MacPherson Robert E
Form 4
July 05, 2011

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

OMB APPROVAL	
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(Print or Type Responses)

1. Name and Address of Reporting Person *
MacPherson Robert E

(Last) (First) (Middle)

333 E FRANKLIN ST

(Street)

RICHMOND, VA 23219

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
MEDIA GENERAL INC [MEG]

3. Date of Earliest Transaction (Month/Day/Year)
06/30/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security

(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)		Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)						(Instr. 5)
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Stock	(1)	06/30/2011	A		11		(2)	(2)	Class A Common Stock	11	(1)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MacPherson Robert E 333 E FRANKLIN ST RICHMOND, VA 23219			Vice President	

Signatures

/s/ Robert E. MacPherson, by George L. Mahoney, Attorney-in-fact	07/05/2011
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Units acquired under the Company's Supplemental 401(k) deferred compensation plan. Each unit is the economic equivalent of one share of common stock.

(2) Units are payable in cash following termination of the reporting person's employment. Upon attaining age 55, the reporting person may transfer the units into an alternative investment account at any time.

(3) Additionally, 64 non-derivative Class A common shares are held directly.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. e chosen AP30 in the last two smelter expansions or smelter startups that we have had in Alcan so we have a very high respect for the technology base. Aerospace, I've mentioned and their own skills and technology base in the packaging area. So together, we can much enhance technology base, great opportunities to share best practices and know-how and something which we had a lot of benefit as well with the combination with Algroup, and frankly, the opportunity to pick among the best investment alternatives across the portfolio of both companies.

We look at this from a customer standpoint. Our customers' increasingly demand full service suppliers around the globe and we are able to address that in an enhanced way with this combination both on the aluminum side and on the packaging side, and believe that this is one of the pathways for future growth and improvement in financial performance.

Now let me turn to some of the details on the production side. Slide 17 shows you the world view of 2002 production in alumina where we have highlighted ourselves as today, or 2002 that is, as being the third largest producer of alumina and Pechiney being the seventh largest producer of alumina. And together we move to second place behind AWAC. And of course, as you know, we have some complementing ownership, both owning roughly a 20% stake in QAL. And for ourself we have plans underway to expand the Gove refinery, and so we see a lot of opportunity in alumina.

On the aluminum side, primary smelting, again depending on how one judges Alcan in 2002, was very, very close to Rusal ardently tied for second, with Pechiney somewhat smaller than that. Together, we clearly are prevalent to a strong number two in production for 2002 with the largest share combined of low-cost melting capacity in the world, half of our capacity is about a third of the global cost curve and, as well capping into the advanced high-amperage smelting technology, specialty skills and Alcan's hydropower base, which is a significant differentiator as we go forward.

The next slide shows you a picture of the rolled products and fabricated product area. I've mentioned the aerospace market several times. You'll note that on this slide the aerospace market is only about 3% of 2002 pro forma revenues, but it is a market segment with among the best economic return characteristics and one which we think can profit quite well from present rather low activity base in aerospace.

We have obviously retained a significant presence in can and closures and foilstock and automotive, but this gives us the opportunity to take our manufacturing best practices again across the enterprise in the same way we have with the combination with Algroup and gives us the opportunity to provide improved service to the growing demand in the automotive field.

On the packaging side, again, a world-wide market reach. Our trust to acquire FlexPac was aimed in both access to technology and also expanding our foot print in Asia. And with this combination we moved to being a third largest packaging company -- 12 facilities at present. We establish a much stronger position than we've had historically in the Americas.

In fact today, ignoring Asia for the moment, our packaging business space is roughly 2/3 Europe, 1/3 North America and Pechiney is the reverse. And together that gives a much stronger market presence in both regions. So we can leverage our technology, our geographic diversity and the global customer base to produce greater returns in the period and faster growth.

Turning to next slide, Slide 21, you'll see here some of the details I've just alluded to, firstly our presence in the Americas, reinforcing our leadership position in Europe. A significant synergy opportunities, and one which I didn't mention, which, you know, something we've been seeking is the ability to backward integrate into film production for many of the packaging opportunities today. It's not just a question of cost advantage, it's actually a speed the market advantage in a way for us to bring this new technology at good value to customers quicker.

And you'll see the final slide that I'm going to talk to for a moment, Slide 22, some of the products - these are featured in end-use markets that we serve: Food Flexibles we have been and are strong (we're number one in a combined fashion); tobacco packaging; pharma packaging (number one); and a strong leader in cosmetics, which happens to be one of the strengths of Pechiney. So let me stop there and turn the microphone over to Geoff to talk about financial highlights of the transaction.

Geoffery Merszei: Thank you, Travis, and good morning to those in North America and good afternoon to those that are here in Europe.

Just a quick look at some of the key indicators, total revenue as Travis pointed out is approximately 24 billion. If you take out the international trading part of it dropped to 19.1, which gives you an EBITDA margin of 14.4%; this compares to Alcan's 16.4% that we experienced during the course of 2002. So clearly here's an opportunity for improvement going forth. In terms of CAPEX, as you know, we've had a very tight control on spending at Alcan over the last couple of years. And the Alcan number for 2002 is 728 million represents about 85% of depreciation. Pechiney is at 455 exceeds that of its depreciation level at around 318 during the course of 2002. So, you know, once again, some very attractive opportunities when it comes to improving on capitalization efficiency this time.

Moving on to synergies, Slide 25, Travis alluded to the 250 million (pre-tax) cost energies of their target. We expect to secure the synergies over a two year period, in other words, to have a run rate of 250 by the end of 2005. Of course we're going to have to incur some cost, roughly about 200 million and a CAPEX related cost here of 50 million -- similar to, the synergy program that we had following the merger with the Algroup. Most of the savings are going to come from SG&A savings, or the combination of various head offices, as well as some of the activities on the training side, on the operation side, particularly when it comes to supply-chain management as well as on the purchasing side.

Moving on to Slide 26, as you know we've been very aggressive in our cost reduction program over that last couple of years. And initially, for the Algroup merger we had a target of 150 million, and as most of you know, by the end of last year we were pleased to announce that we have a run rate up 200 million; in fact, it's above that, it's around 280 million.

In late October 2001, we announced a restructuring program in anticipation of the downturn of the general economic conditions around the world. And once again by the end of last year -- by the end of 2002 -- we ended up with a run rate of around 200 million. So the total for the last couple of years, the total run rate savings amounted to about $400 million. Then you have Pechiney has a program in place, the continuous improvement program. And to date, the savings to date, which was initiated in 2002, amounts to $170 million.

It may be interesting just quickly to go back to the APA merger, and if you recall at that time, the estimates of the synergy amounted to $600 million. And then of course, as I've said earlier, the estimated synergies that we had was 150, we ended up capturing 200 but the target was 150. So that implies a, you know, synergy estimate for the Alcan-Pechiney is about $450 million.

Now if you take into account the savings that have been secured as a part of Pechiney's continuous improvement program of 170 million and so you deduct the 170 from the 450, in addition to that you take the restructuring program that we announced in October 2001 of 200 million, that leaves you with an implied synergy less of 80 million. And, as we said, our target is a run rate of 250 million by the end of 2005.

Moving on to the value proposition, this is a busy slide, Slide 28, but essentially the offer is a fraction of Alcan's share -- .6 shares plus 24 euro, 24.6 in cash for Pechiney share. Now in France, you can't offer a fraction of shares, so what we're offering is for every five Pechiney shares, 123 euro in cash plus three Alcan shares. That's based on a configuration of 60% cash and 40% shares.

Now, of course there are, you know, alternative offers, so some shareholders going to offer all cash, some for all stocks. But, as you know today, there's going to be a, you know, an allocation which brings back the mix to a 60% in cash and 40% in shares. And there are couple of other components, the largest component being Oceanes. You see here that of the 81.7 euros in cash and in France as part of the takeover law, we also need to offer all securities that are equity-linked. This will include the convertibles that Pechiney have. These convertible instruments with a maturity of 2007 have a yield that has 3.25% and are convertible into Pechiney common shares at a conversion price of 75 euro, 75.25.

Now to make it attractive for the holders, we are offering to purchase the Oceanes at a price of 81.7 euro per bond which represents a premium of 7% above the last trading price, which goes back to Friday, which was 76 euro and 34 cents. It all ends up to little over $700 million and we will be refinancing them.

Moving on to Slide 29, Travis already made a reference to the premium and, you know, you see here on the slide that we're talking about a 28% premium over the closing price of July 2 and you can see here how that correlates to the one-month average as well as, you know, 12-month averages.

In terms of the Friday close, you know, we're talking about a 20.5% premium and we feel that this premium is a fair offer.

Moving on to Slide 30, as you know the governing objective here is maximizing value to shareholders with our long-term target of doubling value every five years on a rolling basis.

And Travis, at our recent annual general meeting, announced the financial targets which are consistent with our five-year targeted doubling value i.e. a 15% annual operating EPS growth at a minimum free cash flow of $400 million as well as EVA positive by 2006, which suggest a return on capital of slightly above 8% on an after-tax basis.

Well, again, as Travis alluded to, this particular transaction is accretive from year one on and will certainly help us achieve our EPS growth target, free cash flow, again, at minimum of 400. And I would expect that once we - once the transaction materializes, that we'll be able to make an appropriate adjustment in terms of the minimum of free cash flow and a return on capital employed on an after-tax basis of around 8% by 2007 or 2006, sorry. It should be well out at place as a double figure in a few years. So in, you know, conclusion Alcan will certainly be a, from a financial standpoint, a much stronger and successful company.

Slide 31, the key drivers for potential valuation uplift, as you know, our multiples is roughly - we're running at roughly about 1-1/2%, a breadth over Pechiney. We're, let say, around 7, 7-1/2 times while Pechiney has been around 6, then you add on to that, of course, our synergies of 250 million. And I believe we a have a pretty compelling case here to express pay higher multiples considering the new Alcan will be much larger, whether it's on an asset basis, whether it's from a business segment basis, whether it's a geographic mix, a much more balanced geographic mix, particularly on the packaging side where Alcan has had 2/3 in Europe and 1/3 in North America. And it just so happens that Pechiney is exactly the other way around. So our mix will be better, we'll have certainly a much more predictable cash flow and this will allow us to, as again Travis alluded to, bring our slightly higher leverage position on an accounted acquisition back to our stated target from a debt-to-total capital of approximately 30%, 35%.

And with that I'm going to hand it back to Travis.

Travis Engen: Thank you, Geoff. Let me take a moment now and talk about the milestone transactions -- of the transaction milestones shown on Page 33. The offers were filed today. We will be making a submission to competition authorities in the next day or two, there's just some data that's being gathered at the last minute, and we expect approval/decision and then review, obviously, by the COB here and the SEC of our tender with an approval/decision by the French Minister of Finance in late August, early September. The offer formally opening at that point in time under a receipt of competitive/anti-trust clearances in EU and Canada in September - latest October and an offer closing very likely in early October. And so we are committed to the expeditious, and frankly, a successful process that can move along quite rapidly.

Slide 35, my last slide really reiterates what I said at the outset. This is a very, very compelling offer. As we have explored many opportunities, this remains the single most attractive for value creation for us.

It creates value both today for shareholders and for tomorrow through enhanced financial performance and better opportunities for growth. It's fully aligned with the strategy we've embarked on several years ago and been executing, with the results of improving our financial performance in times where weak market conditions and falling end market prices.

The business case for this combination has been reiterated for four years now by all kinds of observers, not just the two companies or the three companies involved, but also by external observers. And we think that it's just a very, very strong opportunity for us. The resulting company is - will continue to be a world leading aluminum company with significant technology base as well as enhanced low-cost, sustainable low-cost production base and very much a global leader in the packaging field.

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