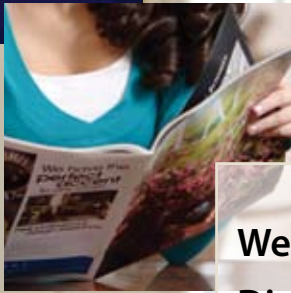


Media General delivers excellent local content in strong growth markets over multiple media platforms



Web First  
Digital TV  
Targeted Print



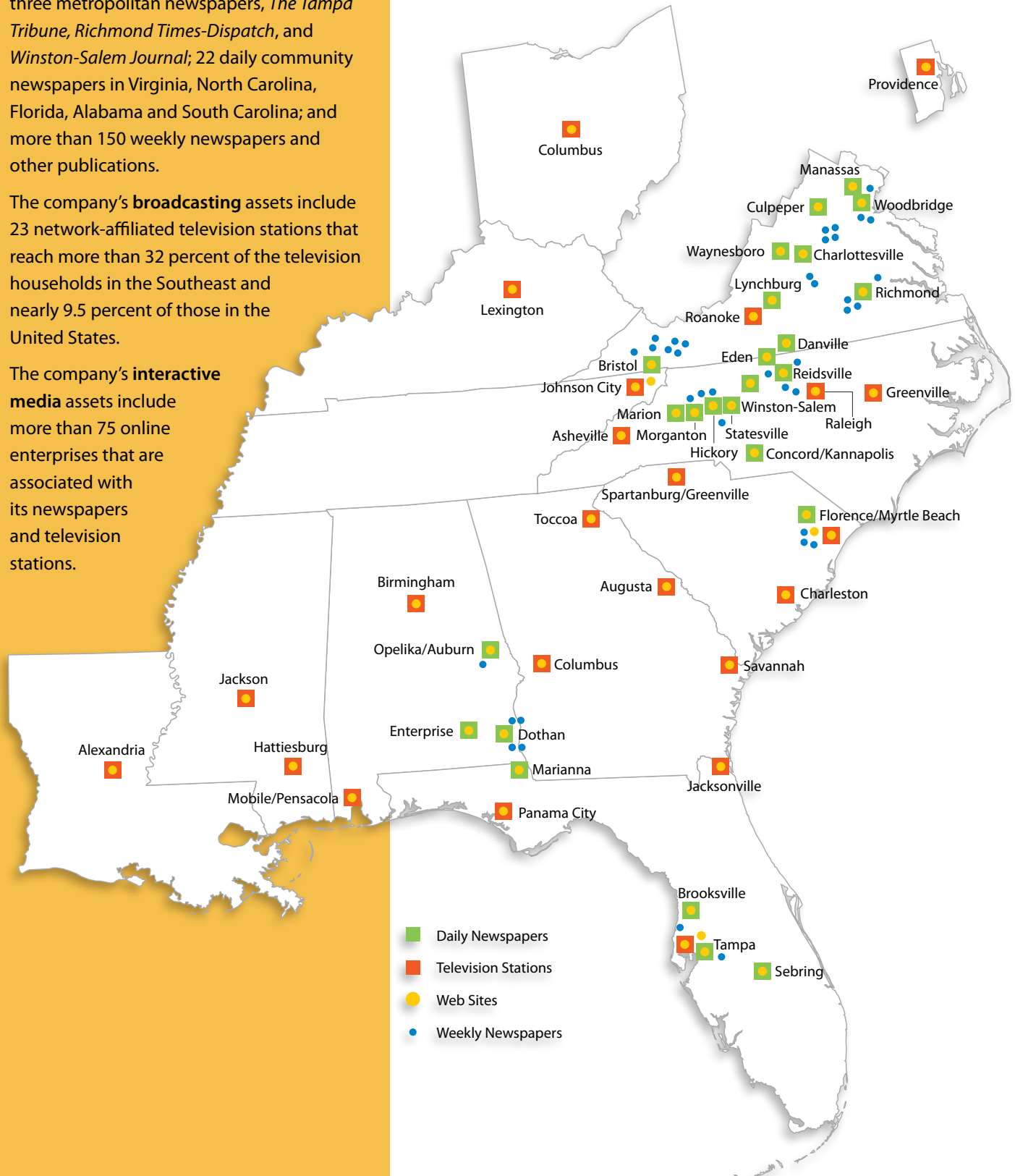
# THIS IS MEDIA GENERAL

**Media General** is a multimedia company operating leading newspapers, television stations and online enterprises primarily in the Southeastern United States.

The company's **publishing** assets include three metropolitan newspapers, *The Tampa Tribune*, *Richmond Times-Dispatch*, and *Winston-Salem Journal*; 22 daily community newspapers in Virginia, North Carolina, Florida, Alabama and South Carolina; and more than 150 weekly newspapers and other publications.

The company's **broadcasting** assets include 23 network-affiliated television stations that reach more than 32 percent of the television households in the Southeast and nearly 9.5 percent of those in the United States.

The company's **interactive media** assets include more than 75 online enterprises that are associated with its newspapers and television stations.



# FINANCIAL HIGHLIGHTS

(In millions, except per share amounts)

For Fiscal Years Ended	Dec. 30, 2007	Dec. 31, 2006	% Change
Revenues	\$ 932.2	\$ 964.9	(3.4)
Operating cash flow	182.4	206.1	(11.5)
Depreciation and amortization	75.2	68.4	9.9
Operating income	107.2	137.7	(22.1)
Income from continuing operations	\$ 10.3	\$ 63.1	(83.7)
Discontinued operations	0.4	15.9	(97.5)
Net income	10.7	79.0	(86.5)
Stockholders' equity	913.0	937.4	(2.6)
Total assets	2,471.1	2,505.2	(1.4)
Average shares outstanding – assuming dilution	22.8	23.8	(4.2)
Earnings per share – assuming dilution:			
Income from continuing operations	\$ 0.45	\$ 2.65	(83.0)
Income from discontinued operations	0.02	0.67	(97.0)
Net income	0.47	3.32	(85.8)
Dividends per share	0.92	0.88	4.5
Stockholders' equity per share	40.38	38.87	3.9

Our mission is to be the leading provider  
of high-quality news, information and  
entertainment in the Southeast by continually  
building our position of strength in  
strategically located markets.

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## TO OUR SHAREHOLDERS:

We are leading change for our readers, viewers, visitors and advertisers, with the right strategies, strong markets, highly motivated employees, and aggressive execution.

For Media General and our entire industry, 2007 was a difficult year – perhaps the most difficult in recent memory, or even in history.

We faced, and continue to face, many challenges: from shifting customer needs and expectations; from Internet-based competitors; from structural changes in industries that have historically been major purchasers of newspaper and television advertising; from a cyclical economy; and for some companies, including Media General, from a severely depressed Florida economy.

Responding to these challenges, our Directors, management and dedicated employees have undertaken aggressive strategic, operational and financial steps to strengthen and transform the company with a great sense of urgency. Our mission and core strategy are to improve shareholder value by delivering excellent local content in strong growth markets over multimedia platforms. We seek to effectively leverage our multimedia assets to reach more people in more ways, and to provide effective delivery for our advertisers to their target customers.

### Initiatives to increase audience and market share

- Investing in and growing our Interactive Media business by offering a wide array of online products and services, including successful and profitable advergames and expanding our alliances with online partners such as Yahoo!
- Restructuring and expanding the Interactive Media Division's management team in 2007, including the naming of a new division president with a strong record of success in

creating and growing local online enterprises.

- Adopting a successful and innovative "Web-First" approach in 2007 in all newsrooms and developing new capabilities for pushing news and information to mobile devices.
- Completing the conversion to digital transmission at our television stations, launching high-definition local news in five markets, and introducing secondary digital channels in several markets.
- Expanding the creation of new print, broadcast and online products to reach diverse and untapped audiences. In 2007, the Publishing Division generated \$40 million from new product initiatives and the Broadcast Division realized \$22 million from similar efforts.
- Dramatically reducing and controlling expenses wherever possible. In 2007, we reduced Publishing Division expenses more than 4% from the prior year, excluding the impact of an extra week in 2006. Broadcast Division expenses for the stations we owned fully for both years increased only 2.6%, not including higher depreciation expense related to our significant digital investment, again excluding the extra week in 2006.
- Streamlining a variety of operations in Tampa in 2007 and consolidating, outsourcing and eliminating jobs to align expenses with the revenue environment.
- Balancing more closely our publishing and broadcasting portfolios, including our mid-2006 purchase of four NBC stations that make us less dependent on traditional newspaper business.
- Implementing, in six markets, a multimedia convergence

strategy to maximize our operating efficiencies and to leverage the strengths of our newspapers, broadcasting and online assets. In Tampa, where we pioneered this approach, our media platforms have an unduplicated reach of more than 75% of the total market.

People need and want credible, reliable and real-time information. No one in our region is more effective at gathering, analyzing, packaging and providing local news, information and entertainment than Media General.

#### Consolidated Financial Results

Media General's net income in 2007 decreased to \$10.7 million from \$79 million in 2006. While certain infrequent items were notable, they largely offset one another (an insurance recovery gain, accrued losses related to the SP Newsprint and television station divestitures, and investment write-downs).

The income decline primarily reflected much lower Political revenues from a record in 2006, lower advertising revenues overall, most significantly in Tampa and in the Classified advertising category, and a significant loss from our share of SP Newsprint's operating results.

#### Publishing Division Results

Publishing Division performance was soft throughout 2007. All major advertising categories declined, especially Classified advertising, and particularly in the Tampa market. Excluding the estimated impact of the extra week in 2006 and despite operating expenses that were down more than 4%, division profit declined 23%, as revenues decreased by 8%. The expense savings were generated by re-engineering initiatives and lower newsprint costs. Challenges in the Tampa market caused most of the division's decline while, on the other hand, the *Richmond Times-Dispatch* and certain community newspapers actually generated profit increases in 2007.

#### Broadcast Division Results

Broadcast Division profits in 2007 declined approximately 22%, excluding results of the NBC stations purchased in



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

mid-2006. While the extra week in 2006 was a factor in the division's performance, results were more heavily impacted by substantially reduced Political advertising and the absence of the Winter Olympics in 2007. Political advertising revenues of \$7.6 million were stronger than expected in this off-election year, but were only 15% of the previous year's record performance.

In the fourth quarter of 2007, the company initiated plans to divest three television stations and their associated Web sites, and we continue to pursue the sale of two other stations. Net proceeds from the sale of any television station will be used to reduce debt.

#### Interactive Media Division Results

The Interactive Media Division improved its operating loss to \$2.8 million in 2007 from \$3.1 million in 2006, excluding net investment related write-downs in both years. Revenues increased approximately 35%, excluding the extra week in 2006. Page views and visitor sessions for 2007 rose approximately 6.6% and 10%, respectively, driven in part by our "Web-First" approach in a number of markets and by our Yahoo! partnership.

The company's advergaming business had a breakout year and became profitable as revenues tripled. Lower Classified advertising volumes, however, particularly in Tampa, adversely affected the division's revenues and profits for the

year. On the other hand, local online advertising increased more than 50%, as banners and sponsorships continued to grow. National/Regional online revenues doubled for the same period, as relationships with an expanding network of national agencies translated into more advertisers.

### SP Newsprint Sale

On January 18, 2008, Media General and its partners entered into an agreement to sell SP Newsprint Company. We expect to generate after-tax proceeds of \$37 million to \$40 million from the transaction, and we will use these proceeds to pay down debt. Completion of the transaction is expected in March or April 2008. This divestiture will eliminate the earnings volatility we have experienced in recent years from our one-third ownership of SP Newsprint. Moreover, the transaction will benefit Media General by enabling us to focus fully on our core business as a pure content company.

### Cross-Ownership

On December 18, 2007, the Federal Communications Commission (FCC) adopted a new newspaper/broadcast cross-ownership rule, which allows a company to own a newspaper and a broadcast station in the Top 20 U.S. markets if certain standards are met. More immediately important for us, the FCC granted permanent waivers to our existing combinations in the Tampa, Southwest Virginia/Tennessee, Myrtle Beach/Florence, S.C., Columbus, Ga., and Panama City, Fla., markets, which have been operating

successfully on a converged basis for many years.

We were gratified by the FCC's action, which is an official validation of what we have been saying for years: that common ownership and convergence allow us to serve local communities better, and with greater amounts of high-quality local news and information.

This business model gives us more tools and allows us to do a better job reaching our audiences when, where and how they want. This ultimately leads to more eyes on our products, which is critical to our competitive success. We continue to believe that the benefits of cross-ownership should be available to communities of all sizes, and we will continue to press for ownership relief in all-sized markets.

### 2008 Outlook

We expect our financial performance in 2008 to be stronger than 2007. Our Broadcast Division should benefit significantly from the return of Political and Olympic revenues, the synergies created from the full integration of the four NBC stations we purchased in 2006, and the expanded opportunities we gain through digital transmission. While the Publishing Division expects tough economic conditions to continue, particularly in Tampa, we expect that the further development of hyper-local and targeted products will help

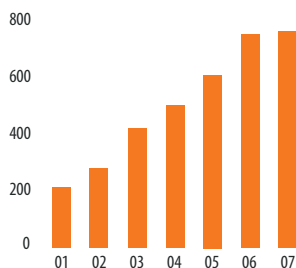


### Rapid Growth

Page views have increased from approximately 200 million in 2001 to about 760 million in 2007.

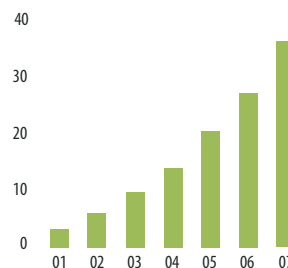
#### Online Audience Growth

Page views, in millions



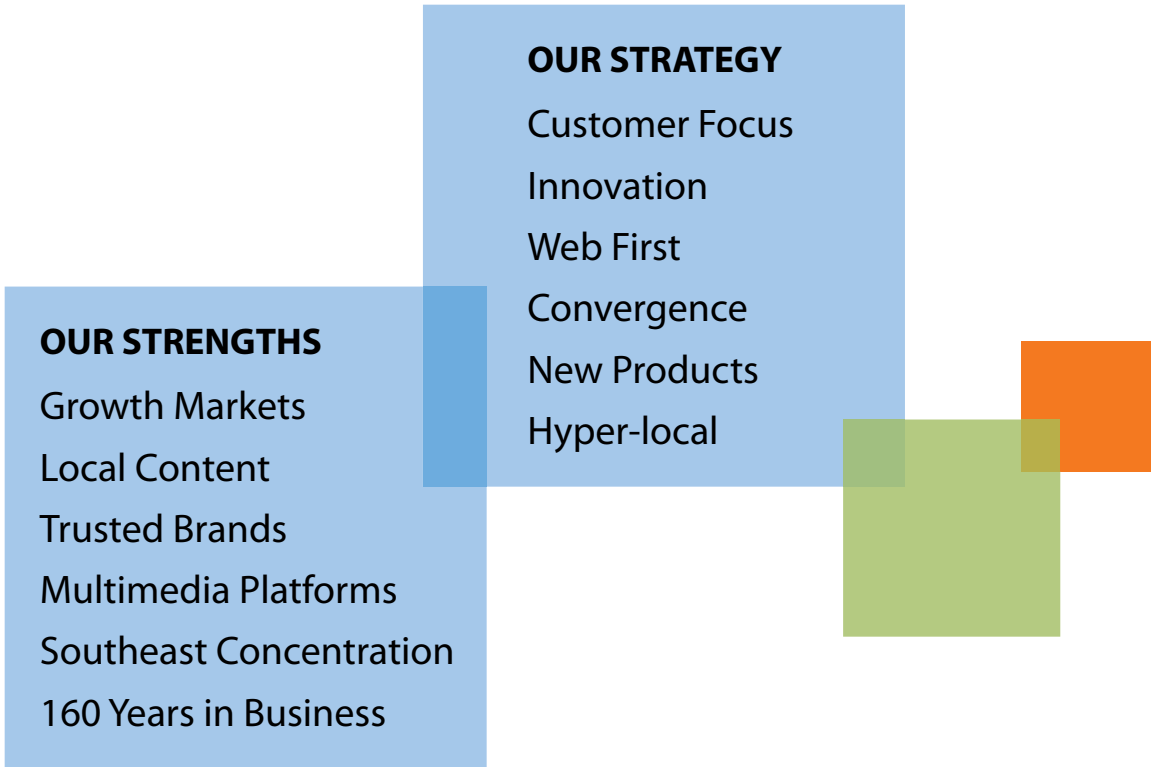
#### Online Revenue Growth

\$ in millions



### Engaging Advertising

Online revenues in 2007 totaled about \$36 million and are expected to exceed \$50 million in 2008.



offset lower revenues from traditional newspaper advertisers. Our growing Interactive Media Division is poised to achieve its first full year of profitability, driven by continued strong revenue growth from its Web sites, including the benefits of our partnership with Yahoo!, and increased sales from our high-margin advergaming business.

At the same time, we will continue to focus on expense management. We are driving hard for debt reduction, which we expect to accomplish through lower capital spending and by redeployment of the proceeds from asset sales. Our 2008 capital spending budget is \$45 million compared to expenditures of \$78 million in 2007 and \$94 million in 2006.

Media General has been a successful operator in the media business for nearly 160 years. We have been through many economic cycles, experienced many market and technological disruptions, and dealt successfully with these challenges. Importantly, we are deeply embedded in the DNA of our region, which, despite the current housing-related recession in Tampa, remains one of the nation's fastest-growing and economically robust markets.

We believe Media General is well-underway in successfully transforming itself in a rapidly changing industry.

We are confident that our financial results will improve over time, based on the clear and consistent initiatives we are executing and on the fundamental strengths of our assets, and our region. As always, we remain committed to building long-term value for our shareholders, our customers, and our communities.

Yours sincerely,

J. Stewart Bryan III  
Chairman of the Board

Marshall N. Morton  
President and Chief Executive Officer

February 27, 2008

W

We launched our first Continuous News Desk at the Tampa News Center in August, and we will complete the full conversion to our “Web-First” process in 2008. In the first months after introducing the new approach in Tampa, page views for local news were consistently more than 60% ahead of the previous year and monthly unique visitors were up 25%.

Using this approach, our journalists break news when it happens. They no longer wait for the next newscast or edition of the paper to provide their readers and viewers with up-to-the-minute reporting on important local events.

To facilitate the process, we reassigned staff, introduced new scheduling, and provided the tools and training needed to create the type of local Web content that is attracting new visitors and advertisers.

We are providing continually updated headlines, news stories, weather events and traffic alerts on our Web sites. We focus on online’s primetime, which includes the periods from 5 a.m. to

10 a.m. and from 2 p.m. to 5 p.m. Some of our newspaper Web sites are on their way to becoming virtual television operations as the use of video in our online reporting continues to increase significantly. We also deliver news and information to a variety of mobile devices.

As a result of this change, all of our news reports are fresher. Every time we add to a story, we move it forward with new information and context. We also have stronger and more urgent

headlines to post to Yahoo!’s news pages, which brings more visitors to our local Web sites.

Our newsroom staffs have become more adept in the art of headline writing and the use of key words, which helps optimize our content for search engines.

By the end of 2008, we will have redefined at least 10% of all newsroom jobs to support “Web-First.”



# Web First

**We are executing a “Web-First” approach in all of our newsrooms. This continuous news process means we break news when it happens. Most often that means online reporting first.**



User interaction with our Web site content keeps visitors with us longer and makes our audience more attractive to advertisers.

### User-generated Content

Our visitors are able to interact with our Web sites in a variety of engaging ways. One popular application is user-contributed photographs. A new utility on our Web sites makes it easy for visitors to upload and view pictures and also video, another favorite of many users. We also invite user-generated photos for use in our news stories. Such photos are often taken with users' mobile phones. High school and youth sporting activities have become one of the most popular categories for user-generated content.



## Online Advertising

We made important strides in 2007 with many online advertising initiatives, evolving along with changing customers and technology. We also redesigned our Web sites for better display and easier ad placement.

With more creative ways to package, present and sell advertising, our local media sites are gaining revenue rapidly.

Classified advertising was the first meaningful online revenue driver. Now we are exploiting emerging categories such as sponsored search, targeted placement, video, mobile and e-mail. We have made display advertising searchable in the same way as Classified.

Notable for 2007 was the launch of our groundbreaking partnership with Yahoo! This will enable the company to

increase revenues for re-recruitment and other forms of advertising, and it will significantly increase visitor exposure to our online local news and information. All of our daily newspapers are now on the Yahoo! HotJobs platform, and we are moving at full speed to exploit the many attractive opportunities. Job searches on our sites have increased, margins are improving and more advertisers buy 30-day listings.

Yahoo! technology provides our advertisers with sophisticated targeting capabilities. This advanced ad-serving technology selectively exposes users to ads for the specific categories that interest them most.

Our multifaceted partnership with Yahoo! provides new opportunities for online revenue growth.



## Yahoo! Partnership

We have executed aggressively on our Yahoo! partnership and have had solid success from the launch of our online employment Classifieds being co-branded with Yahoo! HotJobs. In 2007, we generated approximately \$3.5 million in help-wanted advertising through the HotJobs partnership.

## Advergaming

Our advergaming business had a breakout year in 2007. Revenues from this business more than tripled and profit was approximately \$2.6 million.



## Local and National Online Ads

Local advertising revenue growth is driven by new forms of online messaging, including performance-based, branded entertainment, video, rich media, e-mail direct and self-service. Robust National revenues are driven by major accounts, agency relationships and multimedia and multi-market sales.

## Mobile Delivery

The newest frontier for interactive media is mobile delivery, and Media General is serving a growing list of subscribers. Our first step was to provide text alerts for content categories that users select in advance, such as news, weather, sports or traffic.

Next, we developed content that is of specific relevance to the user's location, which abounds with advertising opportunities. Our initial focus has been on real estate and automobile advertisers, both national and local.

**More than 30 of our Web sites offer mobile services, and we are adding an average of 800 new subscribers every month.**

For example, one can drive by a house for sale and text a code number that is posted on the realtor's sign and then receive detailed information about the property, including the realtor's name and phone number. For someone visiting a dealer lot after hours, he or she can text a code on the car's sticker to receive details.

There are many more products and services that fit well with mobile marketing, and we are providing training in every market to sales representatives on how to serve advertisers.





# Digital Television

**Our television stations are taking advantage of the expanded spectrum digital broadcasting provides.**

Our Broadcast Division is prepared for one of the most significant milestones in the history of broadcasting with the end of analog TV coming in February of 2009.

Having substantially completed its conversion to digital transmission, we have also made significant investments to position our stations as the technological leader in our markets.

Four Media General stations were among the first 100 in the country to introduce HDTV in 2007, and a fifth will begin in the first quarter of

2008. This enhanced viewing experience produces images with five times the detail of analog, delivering sharper images, more vivid color and crystal clear sound quality.

In addition, many of our stations have new digital control rooms, digital cameras for our photographers and enhanced graphics systems that dramatically improve our programs.

A concerted effort is underway to help educate our viewers to this major change

in the way consumers receive "over the air, free TV." Our stations are airing public service announcements and providing learning tools on our Web pages explaining the change, providing direction or obtaining discount coupons for new Digital Television Adapter (DTVA) receivers and detailing the advantages of HDTV.



**Our viewers benefit from our new digital TV capabilities, including HDTV.**



**High-Definition**

Four of our stations introduced high-definition local news in 2007, including WFLA in Tampa, WSLs in Roanoke, Va., WSPA in Greenville/Spartanburg, S.C., and WVTM in Birmingham, Ala. A fifth, WCMH in Columbus, Ohio, will launch in the first quarter 2008.



## Secondary Stations

Media General has launched 16 secondary digital channels such as 24/7 weather channels, CW-Plus and MyTV. These secondary channels have begun to generate new revenues.

## Local Programs

We are producing more non-news programming at several of our stations, including a daily morning variety show called *Daytime* in Tampa. In 2007, WSPA in Greenville/Spartanburg launched a live morning talk show, *Your Carolina*, and it quickly won its time period.



## New NBC Stations

We are on target to realize our projected \$3 million in operating synergies at our four new NBC stations in 2008. The sales teams at those stations have been refocused on developing local advertiser relationships. We also brought these stations into our central traffic system, which optimizes inventory management and pricing. New brand identities, based on market research, should further strengthen the market position of these stations.

## Television Web Sites

We made great progress in 2007 in developing our television Web sites. With broadband connections now pervasive, our stations' video offerings and strong local reputations for breaking news and weather yield powerful competitive advantages.

Our TV Web sites increasingly

offer breaking news, weather and traffic alerts and special video reports. We also run extended video from on-air stories and promote this feature to our viewers. Many provide Web-exclusive news programs, and others stream their regular newscasts live. Our television stations also leverage their meteorology resources with extended online weather reports.

Several stations post Web-casts every weekday morning

and afternoon, which provide a brief rundown of the stories the station is working on for the noon and evening newscasts.

Targeted placement and on-demand delivery open doors to new classes of smaller advertisers who have not previously used broadcast television in their marketing efforts. Fifteen of our stations now host Classified sections, where visitors can search, in one place, all the ads from all the publications in a market.

We monetize the traffic on our TV Web sites by selling sponsorships and contextually-relevant display advertising.



**We continue to centralize many functions for our television stations.**

### Centralization

We continue to centralize many functions for our television stations and in 2007 completed Centralized Master Control for our nine NBC stations. We also created a new Central Graphics operation.

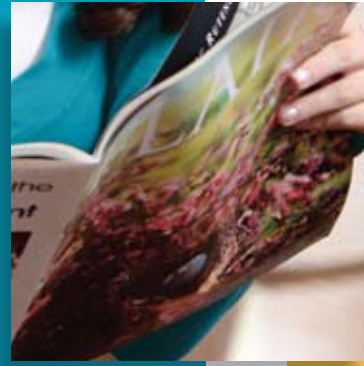
Sharpening our image with our audience is one of the key purposes for the new Central Graphics operation. Media General is the first in the industry to take the concept of a central graphics hub beyond serving news needs to also include graphics for marketing and sales purposes.

**A new graphics center improves the quality of our on-air content, reduces labor expense, and provides services that our small stations have never been able to justify.**

Our stations now have access to unparalleled service by having graphic artists available 24/7. Our research shows high-quality graphics, maps and animations help our reporters and producers explain issues and give more relevance to stories for our viewers. The central operation enables our stations to devote more time to the content of their newscasts.

By early 2008, central graphics was serving five stations and we expect to complete the launch to all stations by the second quarter.

At the new Central Graphics operation are Emily Hall, Matt Harrington and Philip Mathers (background).



# Targeted Print

**We're using consumer research to better target the content of our newspapers to align with reader interests.**

**W**e continue to align our newspapers' content more directly with reader interests as identified through research. Combined with our "Web-First" process, we will increase our total audience and provide advertisers with optimum opportunities to reach their target consumers.

Our newspapers are using non-traditional narrative techniques such as question-and-answer formats to make stories more accessible and inviting. Also, the writing style for many stories is more conversational, and we have shifted to easier-to-read graphical formats. We also

have stepped up the use of color in more sections, and we are devoting special attention to our Sunday newspapers.

In addition to content improvements, we are making our front pages more enticing and we have launched single-copy sales promotions with retail stores and restaurants.

As part of our efforts to increase total audience and market share, we have also introduced a number of specialty print products targeted to specific demographic, geographic and topical

communities of interests. Successful products and ideas in one market are often easily replicated in other markets.

Our advertising representatives are better trained than ever, and we have armed them with sophisticated tools to generate new business from existing and new advertisers. We also have adopted a recruiting system that identifies people more likely to succeed in sales.



We publish newspapers in many small markets where the local paper is ingrained into the fabric of the community.

### Total Audience Reach

Our three metro newspapers are participating in the Audit Bureau of Circulation Audience-Fax, which captures total audience – in print and online. Among all the 206 participating daily newspapers, the *Richmond Times-Dispatch* ranked third overall in 2007 with a total market reach of 68%.



## Spanish Language Products

Media General has made measurable progress in developing new products and services in a changing environment. One large demographic community of interest is Spanish-speaking people.

We have launched successful products in our three markets with the largest Hispanic populations – Tampa, Northern Virginia and Richmond.

In Tampa, we launched a weekly Spanish-language newspaper in 2005, and it is now the largest circulated Hispanic publication in that market at 60,000 copies. The publication has experienced solid revenue growth, up 11% in 2007. We also operate a Web site and provide Spanish news broadcasts in Tampa.

In 2007, Tampa also introduced a *Quinceañera* Guide,

tailored toward 15-year-old girls in the Hispanic community preparing for the ceremony marking their transition into adulthood. This product has received wide approval from the Hispanic community, and we partnered with the *Florida Bridal Guide* to offer joint advertising packages.



## Women's Products

In October 2007, we launched a distinctive monthly women's publication called *skirt!* in Richmond. With strong retail advertiser support, *skirt!* posted a profit in its second issue. We will launch in Tampa/St. Petersburg, Birmingham, Ala., and Winston-Salem in 2008. We produce other women's titles in many markets.

## Other Interests

Other new products target the sports/outdoors, health & fitness, home & garden, lifestyle, travel, education and religious interests of our audiences.



## Hyper-local

Tampa led the way at Media General with hyper-local print and companion online products that serve geographic target audiences, namely suburban neighborhoods. These expand our total audience and extend our reach for advertisers.

In addition to *The Tampa Tribune*, we publish two smaller daily and 17 weekly newspapers in the Tampa market. In mid-2007, *The Tampa Tribune* folded the content of its zoned sections into these community newspapers and gave each an interactive Web site. This provides better, deeper hyper-local coverage and better connects advertisers to their targets.

**We are creating even deeper community connections with our hyper-local weekly newspapers and their companion Web sites.**

Our research found that 8-of-10 readers rate our community weeklies good-to-excellent and that these enhanced papers are widely read. Our community Web site traffic increased dramatically in 2007 with overall community Web site page views up nearly 100% since we began this approach in April 2007. Page views were up nearly 70% year-over-year.

Virtually all our newspaper markets also use the Tampa model to develop hyper-local products. In Richmond, for example, in addition to our metro daily the *Richmond Times-Dispatch*, we publish four suburban weeklies with associated Web sites.

