity funds, a Dreyfus Corporation fund, and the Media General Stock Fund.

2. Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Valuation of Investments

All investments, other than guaranteed investment contracts (GICs) and loans to participants, are carried at market value. Deposits under GICs were carried at contract value which approximated fair value. The Plan no longer carries GICs as of December 31, 2003. Loans to participants are carried at the original amount of the loan less repayments received. Investments in securities traded on national securities exchanges are valued at the last reported sales price or at the last reported bid quotation if not traded on that day. Investments in commingled equity and balanced funds are valued at their redemption value. Dividends are recorded on the ex-dividend date and interest is accrued as earned.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from these estimates.

3. Contributions

The Plan allows pretax contributions by means of regular payroll deductions up to 20% of a participant's total compensation subject to limitations prescribed by the Internal Revenue Code. After-tax contributions are not allowed. The Company matches 100% of contributions up to a total of 4% of a participant's total pay. Participants may rollover account balances from a prior employer's qualified retirement plan or conduit IRA that holds only prior qualified plan balances. Participant contributions are invested in accordance with Plan terms directed by participants in the fourteen fund options mentioned in **NOTE 1**. Company matching contributions are invested in Company stock, subject

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MG Advantage 401(k) Plan

Notes to Financial Statements (continued)

3. Contributions (continued)

to transfer provisions discussed in the following paragraph. The Plan also includes, among other things, a loan feature (see **NOTE 7**). Under specified guidelines, a participant may request the trustee to transfer a portion of the participant's balance in other funds into a loan account for disbursement as a loan to the participant. Repayment of principal and interest is generally made by payroll deduction and the loans are fully secured by the participant's account balance.

Participants may change their investment elections directly with Fidelity at any time. Participants over age 55 may also transfer 100% of the market value of their account among all fund options. Participants under age 55 may transfer 100% of the market value of their account among all fund options, except from the Media General Common Stock Fund, at any time. These participant transfers from the Media General Common Stock Fund are limited to 25% of the participant's fund balance once a quarter to any of the other funds.

4. Eligibility, Vesting, Withdrawals, and Terminations

Any employee who has completed 45 days of service and is at least 18 years old shall be eligible to participate in the Plan as of the first day of the month following their meeting these eligibility requirements. In the event of termination of employment or withdrawal from the Plan, participants receive the total value of their account either directly or by rollover to another qualified account. The vesting provisions of the Plan provide for immediate 100% vesting of the value of Company pretax matching contributions.

The Company has established the Plan with the intention that it will continue. The Company has the right at any time to terminate the Plan. The value of the participants' accounts would be distributed to the participants in a manner consistent with the Summary Plan Document.

The above descriptions are provided for informational purposes. Readers should refer to the most recently updated Summary Plan Document for more complete information on Plan provisions both before and after the noted Plan changes.

5. Income Taxes

The Internal Revenue Service ruled on February 27, 2003 that the Plan qualifies under Section 401(a) of the Internal Revenue Code (IRC) as of January 1, 2002, and, therefore, the related trust is not subject to tax under present income tax law. Employee contributions qualify as cash or deferred contributions under Section 401(k) of the IRC. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Company believes the Plan continues to qualify under the IRC and the related trust is tax exempt.

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MG Advantage 401(k) Plan

Notes to Financial Statements (continued)

6. Investments

Investments representing five percent or more of the Plan's net assets at December 31, 2003 and 2002 consisted of the following:

Name and Title	2003		2002	
	Cost	Market Value	Cost	Market Value
Media General, Inc. Common Stock Fund	\$ 67,329,962	\$ 115,651,826	\$ 63,379,898	\$ 106,644,245
Fidelity Managed Income Portfolio Fund	19,958,751	19,958,751		
Fidelity Managed Income Fund			18,762,776	18,762,776
Fidelity Fund	34,738,733	32,135,202	36,520,608	26,381,885
Fidelity Freedom 2010	13,324,568	13,457,171	12,195,766	10,709,827

The balance of the Fidelity Managed Income Fund was transferred to the Fidelity Managed Income Portfolio Fund during 2003.

The Plan's investments appreciated (depreciated) in fair value during 2003 and 2002 as follows:

Name and Title	2003	2002
Media General, Inc. Common Stock Fund	\$ 9,739,954	\$ 19,963,368
Fidelity Fund	6,797,753	(8,026,144)
Fidelity Growth Company	3,023,693	(2,305,961)
Fidelity OTC Portfolio	1,033,197	(580,615)
Fidelity Diversified International	924,341	(173,473)
Fidelity Freedom Income	94,754	(55,610)
Fidelity Freedom 2000	62,136	(37,263)
Fidelity Freedom 2010	1,547,701	(1,037,302)
Fidelity Freedom 2020	1,172,821	(592,835)
Fidelity Freedom 2030	1,040,879	(548,883)
Fidelity Freedom 2040	391,471	(224,395)
Fidelity International Bond	(5,766)	
Dreyfus Small Company Value	3,068,614	(1,830,989)
	<u>\$ 28,891,548</u>	<u>\$ 4,549,898</u>

7. Loans to Participants

The Plan has a loan feature available to all Plan participants. Loans are made from the participant's account, reducing the investment balance and creating a receivable in the Loan Fund. Loans are secured by the participant's vested account balance. Loans to terminated participants and loans in default are treated as distributions to the participant. Loans are generally repaid through payroll deduction including principal and interest. The principal portion reduces the receivable from participants and both principal and interest are transferred to the participant's investment account as repayments are received.

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MG Advantage 401(k) Plan

Notes to Financial Statements (continued)

7. Loans to Participants (continued)

Participants may obtain loans based on the vested value of their accounts. New loans cannot exceed 50% of the participant's account value or a maximum of \$50,000 in accordance with the Department of Labor's regulations on loans to participants. Loans are limited to one loan per participant per twelve-month period with a maximum of two loans outstanding at any one time. Loans shall bear a reasonable rate of interest and must be repaid over a period not to exceed 5 years unless used to purchase the participant's primary residence, in which case the loan must be repaid over a period not to exceed 10 years.

8. Related Party Transactions

Recurring administrative expenses of the Plan, which include trustee fees, are paid by Media General, Inc. Administrative expenses for the years ended December 31, 2003 and 2002 were approximately \$266,000 and \$275,000, respectively.

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Supplemental Schedule

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Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment including Maturity date, rate of interest, par or maturity value	Current or Market Value
Interest-bearing Cash	4,991,302 units	\$ 4,991,302
Fidelity* Managed Income Portfolio	19,958,751 shares	19,958,751
Fidelity* Fund	1,144,416 shares	32,135,202
Fidelity* Growth Company	235,257 shares	11,779,337
Fidelity* International Bond	46,105 shares	491,481
Fidelity* OTC Portfolio	126,501 shares	4,107,502
Fidelity* Diversified International	152,173 shares	3,670,412
Fidelity* Freedom Income	229,218 shares	2,542,031
Fidelity* Freedom 2000	88,757 shares	1,045,562
Fidelity* Freedom 2010	1,033,577 shares	13,457,171
Fidelity* Freedom 2020	561,573 shares	7,311,687
Fidelity* Freedom 2030	428,342 shares	5,547,023
Fidelity* Freedom 2040	259,188 shares	1,959,459
Dreyfus Small Company Value	318,879 shares	7,270,451
Media General, Inc.* Common Stock Fund	1,776,304 shares	115,651,826
Loans to participants*	6% 10%	7,629,928
Total		\$ 239,549,125

* Party in interest to the Plan

** Historical cost is not required as all investments are participant directed.

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EXHIBIT INDEX

TO

FORM 11-K FOR

MG ADVANTAGE 401(k) PLAN

Exhibit Number

Description of Exhibit

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Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm, dated June 22, 2004

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEDIA GENERAL, INC.
(Registrant)

By: /s/ J. Stewart Bryan III
J. Stewart Bryan III
Chairman, President and Chief
Executive Officer

By: /s/ Marshall N. Morton
Marshall N. Morton
Vice Chairman, Chief
Financial Officer and Director

Date: June 22, 2004