

EQUITY RESEARCH

Virginia Quarterly Stock Report May 28, 2008

| | | |
|----------------|----------------------|-------------|
| KMX – Retail | D – Electric Utility | MEG – Media |
| MEE – Coal | SFD – Food | |
| UBSH - Banking | UVV - Tobacco | |



Despite the turmoil which descended upon the US financial markets and economy the state of VA continues to show signs of growth and industrial development. While the real estate markets have slowed various companies are either investing in operations within the state or moving headquarters to the Commonwealth. Virginia recently garnered more awards as a state offering a positive pro-business and good environment for living/education. Additionally, various state/federal projects continue to move ahead highlighting the state's efforts to improve its infrastructure.

The subprime contagion which began in the credit markets last summer eventually spread into the stock markets and now the US economy. Economic statistics has shown a slowdown materializing across the US following 1Q Gross Domestic Results showing only 0.6% growth, significantly below the +2% rate achieved during 2007. While the economic slowdown has been somewhat tempered on the industrial/manufacturing side the real estate markets have experienced substantial declines throughout the state. The pace of new home construction has declined, unsold home inventories have increased as housing sales have fallen 26%, and home prices were 5% lower, according to the Virginia Association of Realtors. Falling real estate markets and higher gasoline/food prices have caused consumers to pull back on spending as evidenced by grocers reporting shoppers favoring less-expensive private label brands, used auto purchasers favoring lower priced cars, and a decline in cell phone sales during the first quarter. However, the Virginia economy has suffered less than other states, given recent unemployment statistics. While the unemployment rate for the U.S. this past April was 4.8%, it was only 3.3% in Virginia.

Virginia has many different industries ranging from manufacturing to technology located throughout the state. Many of the state's companies have benefited from overseas orders helping to buffer the negative effects of a US economic slowdown. Virginia's exporting activity has grown during the past several years as we highlighted during our last "Virginia Quarterly Stock Report". Virginia exports rose 7% in 2002, 5% in 2005, 15% in 2006, and 19% in 2007. According to an article in the "Virginia Business" magazine, 2007 exporting activity in this state was a \$22 billion business involving approximately 200,000 jobs. The top 5 destinations of Virginian exports, by dollar amount, were the countries of Canada, China, United Kingdom, Germany, and Portugal. In fact, the growing amount of exports earned the state national recognition as the Virginia Department of Commerce and Virginia Economic Development recently were presented awards from President Bush and US Commerce Secretary Carlos Gutierrez.

The state continued to receive various awards for its business environment from different media sources. For a second consecutive year "Forbes Magazine" named Virginia the best state in the US for business. On a similar note, the financial news cable channel, CNBC, also named Virginia the top state for business. Pollina Corporate Real Estate Inc. designated the Commonwealth as the most business friendly state while "Chief Executive Magazine" gave Virginia the fourth best state for business. Growth of high-tech in the area has gained notice as "Cyberstates", a technology trade publication, recognized Virginia for having the highest concentration of tech workers in the US.

For Important Disclosure information regarding the Firm's rating system, valuation methods and potential conflicts of interest, please refer to pages 17-23 of this report.

707 East Main Street, 20th Floor ■ Richmond, Virginia 23219
P.O. Box 1459 ■ Richmond, Virginia 23218-1459

804.643.2400 ■ 800.767.2424
Fax: 804.343.3308

www.AndersonStrudwick.com

Given Virginia's diverse economic base and access to interstate highways, railway systems, and shipping ports many companies continue to either relocate in this area or invest in various plant expansions. According to "Virginia Business" magazine, corporations spent \$3.5 billion either expanding or relocating in the state during 2007 compared to spending \$1.4 billion during 2006. Phillip Morris's domestic operations (MO-\$22.33) and MeadWestvaco (MWV-\$25.61) are moving their corporate headquarters to Richmond while Volkswagen of America, Inc. is moving its North American headquarters to Prince George County. Meanwhile, Albemarle Corp (ALB-\$) announced the move of their main offices from Richmond to Baton Rouge LA. In Lee County, located in Southwest Virginia, Synergy Biofuels LLC announced it was building a bio-diesel fuel production facility at a cost of \$1 million. Com.40 Ltd, a polish mattress/upholstered furniture manufacturer, announced it would build a \$36.3 million factory in Danville VA that will create 813 new jobs. Pharmaceutical manufacturer Barr Laboratories will spend \$62 million to increase capacity at its Bedford County facility.

The state is continuing to invest in the areas infrastructure to provide benefits for both individuals and businesses. The new Woodrow Wilson Bridge was recently opened near Washington DC and the Governor and the legislature continue to work on a funding plan to improve the state's transportation system. Hampton Roads Transit is in the process of building a \$232 million light rail line in Norfolk. This 7.4 mile line, which will run through downtown Norfolk, is scheduled for completion in 2010.

The recent economic slowdown has affected profitability of some of the companies highlighted in this report. CarMax saw earnings decrease as funding costs rose. Smithfield Foods faced a similar fate as rising corn prices hurt its profit margins. Union Bankshares suffered from a slowing real estate market and higher charge-offs. Media General fought through a recent board battle and experienced lower net income due to declining advertising revenues. Universal Corp earnings fell due to the timing of tobacco shipments. On the positive side, Massey Energy benefited from higher coal prices and Dominion Resources produced higher earnings generated primarily from its generation unit.

| Company | Symbol | Current Price | 52 Week Hi-Lo | A&S Rating |
|--------------------|---------------|----------------------|----------------------|-----------------------|
| CarMax | KMX | \$19.72 | \$27.42-\$15.81 | NEUTRAL |
| Dominion Resources | D | \$45.50 | \$49.38-\$38.63 | NEUTRAL |
| Massey Energy | MEE | \$62.07 | \$68.65-\$16.01 | NEUTRAL |
| Media General | MEG | \$16.13 | \$37.67-\$12.96 | OUTPERFORM |
| Smithfield Foods | SFD | \$31.07 | \$35.79-\$23.75 | OUTPERFORM |
| Union Bankshares | UBSH | \$18.85 | \$25.08-\$15.84 | OUTPERFORM |
| Universal Corp | UVV | \$50.48 | \$68.04-\$41.23 | NEUTRAL |

EQUITY RESEARCH

CarMax Inc. (KMX – NYSE)

Rating: NEUTRAL

| Price and Trading Data | | EPS estimates - diluted* | | |
|-----------------------------------|-----------------|---------------------------------|----------------|----------------|
| Current Price | \$19.72 | | Feb 08A | Feb 09E |
| S&P 500 | 1385.35 | 1Q | \$0.30 | \$0.28 |
| 52-Week Price Range | \$27.42-\$15.81 | 2Q | \$0.29 | \$0.27 |
| Shares Outstanding (mil.-diluted) | 218.62 | 3Q | \$0.14 | \$0.12 |
| Market Cap (bil.-diluted) | 4.48 | 4Q | \$0.10 | \$0.11 |
| Avg. Daily Trading Volume (mil) | 1.79 | | \$0.83 | \$0.78 |
| 12-month Target Price | N/A | | | |

| 2Q08 Valuation Data | |
|----------------------------|--------|
| Total Debt to Capital | 13% |
| Book Value | \$6.81 |
| Price to Book | 29 |
| Dividend | N/A |
| Current Yield | N/A |

Company Summary

CarMax, Inc., headquartered in Richmond VA, owns and operates used-car stores in the US. The first store, under the ownership of Circuit City (CC-\$4.78), opened in 1993. Additional CarMax stores were opened and KMX's stock was issued in 1997. CC spun off its ownership in KMX in 2002. The company's primary business is buying, reconditioning, and selling used cars and trucks through its 88 stores located in 41 markets. Average annual sales of the US used car market were \$370 billion in 2005, with 1-6 year old cars comprising approximately \$280 billion of this market. KMX offers 1-6 year old vehicles featuring a "no-haggle" pricing system to customers and has a 2% market share in this area. Since 2000, the amount of vehicles sold by KMX has grown from 129,022 to 564,543 (including wholesale) while revenues grew from \$2.20 billion during FY00 to \$7.47 billion in FY07. Revenues are generated from retail used/new vehicle sales and wholesale sales. KMX has a low total debt-to-capital ratio of 2% while earnings from FY00 to FY07 have a compounded annual growth rate of 25%. The Board of Directors declared a 2-for-1 stock split for shareholders in 2007. Currently operating in FY08, KMX reported earnings of \$0.92/share during FY07 versus \$0.63/share during FY06 (both years were restated for the adoption of SFAS 123R).

Recent Developments

KMX recently completed a private placement of \$742.5 million of CarMax Auto Owner Trust 2008-A asset-backed notes, while CarMax Auto Finance retained \$24.3 million of the offering. The company announced it was reducing the size of its Board of Directors from 14 to 13. William S. Kellogg announced he will not seek reelection to the Board of Directors when his term end in June. During 1Q08 Berkshire Hathaway announced its total ownership of KMX stock totaled 2 million shares as of 12/31/07. Recently KMX received several awards from various publications. The company was named to "Training" magazines Training Top 125. This Training Top 125 selects on a yearly basis corporations that excel at the development of its associates through training practices, evaluation methods, and outstanding training initiatives. "Fortune" magazine ranked KMX number 1 of America's Most Admired Companies in the automotive retailing/services industry in 2007. This marks the second consecutive year in which KMX received the award. Additionally, the company won the 2008 International Torch Award for Marketplace Excellence by the Council of Better Business Bureaus (BBB).

Recent Earnings

CarMax reported 4Q08 earnings of \$0.10/share vs. \$0.19/share during 4Q07. While revenues grew profits were negatively impacted from the credit contraction in the sub prime market adversely affecting the results at KMX's Car Auto Finance unit (CAF). Total revenues rose 9.8% to \$2.05 billion from \$1.88 billion. Used vehicle sales increased 11.4% to \$1.68 billion from \$1.51 billion while new vehicle sales declined 20.3% to \$76.2 million from \$95.6 million. Wholesale vehicle sales were relatively flat at \$223.9 million versus \$222.5 million. Expanded service plan revenues grew 20.3% to \$35.2 million from \$29.3 million, service department sales rose 6.3% to \$23.4 million from \$22.0 million, and third party net finance fees increased to \$6.4 million from \$6.1 million. Total other revenues were higher at \$65.0 million versus \$57.4 million. On a quarter-to-quarter basis, total vehicle sales improved by 12%. While gross profit margins increased to \$257.1 million from \$240.8 million, operating profit declined to \$36.3 million from \$70.7 million due to a \$34.6 million negative result from CAF. The negative result from CAF was created by problems in the sub prime market causing a rise in the cost of KMX funding auto purchases.

Our Thoughts

After examining the earnings report and listening to the earnings conference call we came away with two conclusions. First, the sub prime contagion is hurting results at CAF and will continue until the abatement of credit market problems (maybe calendar 2009). Second, the slowing economy is affecting KMX's business mix as consumers appear to be moving towards the purchase of lower cost vehicles. For example, while used car sales grew 13%, on a quarter-to-quarter basis, new vehicle sales fell 20%. Additionally, the average selling price for used vehicles declined to \$16,915 from \$17,180 and new vehicle average selling price receded to \$23,862 from \$24,031. KMX management gave revenue and earnings guidance for fiscal 2009. On an earnings basis, the company anticipates \$0.78 - \$0.94/share and revenue growth of 7%-14%. Plans are to open an additional 14 used car superstores, which include 7 production and non-production stores with plans to enter 9 new markets. Management expects fiscal 2009 to be another challenging year given the US economy and credit markets. We believe the KMX stock will continue to languish between \$18-\$22/share until the credit markets return to normal and the US economy reverts to a growth mode. These shares are rated NEUTRAL.

Risks

KMX's earnings could suffer from a US economic recession, consumer credit contraction, tightening of credit standards, or rising interest rates. Additionally, higher incentives offered by US auto manufacturers could negatively impact KMX profits. There is no guarantee the company's pricing model used in acquiring vehicles, successful in the past, will be so in the future. Negative equity markets could negatively affect KMX's share price. KMX's stock could be adversely impacted by negative equity/credit markets, failure to comply with Sarbanes Oxley guidelines, rising interest rates, or terrorist attacks.

EQUITY RESEARCH

Dominion Resources

(D – NYSE)

Rating: NEUTRAL

| Price and Trading Data | | EPS estimates –Non-GAAP | | |
|-----------------------------------|-----------------|--------------------------------|----------------|----------------|
| Current Price | \$45.50 | | Dec 07A | Dec 08E |
| S&P 500 | 1385.35 | 1Q | \$0.74 | \$1.00A |
| 52-Week Price Range | \$49.38-\$38.63 | 2Q | \$0.44 | \$0.52 |
| Shares Outstanding (mil.-diluted) | 578.0 | 3Q | \$0.86 | \$1.01 |
| Market Cap (mil.) | 25.7 | 4Q | \$0.52 | \$0.54 |
| Avg. Daily Trading Volume (mil) | 1.99 | | \$2.56 | \$3.07 |
| 12-month Target Price | N/A | | | |

| 2Q07 Valuation Data | |
|----------------------------|---------|
| Total Debt to Capital | 57% |
| Book Value | \$16.48 |
| Price to Book | 2.8 |
| Dividend | \$1.58 |
| Current Yield | 3.4% |

Company Summary

Dominion Resources Inc., headquartered in Richmond VA, is a holding company for Virginia Power, Consolidated Natural Gas Company, Dominion Energy Inc., and has 26,500 megawatt generation capacity. The company provides electricity to 2.1 million electric customers in Virginia and northeastern North Carolina. D's revenues can be categorized as residential (47%), commercial (32%), public authority (11%), industrial (9%), and others (1%). Electrical assets include 6,000 miles of transmission lines in Virginia, West Virginia, and North Carolina and generation plants in 11 states. 2006's electrical generation by fuel type was 46% coal, 43% nuclear, 7% natural gas, 3% hydro-electric, and 1% oil. Natural gas is provided to 1.7 million customers in Pennsylvania, Ohio, and West Virginia. Gas customers consist of residential (73%), commercial (22%), industrial (4%), and others (1%). D's natural gas assets include 7,800 miles of pipelines and 970 billion cubic feet of gas storage. During 4Q07, D reported earnings of \$0.52/share versus \$0.04/share during 4Q06. D had full year 2007 operating Non-GAAP earnings of \$2.56/share versus \$2.53/share for 4Q06. The company's annual dividend was recently increased to \$1.58/share from \$1.42/share.

Recent Developments

D asked the Virginia State Corporation Commission (SCC) to increase rates charged customers by approximately 19% due to the rising price of fuel used to run its electrical generation plants. This rate request would not generate any additional profits for D and the company has proposed several other measures to lessen the financial impact on its customers. On the development front the company has announced several new plant initiatives. In April D announced an agreement with BP Alternative Energy North America Inc. to jointly develop/own/operate wind energy projects in Virginia. This is the second venture with BP regarding alternative power following this past January's D announcement of a 50% ownership in the Fowler Ridge Wind Farm in Benton County, IN. Another wind generation facility will be built by D in Central Illinois at the Prairie Fork Wind Farm near Springfield IL. These projects potentially increase the company's total wind generation capacity to 1,300 megawatts. The SCC granted the certificate of public convenience and necessity for D's proposed 585-megawatt Virginia Hybrid Energy Center this past March. On 5/18 the Millstone nuclear power station's 882-megawatt Unit 2 in Connecticut

exited its refueling outage and returned to full operational capacity. Some management changes occurred as D's chief executive of the Virginia Power unit is leaving to take the job as vice chairman of General Dynamics on 9/2. Additionally, executive Vice President Eva Tieg Hardy and Vice President and General Auditor will retire during the next couple of months.

Recent Earnings

Dominion Resources reported 1Q08 GAAP earnings of \$1.18/share vs. \$0.65/share during 1Q07. On an operating basis, D reported earnings of \$1.00/share vs \$0.74/share as operating earnings rose to \$578 million from \$518 million. The improvement was driven primarily by higher results from the generation businesses and certain tax benefits. These positives offset the negatives from warmer-than-normal weather and expenses related to service restoration following severe storms in the electric utility area. Additionally, the current quarter benefited from the absence of unrecovered Virginia fuel expenses resulting from fuel expense deferral in excess of the current recovery period, realized prices from the remaining exploration & production (E&P) operations, lower interest expense, and accretion from lower outstanding common shares due to the recent share repurchase program. Partially offsetting these positives was the absence of D's US E&P operations (sold last year for approximately \$14 billion), and the exclusion of profits from Peoples Natural Gas and Hope Gas Inc. On a quarter-to-quarter basis, Dominion Virginia Power added \$0.01/share, Dominion Energy improved \$0.12/share, and Dominion Generation increased profits by \$0.38/share. Total operating revenues, on a GAAP basis, were \$4.38 billion compared to \$4.66 billion. The decline is primarily attributable to the absence of D's E&P operations which were sold in 2007.

Our Thoughts

Overall a good earnings report from D as the generation business kicked in the majority of the quarter-over-quarter improvement by adding \$0.38/share to earnings. D's 1Q08 results of \$1.00/share exceeded Wall Street expectations of \$0.88/share and gives the appearance of D successfully transitioning from the shift in its operating model last year towards an emphasis on its regulated utility business nature. This was done by exiting its E&P business and thus reducing its exposure towards commodity pricing. However despite improved 1Q08 earnings, D management appears to have taken a conservative stance by maintaining earnings guidance of \$3.05-\$3.15/share for 2008. Earnings guidance for 2Q08 is \$0.47-\$0.52/share. Should D generate earnings, during the next 2 quarters above expectations then management may raise overall 2008 earnings guidance sometime this summer. Earnings growth could allow the Board of Directors to increase D's annual dividend according to their business model, thus providing shareholders the potential of a growing income stream in tandem with growing corporate profits. Trading at 14.9x our 2008 earnings estimate of \$3.07/share, and paying a 3.5% dividend yield, these shares are rated NEUTRAL.

Risks

There are no guarantees D will be able to achieve annual earnings growth in the future. Fluctuating commodity prices paid for fueling generating plants, future air emission regulation compliance costs, and/or changing utility regulations could negatively affect earnings. Profits could be adversely impacted by a rising interest rate environment, future plant decommissioning costs, and rising operational expenses. D's stock could be adversely impacted by negative equity markets, failure to comply with Sarbanes Oxley guidelines, or terrorist attacks.

EQUITY RESEARCH

Massey Energy (MEE – NYSE)

Rating: NEUTRAL

| Price and Trading Data | | EPS estimates - diluted | | |
|----------------------------------|-------------------|--------------------------------|----------------|----------------|
| Current Price | \$62.07 | | Dec 07A | Dec 08E |
| S&P 500 | 1385.35 | 1Q | \$0.40 | \$0.52A |
| 52-Week Price Range | \$68.65 - \$16.01 | 2Q | \$0.43 | \$0.48 |
| Shares Outstanding (mil-diluted) | 80.5 | 3Q | \$0.27 | \$0.59 |
| Market Cap (mil-diluted) | 4.56 | 4Q | \$0.06 | \$0.60 |
| Avg. Daily Trading Volume (mil) | 2.53 | | \$1.16 | \$2.19 |
| 12-month Target Price | NA | | | |

| 3Q07 Valuation Data | |
|----------------------------|---------|
| Debt to Total Capital | 57% |
| Book Value | \$10.42 |
| Price to Book | 5.9 |
| Dividend | \$0.20 |
| Current Yield | 0.32% |

Company Summary

Massey Energy, headquartered in Richmond, VA is the 4th largest coal production company in the United States. The company extracts and processes coal from its mines located in the Central Appalachia area traversing the states of West Virginia, Kentucky, and Virginia. Revenues come from the mining, processing, and selling of its steam and metallurgical grade coals (aka, low sulfur coal). Other income comes from management of material handling facilities, a synfuel production plant, royalties, rentals, and gas well revenues. In 2007, MEE had revenues of \$2.05 billion, coal sales accounted for \$1.9 billion and the remaining \$310 million were derived from freight/transportation, purchased coal, and other operations, such as royalties, rentals, gas well income, coal handling facilities, and synfuel earnings. The company generated 2007 earnings of \$1.16/share, and had total assets of \$2.86 billion. Debt to total capitalization stood at 58.5% at year-end 2007 and MEE produced 39.9 million tons of coal. The company has 5,517 employees and 3% of its work force is unionized.

Recent Developments

The Mine Safety and Health Administration selected MEE's Green Valley Preparation Plant and two mines operating by the Aracoma Coal Company to receive Pacesetter awards for outstanding safety achievements. For the second time the West Virginia Supreme Court overturned a \$76 million judgment against the company in a case pursued by Harman Mining Company regarding a coal contract dispute. The original decision had come into question following questions of a potential conflict of interest arose involving one of the sitting Supreme Court judges. In another legal matter, a federal judge signed off on a settlement requiring MEE to pay a \$20 million fine for alleged violation of pollution guidelines. This settlement pertains to a complaint filed by the Environmental Protection Agency in May of 2007. On the corporate front, MEE announced it would raise its 2008 capital expenditures by \$90 million to \$550 million. \$310 million will go towards expanding its central Appalachia coal operations. Management believes the majority of these planned capital expenditures will come from operating cash flow.

Recent Earnings

Massey Energy reported 1Q08 earnings of \$0.52/share vs. \$0.40/share during 1Q07. The 28.5% increase was due to increased produced coal revenues and higher operating cash margins per ton. Increased produced coal revenues rose 4.5% to \$543.2 million as some below-market priced contracts expired and higher exports of steam and metallurgical coal. Average utility coal prices/ton realizations rose to \$47.89 from \$45.01 and metallurgical coal prices/ton averages improved to \$80.63 from \$73.68. The average cash cost/ton was \$45.62, versus \$42.36, and operating cash margins per ton rose 8.5% to \$56.36/ton as higher produced coal revenue per ton offset cost increases. EBITDA, on a quarter to quarter basis, improved to \$129.2 million from \$117.7 million. Produced tons sold declined to 9.6 million from 9.9 million as shipments in the metallurgical/utility coal area was restricted by rail car availability during February and March. MEE's overall revenues rose to \$644.6 million from \$607.3 million as produced coal revenue grew to \$543.2 million from \$519.7 million, freight/handling revenue increased to \$65.0 million from \$43.9 million, other revenues improved to \$25.7 million from \$18.6 million, while purchased coal revenue fell to \$10.7 million from \$25.1 million. Total debt-to-book capitalization declined to 56.8% from 58.5%.

Our Thoughts

The recent rising tide of commodity prices, and higher earnings, has increased investor's bullishness for coal companies like MEE. Coal prices have been rising during the past year as large amounts of investor money has been rotating into the commodity markets following declining returns in the equity markets. These higher coal prices, in conjunction with MEE's cost-cutting efforts, have produced improved earnings. Management's guidance for 2008 & 2009 have raised investor enthusiasm for MEE shares with expectations of 2008 coal shipments of 41.5 million - 43.0 million tons and 46.0 million - 48.0 million tons in 2009. Additionally, guidance was given of average produced coal prices of \$61-63/ton in 2008 and \$65-\$74/ton in 2009. Since August of 2007 MEE's shares have more than tripled in value from rising commodity prices and a large migration of investor money into coal stocks. Going forward, a continued upward move of MEE's shares have two risks: declining coal prices and a sudden migration of investor money out of coal stocks. MEE is rated NEUTRAL.

Risks

Risks include declining coal prices, falling productivity, litigation risk, and rising labor costs. New mining regulations could increase operating expenses. Loss of large coal contracts and negative equity markets could adversely affect MEE's stock. MEE's stock could be adversely impacted by negative equity markets, failure to comply with Sarbanes Oxley guidelines, rising interest rates, or terrorist attacks.

EQUITY RESEARCH

Media General (MEG – NYSE)

Rating: OUTPERFORM

| Price and Trading Data | | EPS estimates - diluted | | |
|-----------------------------------|-----------------|--------------------------------|----------------|----------------|
| Current Price | \$16.13 | | Dec 07A | Dec 08E |
| S&P 500 | 1385.35 | 1Q | (\$0.27) | (\$0.91) |
| 52-Week Price Range | \$37.67-\$12.96 | 2Q | \$0.22 | \$0.02 |
| Shares Outstanding (mil.-diluted) | 22.8 | 3Q | \$0.11 | \$0.77 |
| Market Cap (mil.-diluted) | 363.0 | 4Q | \$0.43 | \$0.52 |
| Avg. Daily Trading Volume | 0.23 | | \$0.49 | \$0.40 |
| 12-month Target Price | \$38 | | | |

| 3Q07 Valuation Data | |
|---------------------------------|---------|
| Long-Term Debt to Total Capital | 50% |
| Book Value | \$38.57 |
| Price to Book | 0.4 |
| Dividend | \$0.92 |
| Current Yield | 5.7% |

Company Summary

Media General, Inc. is a multi-media company headquartered in Richmond, VA. The company has three primary media units: publishing, broadcasting, and interactive media serving primarily the southeast markets of the United States. The publishing division consists of 25 daily newspapers and over 150 other publications. Newspaper operations are in Alabama, Florida, North Carolina, South Carolina, and Virginia. MEG's two largest newspapers are the Richmond Times-Dispatch and The Tampa Tribune. This division generated the majority of overall company revenues with \$601.1 million in 2006. The Broadcast unit owns/operates 23 network-affiliated TV stations and generated \$361.5 million in revenues in 2006. These TV stations are located in Georgia (4), Florida (3), North Carolina (3), South Carolina (3), Alabama (2), Mississippi (2), Kentucky (1), Louisiana (1), Ohio (1), Rhode Island (1), Tennessee (1), and Virginia (1). The Interactive Media group, consisting of 75 interactive enterprises is used to complement the publishing and broadcasting businesses. MEG also has a one-third ownership interest in SP Newsprint Company, a domestic newsprint manufacturer with over one million annual short tons capacity. The company generated 2007 revenues of \$932.2 million and had \$2.47 billion in total assets. Media General has both "A" and "B" shares. The general public owns the "A" shares and elects 30% of the Board of Directors, while the "B" shares (98% owned by the Bryan family), elects the other 70% of the Board.

Recent Developments

The battle over the Board of Directors and asset sales dominated the news surrounding MEG during the past quarter. The Harbinger Capital Group had lobbied for three seats on the Board of Directors during the past few months. These efforts were successful as Harbinger received the support of large institutional shareholders, such as Mario Gabelli, and did win the votes needed to put their three candidates onto MEG's Board of Directors. MEG, along with ownership partners, Cox Enterprises and The McClatchy Company, completed the sale of its SP Newsprint unit to White Birch Paper Company. From its share of the sale proceeds MEG will receive approximately \$58 million and will use \$38 million to reduce debt. MEG sold its Lexington KY WTVQ television station to Morris Network, Inc. Additionally, MEG agreed to sell its Panama FL WMMB and the Alexandria LA KALB/NALB television stations to Hoak Media Corporation. The company is also in the process

of finalizing the sale of its Jacksonville FL WCWJ and Toccoa GA WNEG television stations to Hoak Media and expects to realize approximately \$100 million-\$105 million from the sale of these five stations. MEG purchased DealTaker.com, an online social shopping portal. Management believes this acquisition will be accretive to 2008's earnings.

Recent Earnings

Media General reported 1Q08 earnings of (\$0.91)/share vs. (\$0.27)/share during 1Q07. The just completed quarter includes a (\$0.47)/share related to plans to sell five TV stations. Revenues declined to \$194.4 million from \$218.3 million. These declining results were due to a weakening economy and lower advertising revenues as the Publishing Division suffered primarily from the real estate market slowdown in Florida negatively affecting MEG's Tampa operations. Revenues in Florida declined 29.5% for the quarter compared to last year's quarter while Virginia's fell 11.1%, North Carolina was lower by 7.3%, and Alabama/South Carolina both fell 4.6%. Overall profit for this unit fell 56.4% as total revenues dropped 16.7%, and newspaper ad revenues declined 19.1%. The Broadcast Division's generated \$4.4 million in Political ad revenues compared to \$340,000 during 1Q07, however, this was not enough to offset lower national/local transaction time sales as TV stations saw advertising declines in several markets and key categories (automotive, entertainment, & furniture). Total revenues in the Broadcast unit was 1.2% lower as gross time sales, local time sales, and national time sales declined by 3.1%, 4.4%, and 14.6%, respectively. The Interactive Media Division revenues were 3.3% lower to \$7.7 million due to lower classified revenues and lower advertising business sales. Increases in banners, sponsorships, and direct sales caused local revenues to grow 28.5%. National/regional revenues improved 43.2% resulting from a larger focus on national networks, especially at TBO.com in Tampa FL. This unit produced an operating loss of \$2.7 million vs. a 1Q07 loss of \$630,000.

Our Thoughts

Given tough operating fundamentals, management is moving to reduce expenses and debt. For example, MEG is offering a voluntary separation agreement to its Florida Communications Group employees. Additionally, the Broadcast Unit is deferring until 2H08 capital expenditures not critical to on-air operations. Proceeds from the sale of MEG's five TV stations will be used to reduce debt by \$60 million - \$65 million. One bright spot for MEG's quarterly earnings report was the decline in total operating costs to \$198.8 million from \$211.7 million, as production costs were \$98.1 million vs. \$105.2 million and SG&A expense declined to \$82.4 million from \$87.1 million. A continuation of cost-cutting will be needed by MEG, and all newspaper/media companies, until the US economy recovers thus producing increases in ad revenues.

MEG's shares appear to have already priced in a recession with the stock sitting at a 15-year low. However, patient investors will be rewarded with a 5.9% dividend which appears secure given a 3.3x EBITDA-to-dividend coverage ratio. Newspaper/media stocks are early cyclicals which led the equity markets lower last year in anticipation of an economic slowdown and could lead the markets higher when the US emerges from its current economic doldrums. These shares are rated OUTPERFORM and could be used for short-term trading and long-term investing by aggressive/speculative accounts

Risks

There are no guarantees of MEG will increase revenues/profits in the future. As with all newspaper companies, rising commodity pricing of newsprint, ink, or fuel could adversely affect earnings. A slowdown in US consumer spending could reduce advertising revenues for the company. Competition in the newspaper industry, and from internet/TV/radio, could hamper MEG's ability to grow earnings. Higher interest rates, adverse equity markets, corporate governance issues, an economic slowdown, and terrorist attacks could negatively affect MEG's share price.

EQUITY RESEARCH

Smithfield Foods

(SFD – NYSE)

Rating: OUTPERFORM

| Price and Trading Data | | EPS estimates - diluted | | |
|-----------------------------------|-----------------|--------------------------------|----------------|---------------|
| Current Price | \$31.07 | Apr 07A | Apr 08E | |
| S&P 500 | 1385.35 | 1Q | \$0.22 | \$0.41A |
| 52-Week Price Range | \$35.79-\$23.75 | 2Q | \$0.40 | \$0.14 |
| Shares Outstanding (mil.-diluted) | 134.4 | 3Q | \$0.54 | \$0.44 |
| Market Cap (bil.-diluted) | 4.08 | 4Q | \$0.33 | \$0.46 |
| Avg. Daily Trading Volume (mil) | 1.29 | | \$1.49 | \$1.45 |
| 12-month Target Price | \$41.25 | | | |

| 1Q08 Valuation Data | |
|----------------------------|---------|
| Debt to Total Capital | 53% |
| Book Value | \$22.19 |
| Price to Book | 1.4 |
| Dividend | N/A |
| Current Yield | N/A |

Company Summary

Smithfield Foods, headquartered in Smithfield VA, is the world's largest pork processor and hog producer, and the fifth largest beef processor in the United States. Founded in 1936, the company experienced significant growth in the early 1980's with the acquisition of Gwaltney's of Smithfield, which nearly doubled its sized. In 1992, SFD opened up the world's largest meat processing facility in Tar Heel NC, and in 1995, the company acquired John Morrell & Co., which expanded its reach throughout the Midwestern United States. The company has recently expanded both its domestic and international operations by acquiring Cook's, Butterball, LLC and Sara Lee European meats business in 2006. SFD employs over 52,000 people worldwide and currently owns subsidiaries in France, Poland, Romania, and the United Kingdom with joint ventures/major investments in Mexico, Spain, and China. On an annualized basis, the company had hog production of 13.9 million and produced 1.5 billion pounds of fresh beef. In FY07, SFD produced 3.1 billions pounds of fresh pork while producing 2.9 billion pounds of processed meat. The company is currently operating in FY08.

Recent Developments

SFD signed a definitive agreement to sell s Smithfield Beef Group, Inc. to JBS SA for \$565 million in cash. This sale will include the beef processing and cattle feeding operations. This sale is prompted by management's decision to exit businesses with low returns/profitability. SFD recently announced a pork supply deal with China and as a follow-up to send a corporate delegation to this country in hopes of gaining additional business opportunities. In other news, the Environmental Protection Agency and the Department of Justice issued subpoenas for documents and testimony related to a 12/05/07 incident at SFD's Souderton PA facility regarding the plant's chlorinated system of wastewater treatment. Management does not believe this will have a material impact on its financial position. The company saw Japan temporarily halt its beef imports due to over shipments of this product and Russia banned pork shipments from SFD and Tyson Foods (TSN-\$). Russia stopped pork shipments due to concerns of antibiotics in imported meat. There have been several announced management changes at SFD during the past quarter: George H. Richter was named President/CEO of SFD's pork unit, Joseph W. Luter IV will become an executive Vice President of Smithfield Foods, James C. Sbarro will be President of

Farmlands, and Tim Schellpepper will become President of Smithfield Packaging. Moody's debt rating service affirmed the long-term ratings of SFD's outstanding debt.

Recent Earnings

SFD reported 3Q08 earnings from continuing operations of \$0.44/share versus \$0.55/share during 3Q07. Results on a quarter-to-quarter basis were negatively affected by an increase in the company's tax rate which hurt earnings by \$0.06/share. Pork sales improved to \$2.61 billion from \$2.3 billion and beef sales rose to \$674.9 million from \$638.3 million. International revenues grew to \$358.8 million from \$235 million and hog production was \$558 million versus \$428.5 million. Profits from the pork segment grew to \$221.5 million from \$99.6 million due to last May's Premium Standard Farms purchase, lower raw material costs, export growth and improvement in packaged meat margins. The International segment saw profits decrease to \$22.3 million from \$23.7 million as Groupe Smithfield experienced a small sales volume decline and decreased margins from competitive pricing pressure in the cooked ham and sausage categories. The beef segment's profits increased to \$12.2 million from \$1.3 million as beef processing earnings rose and cattle feeding generated turned in a profitable quarter. Hog operations generated a loss of \$80.7 million compared to a \$4.5 million profit during last years quarter as 3Q08 results were negatively impacted by lower hog prices and higher feed costs. The "Other" segment operations, which is SFD's joint venture turkey operations, saw profitability fall to \$7.0 million from \$15.4 million due to higher feed costs and lower equity income. Total sales increased to \$3.79 billion from \$3.28 billion.

Our Thoughts

While SFD has successfully grown revenues and is expanding its overseas businesses, rising corn prices has hurt profitability. Corn, during the past two years has more than doubled in price causing feed costs to rise for SFD and reducing profits in various parts of its business. However, a decline in corn prices could go a long way towards growing earnings during the next two years. Moreover, SFD has moved into Europe and Asia and gained market share in these areas through introduction of its own products and from products offered by recent acquisitions. Thus falling corn prices and SFD's continued revenue growth could set the stage for significant earnings improvement going forward. Following a recent pork-supply contract signed with China, investors are hoping that SFD will be awarded additional contracts. Our sense is if this occurs, the investor demand could increase for SFD's stock providing a short-term catalyst. Another catalyst for the stock could be falling corn prices which potentially would increase SFD's profit margins. These shares are rated OUTPERFORM and our price target is \$41/share.

Risks

SFD's profits are very sensitive to changing commodity prices and viral infections of its herds/flocks could negatively affect forward earnings. There are no guarantees SFD will be able to grow future profits. Declining prices of beef, pork, & turkeys could cause a decline in revenues/profitability. Rising operating expenses are a potential threat to net income. SFD has exposure to foreign currency and political risk given its overseas operations/ventures. SFD's stock could be adversely impacted by negative equity markets, failure to comply with Sarbanes Oxley guidelines, rising interest rates, or terrorist attacks.

EQUITY RESEARCH

Union Bankshares (UBSH – NASDAQ)

Rating: OUTPERFORM

| Price and Trading Data | | EPS estimates - diluted | |
|----------------------------------|-----------------|-------------------------|----------------|
| Current Price | \$18.85 | Dec 07A | Dec 08E |
| NASDAQ Bank Index | 2502.20 | 1Q | \$0.38 |
| 52-Week Price Range | \$25.08-\$15.84 | 2Q | \$0.42 |
| Shares Outstanding (mil-diluted) | 13.48 | 3Q | \$0.40 |
| Market Cap (mil-diluted) | 242.9 | 4Q | \$0.27E |
| Avg. Daily Trading Volume | 31,700 | | \$1.47 |
| 12-month Target Price | \$31.50 | | \$1.34 |

| 3Q07 Valuation Data | |
|---------------------|---------|
| Efficiency Ratio | % |
| Book Value | \$15.91 |
| Price to Book | 1.2 |
| ROA | 0.82% |
| ROE | 8.75% |
| Dividend Yield | 3.9% |

Company Summary

Union Bankshares is the bank holding company for Union Bank & Trust, Northern Neck State Bank, Rappahannock National Bank, and Bay Community Bank. It was formed in the 1993 merger of Union Bank & Trust Company and Northern Neck State Bank in Bowling Green, VA and currently has 58 full service branches, all located in Virginia, and is the third largest bank holding company based in the state. It recently completed its acquisition of Prosperity Bank & Trust Company in April. Prosperity Bank operates three branches in the northern VA area. This acquisition exemplifies UBSH's strategy to grow its footprint in the state of Virginia. Its fifty-one branch offices are located from the Tidewater area to the mountains, and into the Northern VA/Washington DC market. Current ownership of UBSH is 6.67% held by insiders and institutional investors own 19.78% of the shares. The affiliated banks of UBSH provide a variety of deposit and lending products to its clients. Some of these products include checking, savings, certificates of deposit, while also offering loans for commercial, industrial, residential mortgage, and consumer purposes. Additionally, full brokerage services are offered by its Union Investment Services unit. Through its Bay Community Bank, UBSH has a non-controlling interest in Johnson Mortgage Company, LLC. UBSH has total assets of \$2.3 billion, total net loans of \$1.71 billion, and deposits of \$1.55 billion. Book value was \$15.82 per share as of 12/31/07.

Recent Developments

UBSH continued to work towards the assimilation of recently acquired Prosperity Bank & Trust Company into its largest bank affiliate, Union Bank & Trust Company. The purchase of Prosperity Bank and Trust company gives UBSH a greater presence in the Northern Virginia markets. Recently Daniel I. Hansen was elected to UBSH's Board of Directors. Hansen is a private investor and vice president of DeJarnette & Beale Inc., an independent insurance agency headquartered in Bowling Green VA. He was serving as Chairman of the Board of the Union Bank & Trust sine 2003 and part of its Executive Committee since 2001. UBSH's Board of Directors increased the common stock dividend to \$0.185/share from \$0.18/share.

Recent Earnings

Union Bankshares reported 1Q08 earnings of \$0.29/share vs. \$0.41/share during 1Q07. Lower profits were due to increased loan loss provisions, costs associated with new branch openings and a de novo office, and costs from merging affiliated banks. UBSH, on a quarter-to-quarter comparison, saw higher service income on deposit accounts and increased non-interest income. The provision for loan losses grew by \$2.3 million due to a reduction of an estimated loan loss exposure and an increase of \$1.6 million in loan losses. These increases came from loan growth, net charge-offs, and uncertainty regarding a slowing economy and credit risk factors. Net interest income rose to \$19.1 million from \$18.2 million as interest/dividend income grew 3.7% offsetting a 1.8% rise in interest expense. Non-interest income grew 18.4% to \$7.4 million due to higher mortgage segment income(\$640,000) from the sale of loans, higher service charges/debit card fees (\$394,000), a gain from public domain easement of UBSH owned real estate (\$127,000), and a benefit from the recent public offering of VISA stock (\$198,000). Non-interest expense increased to \$20.0 million from \$18.0 million from higher salaries/benefits and additional personnel for the de novo branch. Return on assets (ROA) and return on equity (ROE) declined to 0.64% from 1%, and to 6.85% from 10.38%, respectively. Net interest margin fell to 3.85% from 4.09%. Total assets grew to \$2.4 billion from \$2.1 billion as net loans increased 12.1% to \$1.79 billion and deposits rose 3.9% to \$1.73 billion. Book value per increased to \$15.95/share from \$15.23/share.

Our Thoughts

Despite the decline in quarterly earnings UBSH's balance sheet remains in tact and seems more than able to support its dividend. Net interest income improved to \$19.1 million from \$18.2 million as increases in interest/dividend income outpaced a rise in interest expense. The lowering of the Fed Funds rate caused a repricing of approximately a one third of UBSH's loans tied to the prime rate creating a reduction on yields of earning assets. UBSH's liability side benefited as overnight borrowing rates and FHLB advances were adjusted lower due to the Fed Funds rate decline, thereby lowering funding costs.

While examining comparable periods shows there was no improvement in many categories, on a sequential quarterly basis there has been progress in some areas. For example, while 1Q08's ROA declined compared to 1Q07, these results were flat when compared to 4Q07. Similarly, 1Q08 ROE's was lower vs. 1Q07, but higher when compared to 4Q07. Net interest margins may improve going forward into 2H08 following a steepening of the yield curve and assuming competition for deposits does not raise funding costs. Moreover, the credit quality of UBSH's loan portfolio appears solid, despite the recent \$1.6 million increase in loan loss provisions, net charge-offs were 0.11% of loans. Non-performing assets totaled \$10.8 million of which \$7.2 million is from a single credit relationship. While management has seen softening in its markets, loan growth has been good pushed by the commercial sector. UBSH's 4% dividend appears secure and offers patient investors an attractive high yield while awaiting rebound in the financial sector. These shares look attractive trading at 1.2x book and offering a 4% dividend yield. Our target price is \$31/share based on an eventual pick-up in the economy, stabilization of the US financial system, UBSH's credit quality remains strong, and the dividend is maintained. UBSH is rated OUTPERFORM.

Risks

There are no guarantees UBSH's growth strategy will improve earnings. The entire banking industry will have to face the operating challenges of a flat yield curve and a slowing real estate market. Corporate governance issues, rising interest rates, or negative equity markets may negatively affect UBSH shares. UBSH's stock could be adversely impacted by negative equity markets, failure to comply with Sarbanes Oxley guidelines, rising interest rates, or terrorist attacks.

EQUITY RESEARCH

Universal Corporation (UVV – NYSE)

Rating: NEUTRAL

| Price and Trading Data | | EPS estimates - diluted | | |
|-----------------------------------|-----------------|--------------------------------|----------------|----------------|
| Current Price | \$50.48 | | Mar 07A | Mar 08A |
| S&P 500 | 1385.35 | 1Q | (\$0.23) | \$0.52 |
| 52-Week Price Range | \$68.04-\$41.23 | 2Q | \$0.92 | \$1.30 |
| Shares Outstanding (mil.-diluted) | 27.19 | 3Q | \$1.17 | \$1.56 |
| Market Cap (bil.-diluted) | 1.7 | 4Q | \$0.66 | \$0.23 |
| Avg. Daily Trading Volume | 397,457 | | \$2.52 | \$3.71 |
| 12-month Target Price | N/A | | | |
| 3Q08 Valuation Data | | | | |
| Debt to Total Capital | 27% | | | |
| Book Value | \$34.92 | | | |
| Price to Book | 1.4 | | | |
| Dividend | \$1.80 | | | |
| Current Yield | 3.6% | | | |

Company Summary

Universal Corp., founded in 1918, is the world's largest leaf tobacco exporter/importer and is headquartered in Richmond VA. UVV's primary business is buying, shipping, processing, packing, storing and selling tobacco to cigar, cigarette, and pipe tobacco manufacturers. The company also provides financing of leaf tobacco operations in foreign countries. Tobacco sales are comprised primarily of burley and flue-cured tobaccos. UVV's largest customers are Philip Morris (MO-\$73.09) and Japan Tobacco, which account for the majority of orders. During fiscal year 2007, UVV generated revenues of \$2.0 billion. For 2007, the North American and the other Regions unit, part of the burley tobacco and flue-cured operations, generated 17% & 68% of revenues, and 19% & 63% of segment operating income; respectively. Other Tobacco operations produced 14% of revenues and 18% of segment operating income. UVV normally purchases 25% - 30% of the annual production of tobaccos in Brazil and 35% - 45% of Africa's. The company does business in over 35 countries and employs approximately 25,000 full and part-time workers. The majority of UVV's operations are located in the United States and Brazil. Other operations are located in Africa, Asia, Canada, Europe, and Argentina. The company recently sold off its non-tobacco operations (lumber/building/agri-business) and has been using the proceeds to reduce debt and for potential share repurchases. UVV shifted its year-end reporting quarter to March and is currently operating in fiscal year 2008.

Recent Developments

Over the past year UVV has changed its mix of business to focus on tobacco operations. Along these lines the company sold two non-tobacco businesses: Barrow, Lane & Bullard & LTD and Deli-Universal. There has been a change in top management in 2008 as Chairman of the Board/CEO, Allen King, retired on 3/31/08. He will be succeeded by CEO George C. Freeman III. President/CFO Hartwell H. Roper plans to retire on 8/31/08 and David C. Moore will take his position as CFO. Mr. Moore is currently a vice president and chief administrative officer of UVV. This past November the Board of Directors authorized a common share repurchase program of up to \$150 million. Additionally, the Board approved the raising of its quarterly common stock dividend by \$0.01/share to

\$0.45/share. On the credit front, Moody's recently affirmed its rating on UVV's Ba1 corporate debt and changed the outlook to stable from negative.

Recent Earnings

UVV reported 4Q08 earnings of \$0.23/share vs. \$0.65/share during 4Q07. The timing of shipments was the primary reason for the decline in earnings on a quarter-to-quarter basis as many regions finished their respective annual shipments earlier in UVV's fiscal year. Additionally, 4Q08's results included \$0.21/share in charges related to restructuring expenses from employee separation expenses and pension curtailment losses based on specific small defined benefit plans. 4Q07's earnings included a \$0.17/share charge related to UVV's decision to end direct involvement in flue-cured growing projects in Africa. The North America's segment operating income rose 22%, or \$3 million, despite the absence of old crop burley sales which benefited the prior year's quarter. This improvement came from higher volumes shipped and processed during the most recent quarter. Revenues for

North American operations increased 20% to \$114 million. Flue-cured and burley operations produced profits of \$11.7 million versus \$38.4 million. The Other Regions unit produced an operating loss of \$4 million during 4Q08 due to lower volumes as shipments of smaller African crops, Asian, European, and South American tobaccos were done earlier in fiscal 2008. The South American business had a \$6 million gain from the sale of surplus timberland and an \$8 million reduction of a valuation allowance for a Brazilian VAT tax. These two items offset a \$12 million charge for bad debt provisions for farmer receivables. UVV accrued an \$8 million charge for an obligation relative to a Malawi court ruling involving severance benefits in addition to company sponsored pension benefits related to employment terminations. Revenues for the Other Regions decreased \$58 million to \$239 million due to timing of shipments.

Our Thoughts

The decline in UVV's earnings was not unexpected given management's earlier notice of a shift of the company's forward shipments into earlier quarters during fiscal year 2008. On a year-over-year basis, UVV reported income from ongoing operations of \$3.71/share vs. \$2.52/share. Net income for 2008, including discontinued operations, was \$3.70/share vs. \$1.13/share during 2007. These improved results show the company has been successful in its business strategy of moving out of non-core operations and low-margin ventures. During the past year, UVV sold its lumber and non-tobacco business, and used proceeds to pay down \$164 million of debt during fiscal 2008. Going forward, UVV will have to deal with the challenges of difficult foreign currency translations, rising agricultural prices, and finding sufficient tobacco supplies to meet customer orders. We rate these shares NEUTRAL.

Risks

There are no guarantees UVV will improve future earnings. The company's two largest buyers are Philip Morris and Japan Tobacco. Termination of business with either of these companies would adversely affect UVV's profitability. UVV's profitability is subject to currency swings, timing of tobacco shipments, political events, and changes in foreign governments. UVV's stock could be adversely impacted by negative equity markets, failure to comply with Sarbanes Oxley guidelines, rising interest rates or terrorist attacks.

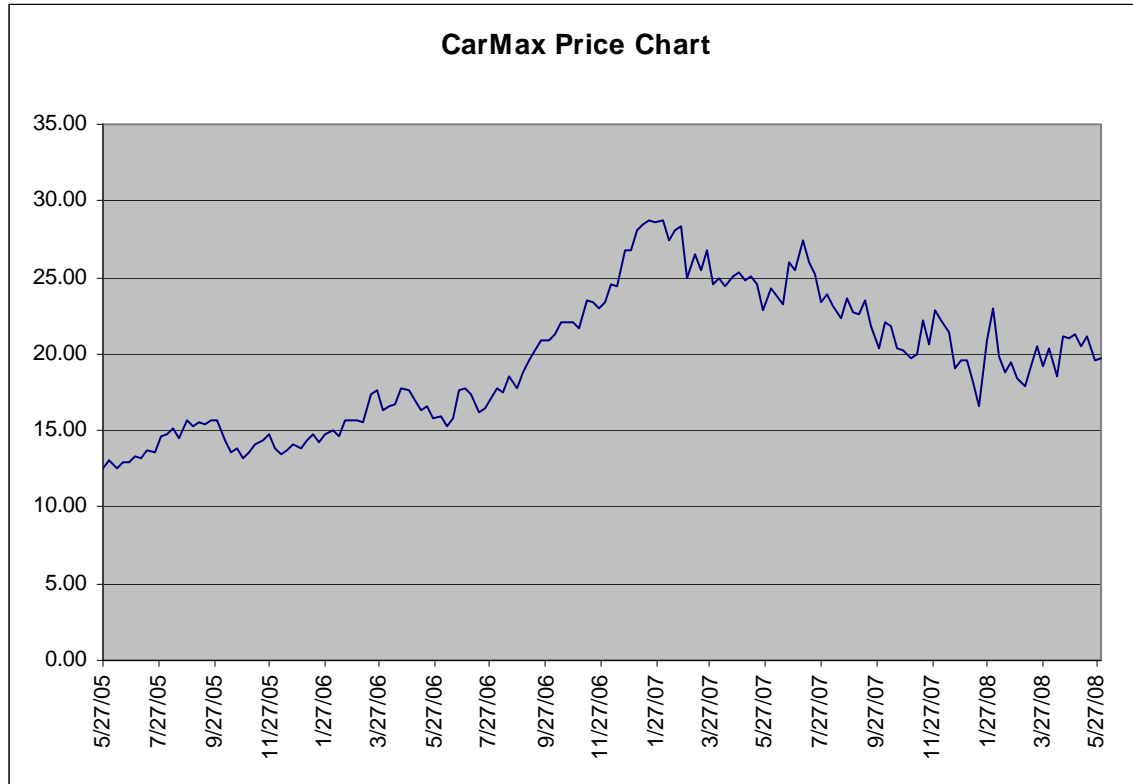
Steven F. Marascia

Research Analyst

804-344-3806

smarascia@andersonstrudwick.com

Important Disclosures



3/14/07 \$24.62 Initiate NEUTRAL

Steven Marascia certifies, with respect to the companies or securities that he analyzes, that (1) the views expressed in this report accurately reflect his personal views about all of the subject companies and securities and (2) no part of his compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Anderson & Strudwick and employees of Anderson & Strudwick may own shares of CarMax.

Stock ratings used in this report are defined as follows:

- (1) Outperform — The stock's total return including dividends is expected to exceed the industry or market average by at least 10% over the next twelve months.
- (2) Neutral — The stock's total return including dividends is expected to be in line with the industry or market average of +/- 10% over the next twelve months.
- (3) Underperform — The Stock's total return including dividends is expected to be below the industry or market average by 10% or more over the next twelve months.

The distribution of investment ratings for all companies in our coverage universe are as follows: (1) 43%, (2) 56%, (3) 1%

The distribution of investment ratings used for companies whom we have performed banking services in the last 12 months are: (1) 60%, (2) 40%, (3) 0%

For regulatory purposes, our ratings of Outperform, Neutral and Underperform most closely correspond to Buy, Hold and Sell, respectively.

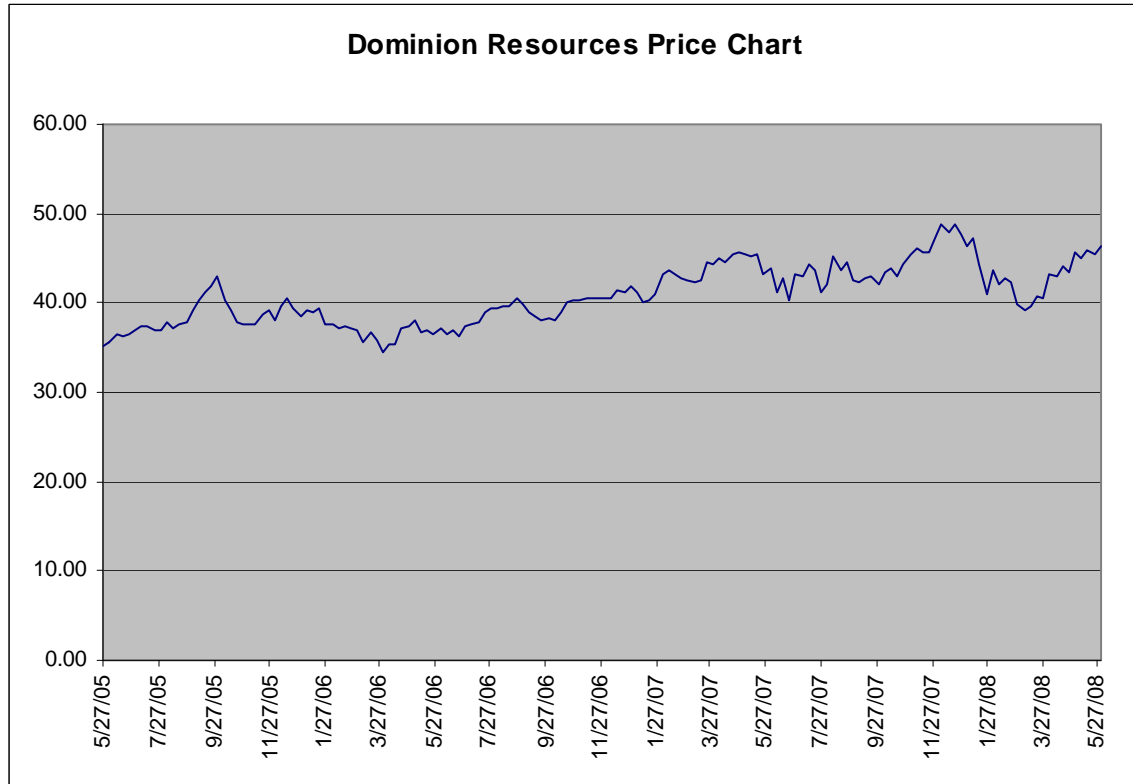
Other Disclosures

This report is not directed to, or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Anderson & Strudwick or its affiliates to any registration or licensing requirement within such jurisdiction.

The information presented in this report is provided to you for information purposes only and is not to be used or considered as an offer or the solicitation of an offer to sell or buy or subscribe for securities or other financial instruments. Anderson & Strudwick may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. Anderson & Strudwick will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Anderson & Strudwick does not advise on the tax consequences of investments and you are advised to contact an independent tax advisor. Information and opinions presented in this report have been obtained or derived from sources believed by Anderson & Strudwick to be reliable, but Anderson & Strudwick makes no representation as to their accuracy or completeness. This report is not to be relied upon in substitution for the exercise of independent judgment. Anderson & Strudwick may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by Anderson & Strudwick and are subject to change without notice. The price, value of and income from any of the securities mentioned in this report can fall as well as rise.

For more information on this report, please contact us at 800-767-2424 or write to Anderson & Strudwick 707 E. Main Street 20th Floor, Richmond, VA 23219.

Important Disclosures



11/3/04 \$58.16 Initiate NEUTRAL

Steven Marascia certifies, with respect to the companies or securities that he analyzes, that (1) the views expressed in this report accurately reflect his personal views about all of the subject companies and securities and (2) no part of his compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Steven Marascia owns shares of Dominion Resources.

Anderson & Strudwick and employees of Anderson & Strudwick may own shares of Dominion Resources

Stock ratings used in this report are defined as follows:

- (1) Outperform — The stock's total return including dividends is expected to exceed the industry or market average by at least 10% over the next twelve months.
- (2) Neutral — The stock's total return including dividends is expected to be in line with the industry or market average of +/- 10% over the next twelve months.
- (3) Underperform — The Stock's total return including dividends is expected to be below the industry or market average by 10% or more over the next twelve months.

The distribution of investment ratings for all companies in our coverage universe are as follows: (1) 43%, (2) 56%, (3) 1%

The distribution of investment ratings used for companies whom we have performed banking services in the last 12 months are: (1) 60%, (2) 40%, (3) 0%

For regulatory purposes, our ratings of Outperform, Neutral and Underperform most closely correspond to Buy, Hold and Sell, respectively.

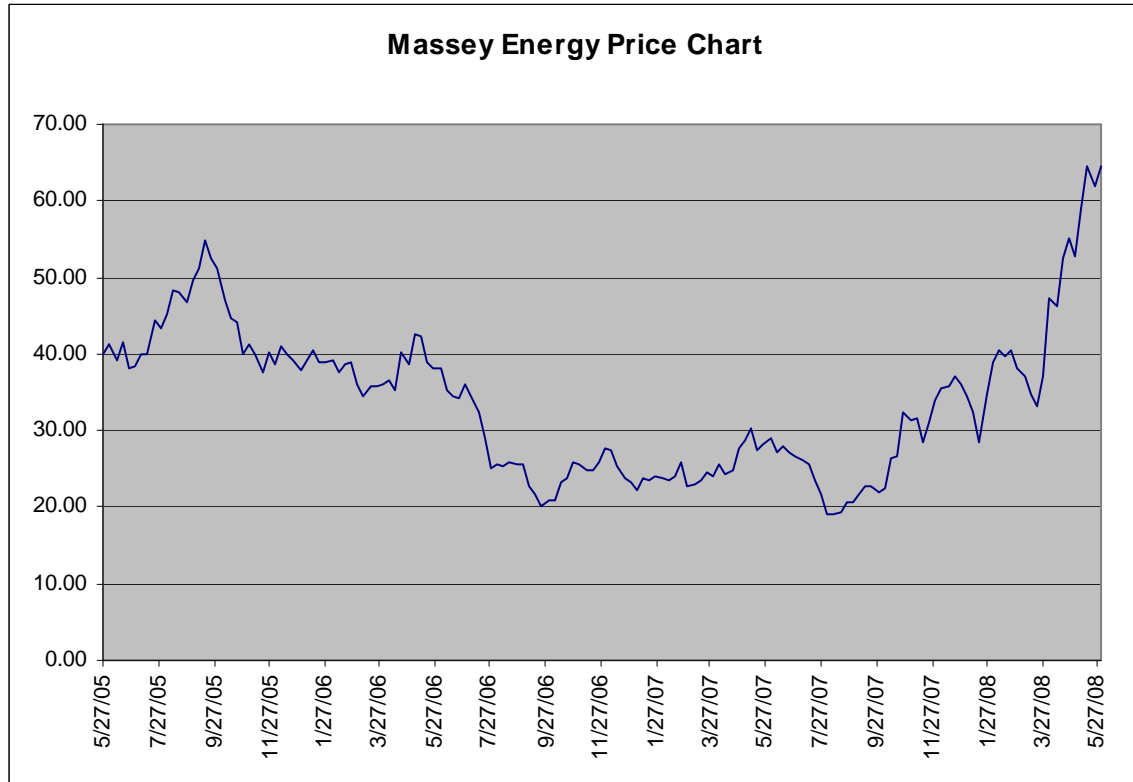
Other Disclosures

This report is not directed to, or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Anderson & Strudwick or its affiliates to any registration or licensing requirement within such jurisdiction.

The information presented in this report is provided to you for information purposes only and is not to be used or considered as an offer or the solicitation of an offer to sell or buy or subscribe for securities or other financial instruments. Anderson & Strudwick may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. Anderson & Strudwick will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Anderson & Strudwick does not advise on the tax consequences of investments and you are advised to contact an independent tax advisor. Information and opinions presented in this report have been obtained or derived from sources believed by Anderson & Strudwick to be reliable, but Anderson & Strudwick makes no representation as to their accuracy or completeness. This report is not to be relied upon in substitution for the exercise of independent judgment. Anderson & Strudwick may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by Anderson & Strudwick and are subject to change without notice. The price, value of and income from any of the securities mentioned in this report can fall as well as rise.

For more information on this report, please contact us at 800-767-2424 or write to Anderson & Strudwick 707 E. Main Street 20th Floor, Richmond, VA 23219.

Important Disclosures



3/10/06 Initiate OUTPERFORM @ 34.18. Target Price: \$43.00

4/12/07 \$24.42 Lower 12-month Target Price: \$31.00

1/09/08 \$33.23 Lower rating to NEUTRAL from OUTPERFORM

Steven Marascia certifies, with respect to the companies or securities that he analyzes, that (1) the views expressed in this report accurately reflect his personal views about all of the subject companies and securities and (2) no part of his compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Anderson & Strudwick or employees of Anderson & Strudwick may own shares of Massey Energy.

Stock ratings used in this report are defined as follows:

- (1) Outperform — The stock's total return including dividends is expected to exceed the industry or market average by at least 10% over the next twelve months.
- (2) Neutral — The stock's total return including dividends is expected to be in line with the industry or market average of +/- 10% over the next twelve months.
- (3) Underperform — The Stock's total return including dividends is expected to be below the industry or market average by 10% or more over the next twelve months.

The distribution of investment ratings for all companies in our coverage universe are as follows: (1) 43%, (2) 56%, (3) 1%

The distribution of investment ratings used for companies whom we have performed banking services in the last 12 months are: (1) 60%, (2) 40%, (3) 0%

For regulatory purposes, our ratings of Outperform, Neutral and Underperform most closely correspond to Buy, Hold and Sell, respectively.

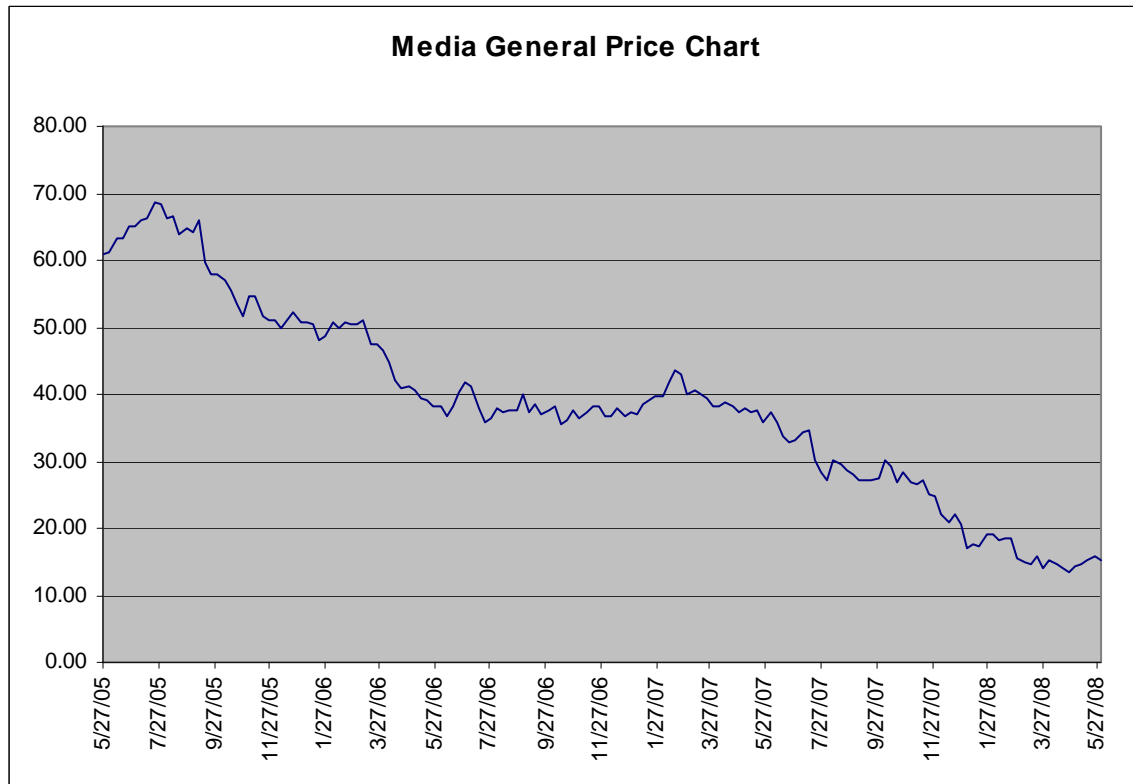
Other Disclosures

This report is not directed to, or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Anderson & Strudwick or its affiliates to any registration or licensing requirement within such jurisdiction.

The information presented in this report is provided to you for information purposes only and is not to be used or considered as an offer or the solicitation of an offer to sell or buy or subscribe for securities or other financial instruments. Anderson & Strudwick may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. Anderson & Strudwick will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Anderson & Strudwick does not advise on the tax consequences of investments and you are advised to contact an independent tax advisor. Information and opinions presented in this report have been obtained or derived from sources believed by Anderson & Strudwick to be reliable, but Anderson & Strudwick makes no representation as to their accuracy or completeness. This report is not to be relied upon in substitution for the exercise of independent judgment. Anderson & Strudwick may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by Anderson & Strudwick and are subject to change without notice. The price, value of and income from any of the securities mentioned in this report can fall as well as rise.

For more information on this report, please contact us at 800-767-2424 or write to Anderson & Strudwick 707 E. Main Street 20th Floor, Richmond, VA 23219.

Important Disclosures



8/7/07 \$28.17 Initiate OUTPERFORM TP: \$39.25
2/6/07 \$20.08 TP: \$38.00

Steve Marascia certifies, with respect to the companies or securities that he analyzes, that (1) the views expressed in this report accurately reflect his personal views about all of the subject companies and securities and (2) no part of his compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Price Target Methodology: Based on 1.0x Book Value. Risks to target price include higher interest rates, adverse equity markets, corporate governance issues, economic slowdown, and terrorist attacks. Other risks include rising commodity prices of newsprint, ink, and fuel; a slowdown in US consumer spending; and competition from the newspaper industry, TV, Internet, or radio.

Anderson & Strudwick or employees of Anderson & Strudwick may own shares of Media General.

Stock ratings used in this report are defined as follows:

- (1) Outperform — The stock's total return including dividends is expected to exceed the industry or market average by at least 10% over the next twelve months.
- (2) Neutral — The stock's total return including dividends is expected to be in line with the industry or market average of +/- 10% over the next twelve months.
- (3) Underperform — The Stock's total return including dividends is expected to be below the industry or market average by 10% or more over the next twelve months.

The distribution of investment ratings for all companies in our coverage universe are as follows: (1) 43%, (2) 56%, (3) 1%

The distribution of investment ratings used for companies whom we have performed banking services in the last 12 months are: (1) 60%, (2) 40%, (3) 0%

For regulatory purposes, our ratings of Outperform, Neutral and Underperform most closely correspond to Buy, Hold and Sell, respectively.

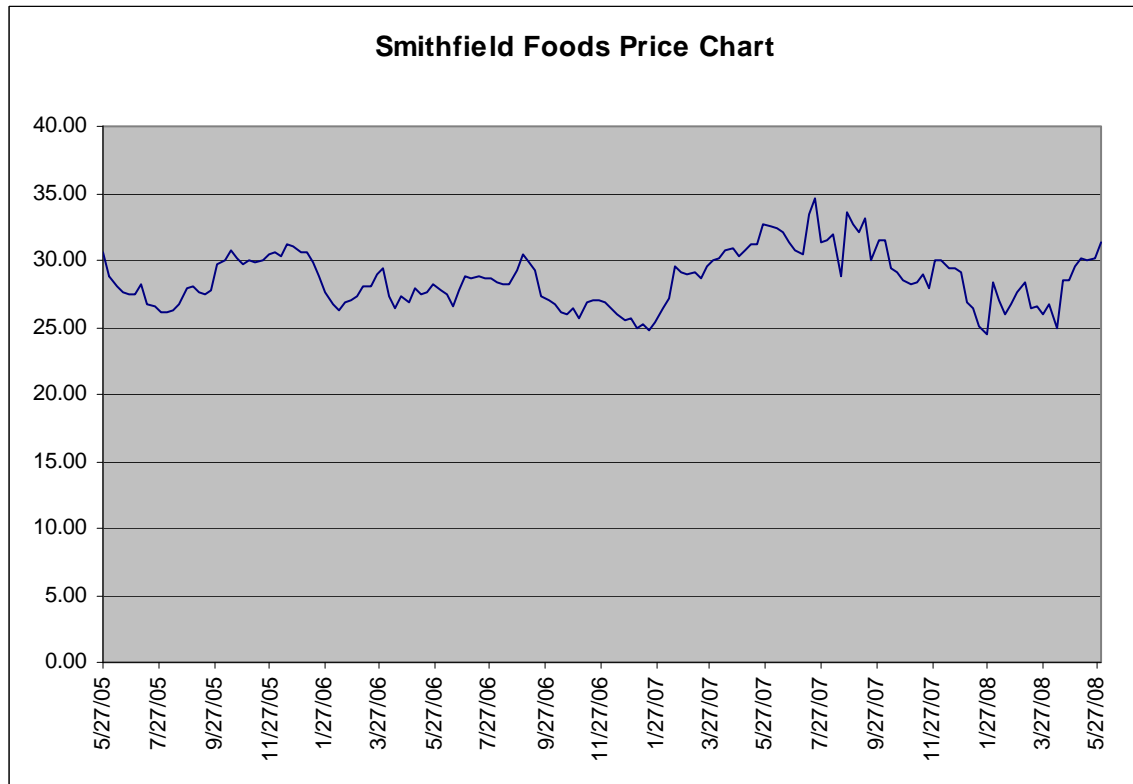
Other Disclosures

This report is not directed to, or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Anderson & Strudwick or its affiliates to any registration or licensing requirement within such jurisdiction.

The information presented in this report is provided to you for information purposes only and is not to be used or considered as an offer or the solicitation of an offer to sell or buy or subscribe for securities or other financial instruments. Anderson & Strudwick may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. Anderson & Strudwick will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Anderson & Strudwick does not advise on the tax consequences of investments and you are advised to contact an independent tax advisor. Information and opinions presented in this report have been obtained or derived from sources believed by Anderson & Strudwick to be reliable, but Anderson & Strudwick makes no representation as to their accuracy or completeness. This report is not to be relied upon in substitution for the exercise of independent judgment. Anderson & Strudwick may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by Anderson & Strudwick and are subject to change without notice. The price, value of and income from any of the securities mentioned in this report can fall as well as rise.

For more information on this report, please contact us at 800-767-2424 or write to Anderson & Strudwick 707 E. Main Street 20th Floor, Richmond, VA 23219.

Important Disclosures



11/09/04 \$25.70 Initiate OUTPERFORM TP: \$32.00
09/09/05 \$27.57 TP: \$34.00
04/12/07 \$30.48 TP: \$41.25

Steven Marascia certifies, with respect to the companies or securities that he analyzes, that (1) the views expressed in this report accurately reflect his personal views about all of the subject companies and securities and (2) no part of his compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Price Target Methodology: Based on 2.1X book value. Risks to target price include weakness in hog prices, rising costs in feed, negative equity markets, failure to comply with Sarbanes Oxley guidelines, rising interest rates, and terrorist attacks.

Anderson & Strudwick or employees of Anderson & Strudwick may own shares of Smithfield Foods.

Stock ratings used in this report are defined as follows:

- (1) Outperform — The stock's total return including dividends is expected to exceed the industry or market average by at least 10% over the next twelve months.
- (2) Neutral — The stock's total return including dividends is expected to be in line with the industry or market average of +/- 10% over the next twelve months.
- (3) Underperform — The Stock's total return including dividends is expected to be below the industry or market average by 10% or more over the next twelve months.

The distribution of investment ratings for all companies in our coverage universe are as follows: (1) 43% (2) 56% (3) 1%

The distribution of investment ratings used for companies whom we have performed banking services in the last 12 months are: (1) 60%, (2) 40%, (3) 0%

For regulatory purposes, our ratings of Outperform, Neutral and Underperform most closely correspond to Buy, Hold and Sell, respectively.

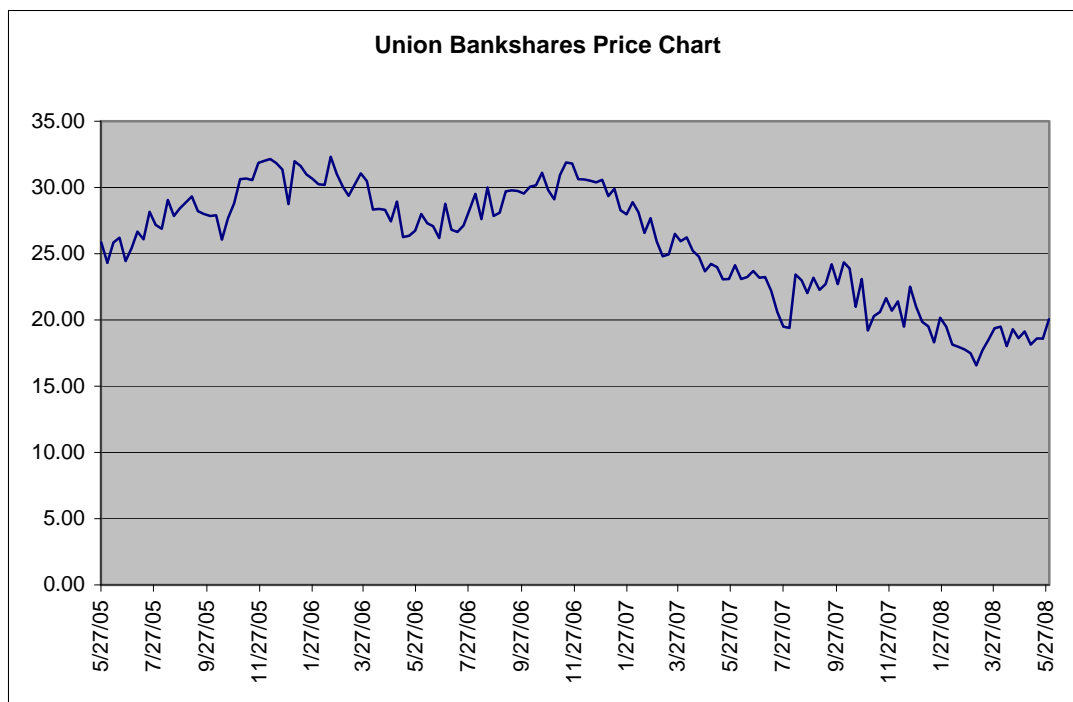
Other Disclosures

This report is not directed to, or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Anderson & Strudwick or its affiliates to any registration or licensing requirement within such jurisdiction.

The information presented in this report is provided to you for information purposes only and is not to be used or considered as an offer or the solicitation of an offer to sell or buy or subscribe for securities or other financial instruments. Anderson & Strudwick may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. Anderson & Strudwick will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Anderson & Strudwick does not advise on the tax consequences of investments and you are advised to contact an independent tax advisor. Information and opinions presented in this report have been obtained or derived from sources believed by Anderson & Strudwick to be reliable, but Anderson & Strudwick makes no representation as to their accuracy or completeness. This report is not to be relied upon in substitution for the exercise of independent judgment. Anderson & Strudwick may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by Anderson & Strudwick and are subject to change without notice. The price, value of and income from any of the securities mentioned in this report can fall as well as rise.

For more information on this report, please contact us at 800-767-2424 or write to Anderson & Strudwick 707 E. Main Street 20th Floor, Richmond, VA 23219.

Important Disclosures



- Union Bankshares has been rated OUTPERFORM during the entire three-year period

12/09/04 \$24.34 TP: \$40.00
08/09/05 \$27.59 TP: \$43.00
02/21/06 \$30.77 TP: \$48.00
10/27/06 \$29.46 TP: \$44.00
02/11/08 \$17.92 TP: \$31.50

Steven Marascia certifies, with respect to the companies or securities that he analyzes, that (1) the views expressed in this report accurately reflect his personal views about all of the subject companies and securities and (2) no part of his compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Price Target Methodology: Based on 3.0x book value. Risks include corporate governance issues, rising interest rates, a flat yield curve, slowing real estate market, negative equity markets, failure to comply with Sarbanes Oxley guidelines, rising interest rates, and terrorist attacks.

Anderson & Strudwick or employees of Anderson & Strudwick own shares of Union Bankshares.

Anderson & Strudwick makes a market in Union Bankshares.

Stock ratings used in this report are defined as follows:

- (1) Outperform — The stock's total return including dividends is expected to exceed the industry or market average by at least 10% over the next twelve months.
- (2) Neutral — The stock's total return including dividends is expected to be in line with the industry or market average of +/- 10% over the next twelve months.
- (3) Underperform — The Stock's total return including dividends is expected to be below the industry or market average by 10% or more over the next twelve months.

The distribution of investment ratings for all companies in our coverage universe are as follows: (1) 43%, (2) 56%, (3) 1%

The distribution of investment ratings used for companies whom we have performed banking services in the last 12 months are: (1) 60%, (2) 40%, (3) 0%

For regulatory purposes, our ratings of Outperform, Neutral and Underperform most closely correspond to Buy, Hold and Sell, respectively.

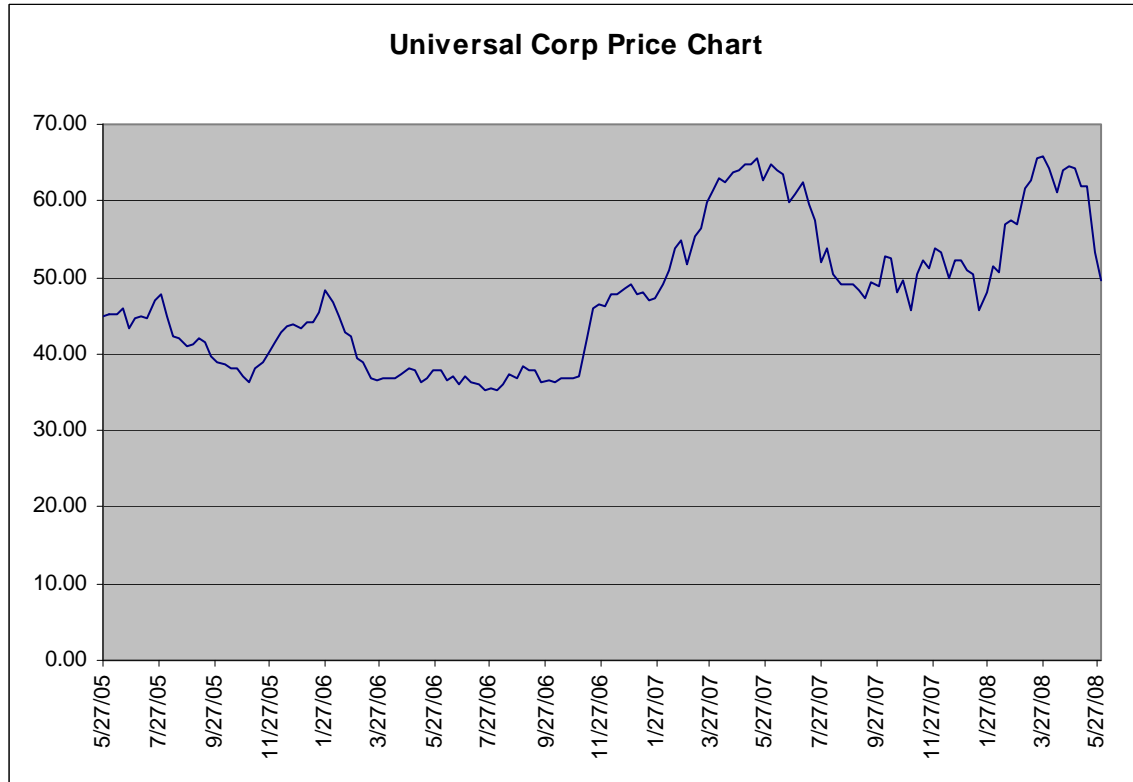
Other Disclosures

This report is not directed to, or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Anderson & Strudwick or its affiliates to any registration or licensing requirement within such jurisdiction.

The information presented in this report is provided to you for information purposes only and is not to be used or considered as an offer or the solicitation of an offer to sell or buy or subscribe for securities or other financial instruments. Anderson & Strudwick may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. Anderson & Strudwick will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Anderson & Strudwick does not advise on the tax consequences of investments and you are advised to contact an independent tax advisor. Information and opinions presented in this report have been obtained or derived from sources believed by Anderson & Strudwick to be reliable, but Anderson & Strudwick makes no representation as to their accuracy or completeness. This report is not to be relied upon in substitution for the exercise of independent judgment. Anderson & Strudwick may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by Anderson & Strudwick and are subject to change without notice. The price, value of and income from any of the securities mentioned in this report can fall as well as rise.

For more information on this report, please contact us at 800-767-2424 or write to Anderson & Strudwick 707 E. Main Street 20th Floor, Richmond, VA 23219.

Important Disclosures



9/21/06 \$36.95 Initiate OUTPERFORM TP: \$58
 3/20/07 \$58.77 Lowered to NEUTRAL

Steven Marascia certifies, with respect to the companies or securities that he analyzes, that (1) the views expressed in this report accurately reflect his personal views about all of the subject companies and securities and (2) no part of his compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Price Target Methodology: Based on 1.96x current book value. Risks to price target include termination of business with Philip Morris or Japan Tobacco, currency swings, timing of tobacco shipments, political events, and changes in foreign governments.

Anderson & Strudwick or employees of Anderson & Strudwick may own shares of Universal Corp.

Stock ratings used in this report are defined as follows:

- (1) Outperform — The stock's total return including dividends is expected to exceed the industry or market average by at least 10% over the next twelve months.
- (2) Neutral — The stock's total return including dividends is expected to be in line with the industry or market average of +/- 10% over the next twelve months.
- (3) Underperform — The Stock's total return including dividends is expected to be below the industry or market average by 10% or more over the next twelve months.

The distribution of investment ratings for all companies in our coverage universe are as follows: (1) 43%, (2) 56%, (3) 1%

The distribution of investment ratings used for companies whom we have performed banking services in the last 12 months are: (1) 60%, (2) 40%, (3) 0%

For regulatory purposes, our ratings of Outperform, Neutral and Underperform most closely correspond to Buy, Hold and Sell, respectively.

Other Disclosures

This report is not directed to, or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Anderson & Strudwick or its affiliates to any registration or licensing requirement within such jurisdiction.

The information presented in this report is provided to you for information purposes only and is not to be used or considered as an offer or the solicitation of an offer to sell or buy or subscribe for securities or other financial instruments. Anderson & Strudwick may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. Anderson & Strudwick will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Anderson & Strudwick does not advise on the tax consequences of investments and you are advised to contact an independent tax advisor. Information and opinions presented in this report have been obtained or derived from sources believed by Anderson & Strudwick to be reliable, but Anderson & Strudwick makes no representation as to their accuracy or completeness. This report is not to be relied upon in substitution for the exercise of independent judgment. Anderson & Strudwick may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by Anderson & Strudwick and are subject to change without notice. The price, value of and income from any of the securities mentioned in this report can fall as well as rise.

For more information on this report, please contact us at 800-767-2424 or write to Anderson & Strudwick 707 E. Main Street 20th Floor, Richmond, VA 23219.