

MEREDITH CORP
Form 10-K
August 25, 2009

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2009

Commission file number 1-5128

MEREDITH CORPORATION
(Exact name of registrant as specified in its charter)

Iowa
(State or other jurisdiction of incorporation
or organization)

42-0410230
(I.R.S. Employer Identification No.)

1716 Locust Street, Des Moines, Iowa
(Address of principal executive offices)

50309-3023
(ZIP Code)

Registrant's telephone number, including area code: (515) 284-3000

Securities registered pursuant to Section 12 (b) of the Act:

| Title of each class | Name of each exchange on which registered |
|-----------------------------|---|
| Common Stock, par value \$1 | New York Stock Exchange |

Securities registered pursuant to Section 12 (g) of the Act:

| Title of class |
|-------------------------------------|
| Class B Common Stock, par value \$1 |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

The registrant estimates that the aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant at December 31, 2008, was \$591,000,000 based upon the closing price on the New York Stock Exchange at that date.

| | |
|--|------------|
| Shares of stock outstanding at July 31, 2009 | |
| Common | 35,794,997 |
| shares | |
| Class B | 9,160,735 |
| shares | |
| Total common and Class B shares | 44,955,732 |

DOCUMENT INCORPORATED BY REFERENCE

Certain portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on November 4, 2009, are incorporated by reference in Part III to the extent described therein.

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Meredith Corporation and its consolidated subsidiaries are referred to in this Annual Report on Form 10-K (Form 10-K) as Meredith, the Company, we, our, and us.

PART I

ITEM 1. BUSINESS

GENERAL

Meredith Corporation is one of the nation's leading media and marketing companies. Meredith began in 1902 as an agricultural publisher. The Company entered the television broadcasting business in 1948. Today Meredith is engaged in magazine and book publishing, television broadcasting, integrated marketing, and interactive media. The Company is incorporated under the laws of the State of Iowa. Our common stock is listed on the New York Stock Exchange under the ticker symbol MDP.

The Company has two operating segments: publishing and broadcasting. Financial information about industry segments can be found in Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations and in Item 8—Financial Statements and Supplementary Data under Note 14.

The publishing segment focuses on the home and family market. It is a leading publisher of magazines serving women. More than twenty-five subscription magazines, including *Better Homes and Gardens*, *Family Circle*, *Ladies' Home Journal*, *Parents*, *American Baby*, *Fitness*, and *More* and approximately 135 special interest publications were published in fiscal 2009. The publishing segment also includes book publishing, which has over 200 books in print; integrated marketing, which has relationships with some of America's leading companies; a large consumer database; an extensive Internet presence that consists of more than 30 websites and strategic alliances with leading Internet destinations; brand licensing activities; and other related operations.

The broadcasting segment includes 12 network-affiliated television stations located across the United States (U.S.) and one AM radio station. The television stations consist of six CBS affiliates, three FOX affiliates, two MyNetworkTV affiliates, and one NBC affiliate. The broadcasting segment also includes 20 websites, eight mobile websites, eight iPhone applications, and video related operations.

The Company's largest revenue source is advertising. National and local economic conditions affect the magnitude of our advertising revenues. Television advertising is seasonal and cyclical to some extent, traditionally generating higher revenues in the second and fourth fiscal quarters and during key political contests, major sporting events, etc. Both publishing and broadcasting revenues and operating results can be affected by changes in the demand for advertising and consumer demand for our products. Magazine circulation revenues are generally affected by national and regional economic conditions and competition from other forms of media.

BUSINESS DEVELOPMENTS

In November 2008, Meredith acquired a minority investment in Real Girls Media Network (RGM), a group of social communities connecting millions of women online. This investment enhances the depth and breadth of Meredith Interactive Media's offerings and capabilities, chiefly in the area of social networking. As part of this strategic investment, Meredith and RGM combine their inventory and sales forces to deliver premium branded content. The

relationship also allows Meredith to take advantage of RGM's proprietary technology platform to enhance existing sites. Specifically, the agreement adds RGM traffic to Meredith's network of sites thus helping to increase Meredith's average unique visitors to 15 million per month in fiscal 2009, a 25 percent increase from fiscal 2008.

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Following this investment, in January 2009, Meredith announced the launch of Meredith Women's Network, a branded network comprised of premium websites geared toward the topics that matter most to women. The Meredith Women's Network includes The Better Homes and Gardens Network (made up of over 20 websites including Better Homes and Gardens and Better Recipes), The Parents Network (Parents and Top Baby Name) and The Real Girls Network (including RGM's DivineCaroline and Meredith's Fitness, More, and Ladies' Home Journal). Also in January 2009 as part of the The Better Homes and Gardens Network, Meredith launched MixingBowl.com, a social network built entirely around food, recipes, and entertaining. In June 2009, the Company announced the launch of Mixing Bowl magazine as an extension of MixingBowl.com.

In October 2008, Meredith announced multiple magazine licensing agreements to extend Parents, More, and Diabetic Living brands to seven international partners, collectively. With these new alliances, Meredith's global reach has been expanded to approximately 25 agreements in 40 countries.

In December 2008, Meredith announced a licensing agreement granting John Wiley & Sons, Inc. (Wiley) exclusive global rights to publish and distribute books based on Meredith's consumer-leading brands, including the powerful Better Homes and Gardens imprint. Under the agreement, effective March 1, 2009, Meredith continues to create book content and retains all approval and content rights. Wiley is responsible for book layout and design, printing, sales and marketing, distribution, and inventory management.

In December 2008, management committed to a performance improvement plan that included the closing of Country Home magazine following the publication of the March 2009 issue. Previous to this, in March 2007, management discontinued the print operations of Child magazine following the publication of the June/July 2007 issue.

During fiscal 2008, the Company continued to enhance the capabilities of Meredith Integrated Marketing with the acquisitions of Directive Corporation, a specialized customer intelligence firm, and Big Communications, a leading healthcare marketing communications firm. These acquisitions followed the fiscal 2007 acquisitions of two online businesses: Genex, an interactive marketing services firm that specializes in online customer relationship marketing, and New Media Strategies, an interactive word-of-mouth marketing company.

In April 2008, the Company completed the sale of WFLI, a CW affiliate serving the Chattanooga, Tennessee market. Meredith also completed the sale of KFXO, a low-power FOX affiliate serving the Bend, Oregon market in May 2007.

DESCRIPTION OF BUSINESS

Publishing

Publishing represented approximately 80 percent of Meredith's consolidated revenues in fiscal 2009. Better Homes and Gardens, our flagship brand, continues to account for a significant percentage of revenues and operating profit of the publishing segment and the Company.

Magazines

Information for major subscription magazine titles as of June 30, 2009, follows:

| Title | Description | Frequency per Year | Year-end Rate Base(1) |
|--------------------------|-----------------------------|--------------------|-----------------------|
| Better Homes and Gardens | Shelter and women's service | 12 | 7,600,000 |
| Family Circle | Women's service | 15 | 3,800,000 |
| Ladies' Home Journal | Women's service | 12 | 3,800,000 |
| Parents | Parenthood | 12 | 2,200,000 |
| American Baby | Parenthood | 12 | 2,000,000 |
| Fitness | Women's lifestyle | 11 | 1,500,000 |
| More | Women's lifestyle (age 40+) | 10 | 1,300,000 |
| Midwest Living | Travel and lifestyle | 6 | 950,000 |
| Traditional Home | Home decorating | 8 | 950,000 |
| Ser Padres | Hispanic parenthood | 8 | 700,000 |
| Wood | Woodworking | 7 | 500,000 |
| Siempre Mujer | Hispanic women's lifestyle | 6 | 450,000 |
| Successful Farming | Farming business | 12 | 440,000 |
| ReadyMade | Do-it-yourself lifestyle | 6 | 325,000 |

- (1) Rate base is the circulation guaranteed to advertisers. Actual circulation generally exceeds rate base and for most of the Company's titles is tracked by the Audit Bureau of Circulations, which issues periodic statements for audited magazines.

We publish approximately 135 special interest publications under approximately 80 titles, primarily under the Better Homes and Gardens brand. The titles are issued from one to eight times annually and sold primarily on newsstands. A limited number of subscriptions are also sold to certain special interest publications. The following titles are published quarterly or more frequently: 100 Decorating Ideas Under \$100; American Patchwork & Quilting; Beautiful Homes; Before & After; Country Gardens; Creative Home; Decorating; Diabetic Living; Do It Yourself; Garden Ideas & Outdoor Living; Garden, Deck & Landscape; Heart Healthy Living; Kitchen and Bath Ideas; Remodel; Renovation Style; and Scrapbooks etc.

Magazine Advertising—Advertising revenues are generated primarily from sales to clients engaged in consumer marketing. Many of Meredith's larger magazines offer regional and demographic editions that contain similar editorial content but allow advertisers to customize messages to specific markets or audiences. The Company sells two primary types of magazine advertising: display and direct-response. Advertisements are either run-of-press (printed along with the editorial portions of the magazine) or inserts (preprinted pages). Most of the publishing segment's advertising revenues are derived from run-of-press display advertising. Meredith 360° is our strategic marketing unit providing clients and their agencies with access to the full range of media products and services Meredith has to offer, including many media platforms. Our team of creative and marketing experts delivers innovative solutions across multiple media channels that meet each client's unique advertising and promotional requirements.

Magazine Circulation—Subscriptions obtained through direct-mail solicitation, agencies, insert cards, the Internet, and other means are Meredith's largest sources of circulation revenues. All of our subscription magazines except American

Baby, Ser Padres, and Successful Farming also are sold by single copy. Single copies sold on newsstands are distributed primarily through magazine wholesalers, who have the right to receive credit from the Company for magazines returned to them by retailers.

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Meredith Interactive Media

Combined with RGM, Meredith's 30-plus websites provide ideas and inspiration to an average of 15 million unique visitors each month, an increase of 25 percent from the prior-year period. These branded websites focus on the topics that women care about most, food, home, and entertaining and meeting the needs of moms; and on delivering powerful content geared toward lifestyle topics such as health, beauty, style, and wellness.

In January 2009, Meredith launched the Meredith Women's Network, which combines the Company's largest sites, including Better Homes and Gardens, Parents, and the Real Girls Network, into a single entity that is marketed to advertisers. Page views across this network grew more than 20 percent to 170 million in fiscal 2009 from the prior year and the total number of videos viewed per month rose to 1.1 million. Meredith generated 3 million online subscriptions in fiscal 2009, up slightly from fiscal 2008. Online subscriptions represent a cost savings over traditional direct mail sources.

Other Sources of Revenues

Other revenues are derived from integrated marketing, other custom publishing projects, brand licensing agreements, ancillary products and services, and book sales.

Meredith Integrated Marketing—Meredith Integrated Marketing is the business-to-business arm of the Company and sells a range of customer relationship marketing services including direct, database, custom publishing, digital, and word-of-mouth marketing to corporate customers, providing a revenue source that is independent of advertising and circulation. Sometimes these services are sold in conjunction with Meredith's 85 million-name database of consumers to help clients better target marketing messages according to consumers needs and interests. Prior year acquisitions, including Big Communications and Directive in fiscal 2008, and Genex and New Media Strategies in fiscal 2007, added complementary skills to further enhance the Company's ability to service clients' growing needs. Fiscal 2009 clients included Kraft, DIRECTV, Nestlé, Kia Motors America, Publix, Honda, State Farm, and Sony.

Brand Licensing—During fiscal 2009, Meredith expanded work with leading companies to significantly extend the reach of the Better Homes and Gardens brand.

In October 2007, Meredith announced a multi-year licensing agreement with Wal-Mart Stores, Inc. (Wal-Mart) for the design, marketing, and retailing of a wide range of home products based on the Better Homes and Gardens brand. This was in addition to an existing line of outdoor and garden products. This new line of home products became available exclusively in Wal-Mart stores in the fall of 2008 and includes items in popular home categories such as bedding and throws, bath accessories, dinnerware and kitchen textiles, and decorative pillows. Late in fiscal 2008, the Company reached an agreement with Wal-Mart for an expansion of the line deeper into bath, bedding, and outdoor categories. These additional products will be available in the fall of 2009. During fiscal 2009, agreement was reached to double the number of branded SKUs to 1,000 and extend the program to Canada. Wal-Mart continues to support the line with a multi-media platform national advertising campaign that is reaching millions of American consumers.

In fiscal 2008, the Company entered into a long-term agreement to license the Better Homes and Gardens brand to Realogy Corporation. Realogy, owner of brands such as CENTURY 21®, Coldwell Banker® and ERA®, is building a new residential real estate franchise system based on the Better Homes and Gardens brand. It launched in July 2008. Meredith receives ongoing royalty payments from Realogy based on a percentage of sales from the Better Homes and Gardens Real Estate franchise system. In addition, Realogy has agreed to purchase advertising in Meredith titles and to market Meredith magazine subscriptions through the Better Homes and Garden Real Estate franchise system.

In fiscal 2007, Meredith reached a licensing agreement with Universal Furniture International to create a full line of wooden and upholstered furniture for living rooms, bedrooms, and dining rooms. This agreement was expanded in

fiscal 2008.

The Company continues to pursue brand extensions that will serve consumers and advertisers alike and extend the reach and vitality of our brands.

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Meredith Books—Prior to March 1, 2009, Meredith published books under the Better Homes and Gardens trademark and other licensed trademarks that were directed primarily at the home and family markets. During fiscal 2009, we published 31 new or revised titles. Meredith announced a licensing agreement effective March 1, 2009, granting Wiley exclusive global rights to publish and distribute books based on Meredith's consumer-leading brands, including the powerful Better Homes and Gardens imprint. Under the agreement, Meredith continues to create book content and retain all approval and content rights. Wiley is responsible for book layout and design, printing, sales and marketing, distribution, and inventory management. Wiley pays Meredith royalties based on net sales subject to a guaranteed minimum. Separate from Wiley, Meredith continues to publish and promote books under licensed trademarks such as The Home Depot® books.

Production and Delivery

Paper, printing, and postage costs accounted for 41 percent of the publishing segment's fiscal 2009 operating expenses.

The major raw materials essential to the publishing segment are coated publication and book-grade papers. Meredith directly purchases all of the paper for its magazine production and its custom publishing business and a majority of the paper for its book production. After several quarters of sharply increasing prices, paper prices declined in the second half of fiscal 2009. Even with these declines, average paper prices increased 10 percent in fiscal 2009. The price of paper is driven by overall market conditions and is therefore difficult to predict. Management anticipates paper prices will be fairly stable and fiscal 2010 average paper prices will be approximately 10 percent lower than fiscal 2009 average prices. The Company has contractual agreements with major paper manufacturers to ensure adequate supplies for planned publishing requirements.

Meredith has printing contracts with several major domestic printers for all of its magazine titles. The Company has a contract with a major U.S. printer for the majority of its book titles.

Because of the large volume of magazine and subscription promotion mailings, postage is a significant expense of the publishing segment. We continually seek the most economical and effective methods for mail delivery including cost-saving strategies that leverage worksharing opportunities offered within the postal rate structure. Postage on periodicals accounts for approximately 75 percent of Meredith's postage costs, while other mail items—direct mail, replies, and bills—accounts for approximately 25 percent. The Governors of the United States Postal Service (USPS) review prices for mailing services annually and adjust postage rates each May. Rate increases have been implemented by the USPS in each of Meredith's last four fiscal years. Under the Postal Accountability and Enhancement Act, USPS increases for each class of mail are capped to the U.S. Bureau of Labor Statistics' reported increase in the annual CPI-U Index (Consumer Price Index for Urban consumers) for the previous calendar year. This CPI-U increase for 2008 was 3.8 percent. The new postal law, however, contains a special "banking provision" that allows the USPS to defer a portion of an increase not used in a given year to apply in a subsequent year. While fiscal 2009 postage expense decreased 3 percent from fiscal 2008 costs, the latest increase in May 2009 will increase Meredith's annual postage costs by approximately 3 percent. Meredith continues to work with others in the industry and through trade organizations to encourage the USPS to implement efficiencies and contain rate increases. We cannot, however, predict future changes in the efficiency of the USPS and postal rates or the impact they will have on our publishing business.

Fulfillment services for Meredith's publishing segment are provided by third parties. National magazine newsstand distribution services are provided by a third party through multi-year agreements.

Competition

Publishing is a highly competitive business. The Company's magazines, books, and related publishing products and services compete with other mass media, including the Internet, and with many other leisure-time activities.

Competition for advertising dollars is based primarily on advertising rates, circulation levels, reader demographics, advertiser results, and sales team effectiveness. Competition for readers is based principally on editorial content, marketing skills, price, and customer service. While competition is strong for established titles, gaining readership for newer magazines and specialty publications is especially competitive.

Broadcasting

Broadcasting represented approximately 20 percent of Meredith's consolidated revenues in fiscal 2009. Certain information about the Company's television stations at June 30, 2009, follows:

| Station, Market | DMA National Rank (1) | Network Affiliation | Channel | Expiration Date of FCC License | Average Audience Share (2) |
|---|-----------------------------|------------------------|---------|--------------------------------------|----------------------------------|
| WGCL-TV Atlanta, GA | 8 | CBS | 46 | 4-1-2005 (3) | 6.0 % |
| KPHO-TV Phoenix, AZ | 12 | CBS | 5 | 10-1-2006 (3) | 7.0 % |
| KPTV Portland, OR | 22 | FOX | 12 | 2-1-2007 (3) | 7.0 % |
| KPDX-TV Portland, OR | 22 | MyNetworkTV | 49 | 2-1-2007(3) | 2.3 % |
| WSMV-TV Nashville, TN | 29 | NBC | 4 | 8-1-2005 (3) | 11.0 % |
| WFSB-TV Hartford, CT New Haven, CT | 30 | CBS | 3 | 4-1-2007(3) | 12.7 % |
| KCTV Kansas City, MO | 31 | CBS | 5 | 2-1-2006 (3) | 13.7 % |
| KSMO-TV Kansas City, MO | 31 | MyNetworkTV | 62 | 2-1-2006 (3) | 2.0 % |
| WHNS-TV Greenville, SC Spartanburg, SC Asheville, NC Anderson, SC | 36 | FOX | 21 | 12-1-2004 (3) | 6.3 % |
| KVVU-TV Las Vegas, NV | 42 | FOX | 5 | 10-1-2006 (3) | 4.7 % |
| WNEM-TV Flint, MI Saginaw, MI Bay City, MI | 66 | CBS | 5 | 10-1-2005 (3) | 14.0 % |

| | | | | | |
|---------|-----|-----|---|--------------|-------|
| WSHM-LP | 111 | CBS | 3 | 4-1-2007 (3) | 9.3 % |
|---------|-----|-----|---|--------------|-------|

Springfield, MA
Holyoke, MA

- (1) Designated Market Area (DMA) is a registered trademark of, and is defined by, Nielsen Media Research. The national rank is from the 2008–2009 DMA ranking.
- (2) Average audience share represents the estimated percentage of households using television tuned to the station in the DMA. The percentages shown reflect the average total day shares (9:00 a.m. to midnight) for the November 2008, March 2009, and May 2009 measurement periods.
- (3) Renewal application pending. Under FCC rules, a license is automatically extended pending FCC processing and granting of the renewal application. We have no reason to believe that these licenses will not be renewed by the FCC.

Operations

The principal sources of the broadcasting segment's revenues are: 1) local advertising focusing on the immediate geographic area of the stations; 2) national advertising; 3) retransmission of our television signal to satellite and cable systems; 4) advertising on the stations' websites; and 5) payments by advertisers for other services, such as the production of advertising materials. The advertising revenues derived from a station's local news programs make up a significant part of its total revenues.

The stations sell commercial time to both local/regional and national advertisers. Rates for spot advertising are influenced primarily by the market size, number of in-market broadcasters, audience share, and audience demographics. The larger a station's share in any particular daypart, the more leverage a station has in setting advertising rates. As the market fluctuates with supply and demand, so does a station's rates. Most national advertising is sold by independent representative firms. The sales staff at each station generates local/regional advertising revenues.

Typically 30 to 40 percent of a market's television advertising revenue is generated by local newscasts. Station personnel are continually working to grow their news ratings, which in turn will augment revenues. Effective June 12, 2009, the Company broadcasts on its digital channels only, except for WSHM, our low-power station. The Company broadcasts local newscasts in high definition (HD) at two of our 12 stations. These telecasts have been well received given the dramatic increase in sales of HD televisions.

The national network affiliations of Meredith's 12 television stations influence advertising rates. Generally, a network affiliation agreement provides a station the exclusive right to broadcast network programming in its local service area. In return, the network has the right to sell most of the commercial advertising aired during network programs. Network-affiliated stations generally pay networks for certain programming such as professional football. The Company's FOX affiliates also pay the FOX network for additional advertising spots in prime-time programming.

The Company's affiliation agreements for its six CBS affiliates have expiration dates that range from November 2010 to April 2016. Affiliation agreements for our two MyNetworkTV affiliates expire at the end of the 2011-2012 broadcast season; the FOX affiliation agreements expire at the end of the 2011-2012 broadcast season; and the agreement for our NBC affiliate expires in December 2013. While Meredith's relations with the networks historically have been excellent, the Company can make no assurances they will remain so over time.

The Federal Communications Commission (FCC) has permitted broadcast television station licensees to use their digital spectrum for a wide variety of services such as high-definition television programming, audio, data, and other types of communication, subject to the requirement that each broadcaster provide at least one free video channel equal in quality to the current technical standards. Several of our stations are broadcasting a second programming stream on their digital channel. Our Las Vegas, Phoenix, and Hartford stations currently broadcast a weather channel, our Nashville station broadcasts Telemundo network programming, and Flint-Saginaw has a MyNetworkTV affiliate.

The costs of locally produced programming and purchased syndicated programming are significant. Syndicated programming costs are based largely on demand from stations in the market and can fluctuate significantly. The Company continues to increase its locally produced news and entertainment programming to control content and costs and to attract advertisers.

During fiscal 2009, Meredith announced an initiative to consolidate back-office station functions such as traffic, master control, and research into centralized hubs in Atlanta and Phoenix. The centralization is expected to be fully completed in early calendar 2010.

Meredith has been successful in creating nontraditional revenue streams in the broadcasting segment. Our unique Cornerstone programs differentiate Meredith from other local television broadcasters. These programs leverage our publishing brands by packaging content from our magazines with print and on-air advertising from local advertisers.

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We continue to see increasing revenues from retransmission fees. Meredith has successfully negotiated new retransmission terms with all cable operators in its markets. Revenues from retransmission fees more than doubled in fiscal 2009 to reach \$16.6 million. We expect retransmission fees to be more than \$20 million in fiscal 2010.

Meredith Video Solutions (MVS) produces broadcast-quality video for use by Meredith's television stations and our broadcasting and publishing websites, and is producing custom video for clients as well. MVS's video sites, Better.tv and Parents.tv, offer more ways for users to interact with our content. Better.tv features over 20 channels of video information on topics including food, family, home, style, entertainment, fitness, and health. Parents.tv provides all-original parenting content based on the editorial backbone of Parents, American Baby, and Family Circle magazines. Sponsorship opportunities include video billboards, product integration, channel sponsorships, and custom videos.

The Better show, our hour-long daily lifestyle television show produced by MVS, continues to expand its reach. The show now has syndication agreements in more than 50 markets, including half of the nation's top 10. This is up from 35 markets in the fall of 2008. Content from the Better show is also repurposed online at Better.tv and Parents.tv.

Meredith parenthood video content is distributed on Comcast Corp.'s cable systems on a video on demand (VOD) channel branded Parents TV that reaches more than 14 million households. In its first full year, approximately 1.7 million videos were downloaded through the VOD channel. Comcast has more VOD homes than any other cable operator. Meredith and Comcast share the advertising revenues.

Competition

Meredith's television stations and radio station compete directly for advertising dollars and programming in their respective markets with other local television stations, radio stations, and cable television providers. Other mass media providers such as newspapers and their websites are also competitors. Advertisers compare market share, audience demographics, and advertising rates and take into account audience acceptance of a station's programming, whether local, network, or syndicated.

Regulation

The ownership, operation, and sale of broadcast television stations, including those licensed to the Company, are subject to the jurisdiction of the FCC, which engages in extensive regulation of the broadcasting industry under authority granted by the Communications Act of 1934, as amended (Communications Act), including authority to promulgate rules and regulations governing broadcasting. The Communications Act requires broadcasters to serve the public interest. Among other things, the FCC assigns frequency bands; determines stations' locations and operating parameters; issues, renews, revokes, and modifies station licenses; regulates and limits changes in ownership or control of station licenses; regulates equipment used by stations; regulates station employment practices; regulates certain program content and commercial matters in children's programming; has the authority to impose penalties for violations of its rules or the Communications Act; and impose annual fees on stations. Reference should be made to the Communications Act, as well as to the FCC's rules, public notices, and rulings for further information concerning the nature and extent of federal regulation of broadcast television stations.

Television broadcast licenses are granted for eight-year periods. The Communications Act directs the FCC to renew a broadcast license if the station has served the public interest and is in substantial compliance with the provisions of the Communications Act and FCC rules and policies. Management believes the Company is in substantial compliance with all applicable provisions of the Communications Act and FCC rules and policies and knows of no reason why Meredith's broadcast station licenses will not be renewed.

On December 18, 2007, the FCC adopted a decision that revised its newspaper/broadcast cross-ownership rule to permit a degree of same-market newspaper/broadcast ownership based on certain presumptions, criteria, and limitations. The FCC at that time made no changes to the currently effective local radio ownership rules (as modified by its 2003 ownership decision) or the radio/television cross-ownership rule (as modified in 1999). Also in December 2007, the FCC adopted rules to promote diversification of broadcast ownership, including revisions to its ownership attribution rules. The FCC's media ownership rules, including the modifications adopted in December 2007, are subject to further court appeals, various petitions for reconsideration before the FCC, and possible actions by Congress. We cannot predict the impact of any of these developments on our business. In particular, we cannot predict the ultimate outcome of the FCC's media ownership proceedings or their effects on our ability to acquire broadcast stations in the future or to continue to freely transfer stations that we currently own. Moreover, we cannot predict the impact of future reviews or any other agency or legislative initiatives upon the FCC's broadcast rules.

The Communications Act and the FCC also regulate relationships between television broadcasters and cable and satellite television providers. Under these provisions, most cable systems must devote a specified portion of their channel capacity to the carriage of the signals of local television stations that elect to exercise this right to mandatory carriage. Alternatively, television stations may elect to restrict cable systems from carrying their signals without their written permission, referred to as retransmission consent. Congress and the FCC have established and implemented generally similar market-specific requirements for mandatory carriage of local television stations by satellite television providers when those providers choose to provide a market's local television signals.

In February 2006, Congress passed the Digital Television Transition and Public Safety Act (DTV Act), and set February 17, 2009, as the end of free, over-the-air, analog broadcast service from full power television stations. In February 2009, Congress passed legislation that required all full-power stations to convert to all-digital operation by June 12, 2009. This new transition date was intended to permit additional time for consumers to obtain converter boxes and otherwise prepare for the transition. On June 12, 2009, the Company turned off its full power analog channels and now broadcasts on its digital channels only.

In 2006, Sprint Nextel Corporation (Nextel) was granted the right from the FCC to claim from broadcasters in each market across the country the 1.9 GHz spectrum to use for an emergency communications system. In order to claim this signal, Nextel must replace all analog equipment currently using this spectrum with digital equipment. All broadcasters have agreed to use the digital substitute that Nextel will provide. The transition is being completed on a market-by-market basis. We recorded pre-tax gains of \$2.5 million and \$1.8 million during fiscal 2009 and fiscal 2008, respectively, that represent the difference between the fair value of the digital equipment we received and the book value of the analog equipment we exchanged. As the equipment is exchanged in other markets, we expect to record additional gains in fiscal 2010.

Congress and the FCC have under consideration, and in the future may adopt, new laws, regulations, and policies regarding a wide variety of matters that could affect, directly or indirectly, the operation, ownership transferability, and profitability of the Company's broadcast television stations and affect the ability of the Company to acquire additional stations. In addition to the matters noted above, these include, for example, spectrum use fees, regulation of political advertising rates, potential restrictions on the advertising of certain products (such as alcoholic beverages), program content restrictions, increased fines for rule violations, and ownership rule changes. Other matters that could potentially affect the Company's broadcast properties including technological innovations and developments generally affecting competition in the mass communications industry for viewers or advertisers, such as home video recorders and players, satellite radio and television services, cable television systems, newspapers, outdoor advertising, and Internet delivered video programming services.

The information provided in this section is not intended to be inclusive of all regulatory provisions currently in effect. Statutory provisions and FCC regulations are subject to change, and any such changes could affect future operations

and profitability of the Company's broadcasting segment. Management cannot predict what regulations or legislation may be adopted, nor can management estimate the effect any such changes would have on the Company's television and radio broadcasting operations.

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EXECUTIVE OFFICERS OF THE COMPANY

Executive officers are elected to one year terms each November. The current executive officers of the Company are:

Stephen M. Lacy—President and Chief Executive Officer (2006–present) and a director of the Company since 2004. Formerly President and Chief Operating Officer (2004–2006) and President–Publishing Group (2000–2004). Age 55.

John H. (Jack) Griffin, Jr.—President–Publishing Group (2004–present). Formerly President–Magazine Group (2003–2004). Age 49.

Paul A. Karpowicz—President–Broadcasting Group (2005–present). Prior to joining Meredith, Mr. Karpowicz spent 16 years with LIN Television Corporation (LIN) and in 1994 was named Vice President–Television for LIN's 23 properties in 14 markets. Mr. Karpowicz served on LIN's Board of Directors from 1999 to 2005. Age 56.

Joseph H. Ceryanec—Vice President–Chief Financial Officer (effective October 2008). Prior to joining Meredith, Mr. Ceryanec served as President, Central Region for PAETEC Corporation from February 2008. Prior to PAETEC's acquisition of McLeodUSA, Mr. Ceryanec served as McLeodUSA's Group Vice President, Chief Financial Officer from 2005 to 2008 and Controller/Treasurer from 1996 to 2005. Age 48.

John S. Zieser—Chief Development Officer/General Counsel and Secretary (2006–present). Formerly Vice President–Corporate Development/General Counsel and Secretary (2004–2006) and Vice President–Corporate and Employee Services/General Counsel and Secretary (2002–2004). Age 50.

EMPLOYEES

As of June 30, 2009, the Company had approximately 3,160 full-time and 120 part-time employees. Only a small percentage of our workforce is unionized. We consider relations with our employees to be good.

OTHER

Name recognition and the public image of the Company's trademarks (e.g., Better Homes and Gardens and Parents) and television station call letters are vital to the success of our ongoing operations and to the introduction of new business. The Company protects its brands by aggressively defending its trademarks and call letters.

The Company had no material expenses for research and development during the past three fiscal years. Revenues from individual customers and revenues, operating profits, and identifiable assets of foreign operations were not significant. Compliance with federal, state, and local provisions relating to the discharge of materials into the environment and to the protection of the environment had no material effect on capital expenditures, earnings, or the Company's competitive position.

AVAILABLE INFORMATION

The Company's corporate website is Meredith.com. The content of our website is not incorporated by reference into this Form 10-K. Meredith makes available free of charge through its website its Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished to the Securities and

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Exchange Commission (SEC) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practical after such documents are electronically filed with or furnished to the SEC. Meredith also makes available on its website its corporate governance information including charters of all of its Board Committees, its Corporate Governance Guidelines, its Code of Business Conduct and Ethics, its Code of Ethics for CEO and Senior Financial Officers, and its Bylaws. Copies of such documents are also available free of charge upon written request.

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FORWARD LOOKING STATEMENTS

This Form 10-K, including the sections titled Item 1–Business, Item 1A–Risk Factors, and Item 7–Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements that relate to future events or our future financial performance. We may also make written and oral forward-looking statements in our SEC filings and elsewhere. By their nature, forward-looking statements involve risks, trends, and uncertainties that could cause actual results to differ materially from those anticipated in any forward-looking statements. Such factors include, but are not limited to, those items described in Item 1A–Risk Factors below, those identified elsewhere in this document, and other risks and factors identified from time to time in our SEC filings. We have tried, where possible, to identify such statements by using words such as believe, expect, intend, estimate, anticipate, will, likely, project, plan, and similar expressions in connection with any discussion of future operating or financial performance. Any forward-looking statements are and will be based upon our then-current expectations, estimates, and assumptions regarding future events and are applicable only as of the dates of such statements. Readers are cautioned not to place undue reliance on such forward-looking statements that are part of this filing; actual results may differ materially from those currently anticipated. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

ITEM 1A. RISK FACTORS

In addition to the other information contained or incorporated by reference into this Form 10-K, investors should consider carefully the following risk factors when investing in our securities. In addition to the risks described below, there may be additional risks that we have not yet perceived or that we currently believe are immaterial.

Advertising represents the largest portion of our revenues. Approximately 55 percent of our revenues are derived from advertising. Advertising constitutes about half of our publishing segment revenues and almost all of our broadcasting segment revenues. Demand for advertising is highly dependent upon the strength of the U.S. economy. During an economic downturn, demand for advertising may decrease. The growth in alternative forms of media, for example the Internet, has increased the competition for advertising dollars, which could in turn reduce expenditures for magazine and television advertising or suppress advertising rates.

Circulation revenues represent a significant portion of our revenues. Magazine circulation is another significant source of revenue, representing 20 percent of total revenues and 25 percent of publishing segment revenues. Preserving circulation is critical for maintaining advertising sales. Magazines face increasing competition from alternative forms of media and entertainment. As a result, sales of magazines through subscriptions and at the newsstand could decline. As publishers compete for subscribers, subscription prices could decrease and marketing expenditures may increase.

Client relationships are important to our integrated marketing businesses. Our ability to maintain existing client relationships and generate new clients depends significantly on the quality of our services, our reputation, and the continuity of Company and client personnel. Dissatisfaction with our services, damage to our reputation, or changes in key personnel could result in a loss of business.

Paper and postage prices may be difficult to predict or control. Paper and postage represent significant components of our total cost to produce, distribute, and market our printed products. In fiscal 2009, these expenses accounted for 28 percent of the publishing segment's operating costs. Paper is a commodity and its price has been subject to significant volatility. All of our paper supply contracts currently provide for price adjustments based on prevailing market prices; however, we historically have been able to realize favorable paper pricing through volume discounts and multi-year contracts. The USPS distributes substantially all of our magazines and many of our marketing materials. Postal rates are dependent on the operating efficiency of the USPS and on legislative mandates imposed upon the USPS. Although we work with others in the industry and through trade organizations to encourage the USPS to implement efficiencies that will minimize rate increases, we cannot predict with certainty the magnitude of future price changes for paper and postage. Further, we may not be able to pass such increases on to our customers.

World events may result in unexpected adverse operating results for our broadcasting segment. Our broadcasting results could be affected adversely by world events such as wars, political unrest, acts of terrorism, and natural disasters. Such events can result in significant declines in advertising revenues as the stations will not broadcast or will limit broadcasting of commercials during times of crisis. In addition, our stations may have higher newsgathering costs related to coverage of the events.

Our broadcasting operations are subject to FCC regulation. Our broadcasting stations operate under licenses granted by the FCC. The FCC regulates many aspects of television station operations including employment practices, political advertising, indecency and obscenity, programming, signal carriage, and various technical matters. Violations of these regulations could result in penalties and fines. Changes in these regulations could impact the results of our operations. The FCC also regulates the ownership of television stations. Changes in the ownership rules could affect our ability to consummate future transactions. Details regarding regulation and its impact on our broadcasting operations are provided in Item 1–Business beginning on page 6.

Loss of affiliation agreements could adversely affect operating results for our broadcasting segment. Our broadcast television station business owns and operates 12 television stations. Six are affiliated with CBS, three with FOX, two with MyNetworkTV, and one with NBC. These television networks produce and distribute programming in exchange for each of our stations' commitment to air the programming at specified times and for commercial announcement time during the programming. The non-renewal or termination of any of our network affiliation agreements would prevent us from being able to carry programming of the affiliate network. This loss of programming would require us to obtain replacement programming, which may involve higher costs and which may not be as attractive to our audiences, resulting in reduced revenues.

We have two classes of stock with different voting rights. We have two classes of stock: common stock and Class B stock. Holders of common stock are entitled to one vote per share and account for approximately 30 percent of the voting power. Holders of Class B stock are entitled to ten votes per share and account for the remaining 70 percent of the voting power. There are restrictions on who can own Class B stock. The majority of Class B shares are held by members of Meredith's founding family. Control by a limited number of individuals may make the Company a less attractive takeover target, which could adversely affect the market price of our common stock. This voting control also prevents other shareholders from exercising significant influence over certain of the Company's business decisions.

Further non-cash impairment of goodwill and intangible assets is possible, depending upon future operating results and the value of the Company's stock. Although the Company has written down its intangible assets (including goodwill) by \$294.5 million in fiscal 2009, further impairment charges are possible. We test our goodwill and intangible assets, including FCC licenses, for impairment during the fourth quarter of every fiscal year and on an interim basis if indicators of impairment exist. Factors which influence the evaluation include the Company's stock price and expected future operating results. If the carrying value of a reporting unit or an intangible asset is no longer deemed to be recoverable, a potentially material impairment charge could be incurred. Although these charges would

be non-cash in nature and would not affect the Company's operations or cash flow, they would adversely affect stockholders' equity and reported results of operations in the period charged.

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Acquisitions pose inherent financial and other risks and challenges. On occasion, Meredith will acquire another business as part of our strategic plan. These transactions involve challenges and risks in negotiation, valuation, execution, and integration. Moreover, competition for certain types of acquisitions is significant, particularly in the field of interactive media. Even if successfully negotiated, closed, and integrated, certain acquisitions may not advance our business strategy and may fall short of expected return on investment targets.

The preceding risk factors should not be construed as a complete list of factors that may affect our future operations and financial results.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Meredith is headquartered in Des Moines, IA. The Company owns buildings at 1716 and 1615 Locust Street and is the sole occupant of these buildings. These facilities are adequate for their intended use.

The publishing segment operates mainly from the Des Moines offices and from leased facilities at 125 Park Avenue and 375 Lexington Avenue in New York, NY. The New York facilities are used primarily as advertising sales offices for all Meredith magazines and as headquarters for Ladies' Home Journal, Family Circle, Parents, Fitness, More, Siempre Mujer, and the American Baby Group properties. We have also entered into leases for integrated marketing operations and publishing sales offices located in the states of California, Illinois, Michigan, Texas, and Virginia. The Company believes the capacity of these locations is sufficient to meet our current and expected future requirements.

The broadcasting segment operates from facilities in the following locations: Atlanta, GA; Phoenix, AZ; Beaverton, OR; Rocky Hill, CT; Nashville, TN; Fairway, KS; Greenville, SC; Henderson, NV; Springfield, MA; and Saginaw, MI. All of these properties are adequate for their intended use. The property in Springfield is leased, while the other properties are owned by the Company. Each of the broadcast stations also maintains one or more owned or leased transmitter sites.

ITEM 3. LEGAL PROCEEDINGS

There are various legal proceedings pending against the Company arising from the ordinary course of business. In the opinion of management, liabilities, if any, arising from existing litigation and claims will not have a material effect on the Company's earnings, financial position, or liquidity.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters have been submitted to a vote of shareholders since the Company's last annual meeting held on November 5, 2008.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION, DIVIDENDS, AND HOLDERS

The principal market for trading Meredith's common stock is the New York Stock Exchange (trading symbol MDP). There is no separate public trading market for Meredith's Class B stock, which is convertible share for share at any time into common stock. Holders of both classes of stock receive equal dividends per share.

The range of trading prices for the Company's common stock and the dividends paid during each quarter of the past two fiscal years are presented below.

| | High | Low | Dividends |
|-------------------|---------|---------|-----------|
| Fiscal 2009 | | | |
| First Quarter | \$31.31 | \$23.02 | \$0.215 |
| Second Quarter | 28.30 | 12.06 | 0.215 |
| Third Quarter | 19.49 | 10.60 | 0.225 |
| Fourth Quarter | 30.10 | 16.40 | 0.225 |

| | High | Low | Dividends |
|-------------------|---------|---------|-----------|
| Fiscal 2008 | | | |
| First Quarter | \$62.50 | \$48.15 | \$0.185 |
| Second Quarter | 62.39 | 53.71 | 0.185 |
| Third Quarter | 55.08 | 37.10 | 0.215 |
| Fourth Quarter | 39.83 | 28.01 | 0.215 |

Meredith stock became publicly traded in 1946, and quarterly dividends have been paid continuously since 1947. Meredith has increased its dividend in each of the last 16 years. It is anticipated that comparable dividends will continue to be paid in the future.

On July 31, 2009, there were approximately 1,390 holders of record of the Company's common stock and 740 holders of record of Class B stock.

COMPARISON OF SHAREHOLDER RETURN

The following graph compares the performance of the Company's common stock during the period July 1, 2004, to June 30, 2009, with the Standard and Poor's (S&P) 500 Index and with a Peer Group of six companies engaged in multimedia businesses primarily with publishing and/or television broadcasting in common with the Company.

The S&P 500 Index is comprised of 500 U.S. companies in the industrial, transportation, utilities, and financial industries and is weighted by market capitalization. The Peer Group selected by the Company for comparison, which is also weighted by market capitalization, is comprised of Belo Corp.; Gannett Co., Inc.; The McGraw-Hill Companies, Inc.; Media General, Inc.; The E.W. Scripps Company; and The Washington Post Company. Heart-Argyle Television, Inc., which had been included in the Peer Group in prior years, is no longer a publicly traded company and has been removed from the Peer Group. The Company also removed The New York Times from the Peer Group since they sold their broadcast media group and no longer are in any of the same lines of business as the Company.

The graph depicts the results for investing \$100 in the Company's common stock, the S&P 500 Index, and the Peer Group at closing prices on June 30, 2004, assuming dividends were reinvested.

ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth information with respect to the Company's repurchases of common stock during the quarter ended June 30, 2009.

| Period | (a) Total number of shares purchased | (b) Average price paid per share | (c) Total number of shares purchased as part of publicly announced programs | (d) Maximum number of shares that may yet be purchased under the programs |
|------------------------------|--|---|--|--|
| April 1 to April 30, 2009 | 1,399 | \$ 17.63 | 1,399 | 1,496,429 |
| May 1 to May 31, 2009 | 485 | 27.02 | 485 | 1,495,944 |
| June 1 to June 30, 2009 | — | — | — | 1,495,944 |
| Total | 1,884 | 20.05 | 1,844 | 1,495,944 |

No Class B shares were purchased during the quarter ended June 30, 2009.

In May 2008, Meredith announced the Board of Directors had authorized the repurchases of up to 2.0 million additional shares of the Company's stock through public and private transactions.

For more information on the Company's share repurchase program, see Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations, under the heading "Share Repurchase Program" on page 35.

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data for the years 2005 through 2009 is contained under the heading "Eleven-Year Financial History with Selected Financial Data" beginning on page 86 and is derived from consolidated financial statements for those years. Information contained in that table is not necessarily indicative of results of operations in future years and should be read in conjunction with Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8—Financial Statements and Supplementary Data of this Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) consists of the following sections:

| | Page |
|--|------|
| <u>Executive Overview</u> | 16 |
| <u>Results of Operations</u> | 20 |
| <u>Liquidity and Capital Resources</u> | 31 |
| <u>Critical Accounting Policies</u> | 35 |
| <u>Accounting and Reporting Developments</u> | 39 |

MD&A should be read in conjunction with the other sections of this Form 10-K, including Item 1—Business, Item 6—Selected Financial Data, and Item 8—Financial Statements and Supplementary Data. MD&A contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this filing and particularly in Item 1A—Risk Factors.

EXECUTIVE OVERVIEW

Meredith is one of the nation's leading media and marketing companies, one of the leading magazine publishers serving women, and a broadcaster with television stations in top markets such as Atlanta, Phoenix, and Portland. Each month we reach more than 85 million American consumers through our magazines, websites, books, custom publications, and television stations. Our businesses serve well-defined readers and viewers, deliver the messages of advertisers, and extend our brand franchises and expertise to related markets. Our products and services distinguish themselves on the basis of quality, customer service, and value that can be trusted.

Meredith operates two business segments. Publishing consists of magazine and book publishing, integrated marketing, interactive media, brand licensing, database-related activities, and other related operations. Broadcasting consists of

12 network-affiliated television stations, one radio station, related interactive media operations, and video related operations. Both segments operate primarily in the U.S. and compete against similar media and other types of media on both a local and national basis. In fiscal 2009, publishing accounted for approximately 80 percent of the Company's \$1.4 billion in revenues while broadcasting revenues contributed approximately 20 percent.

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While signs of a weakening economy were noticeable toward the end of fiscal 2008, fiscal 2009 brought further economic turmoil. Most companies, and particularly those in the media industry, were directly impacted by the adverse effects on consumer confidence and consequential lower advertiser spending. Meredith was no exception. Total advertising revenues declined 15 percent in fiscal 2009.

In the face of these challenging times, the Company responded quickly to meet the demands of consumers and advertisers and to optimize opportunities in our publishing and broadcasting operations. Meredith implemented a three-pronged performance improvement plan to build value for its shareholders. First, we focused on gaining market share. In fiscal 2009, we increased market share to 10.5 percent of industry advertising revenue from 9.5 percent in fiscal 2008, according to data from Publishers Information Bureau (PIB). In the fourth fiscal quarter, our share grew to 12.8 percent from 10.1 percent. Many of our television stations posted stronger ratings during the recently completed May sweeps. In morning news, our stations in Portland, Hartford, and Las Vegas continued their number one positions, while Atlanta and Greenville each doubled viewership and Kansas City increased viewership 24 percent. We also gained additional viewers during the late news, where ad rates are the highest. Phoenix's viewership for late news rose 38 percent while Greenville rose 11 percent. Hartford maintained its leadership position in every local newscast time period.

The second element of our performance improvement plan centers on growing new revenue streams, many not dependent on traditional advertising. Meredith Integrated Marketing revenues grew 13 percent in fiscal 2009, driven primarily by our custom publishing and digital service offerings. Over the last couple of years, we have transformed this business from purely a custom publisher into a full-scale custom marketing agency with expansive digital skills. In the process, we are now able to propose on a much broader range of business than ever before. Meredith's brand licensing activities grew revenues 15 percent in fiscal 2009, largely due to our relationship with Wal-Mart. During the fiscal year, we reached an agreement with Wal-Mart to double the number of branded SKUs to 1,000 and extend the program to Canada. Revenues at MVS, a division of our Broadcasting Group focused on video content creation and syndication, rose more than 50 percent in fiscal 2009. Finally, fees paid to our television stations by cable, satellite, and phone companies that retransmit their broadcast signals, known in the industry as retransmission fees, doubled in fiscal 2009. We expect they will total more than \$20 million in fiscal 2010.

Finally, our third performance improvement strategy is disciplined expense control and aggressive cash management. Though we recorded a non-cash impairment charge of \$294.5 million in fiscal 2009, excluding the effects of that charge, total operating costs declined 11 percent in the fourth quarter, and 5 percent for the year – even with a 10 percent increase in paper prices over the prior-year period. Additionally, we raised our dividend 5 percent during fiscal 2009, unlike many of our peers that froze or reduced their dividends. We also eliminated approximately \$105 million – or 22 percent – of our debt during the year. We continue to be well-positioned to make further investments in our business as strategic opportunities arise.

PUBLISHING

Advertising revenues made up 47 percent of fiscal 2009 publishing revenues. These revenues were generated from the sale of advertising space in our magazines and on our websites to clients interested in promoting their brands, products, and services to consumers. Changes in advertising revenues tend to correlate with changes in the level of economic activity in the U.S. Indicators of economic activity include changes in the level of gross domestic product, consumer spending, housing starts, unemployment rates, auto sales, and interest rates. Circulation levels of Meredith's magazines, reader demographic data, and the advertising rates charged relative to other comparable available advertising opportunities also affect the level of advertising revenues.

Circulation revenues accounted for 25 percent of fiscal 2009 publishing revenues. Circulation revenues result from the sale of magazines to consumers through subscriptions and by single copy sales on newsstands, primarily at major retailers and grocery/drug stores. In the short term, subscription revenues, which accounted for 75 percent of circulation revenues, are less susceptible to economic changes because subscriptions are generally sold for terms of one to three years. The same economic factors that affect advertising revenues also can influence consumers' response to subscription offers and result in lower revenues and/or higher costs to maintain subscriber levels over time. A key factor in Meredith's subscription success is our industry-leading database. It contains approximately 85 million entries that include information on about three-quarters of American homeowners, providing an average of 700 data points for each name. The size and depth of our database is a key to our circulation model and allows more precise consumer targeting. Newsstand revenues are more volatile than subscription revenues and can vary significantly month to month depending on economic and other factors.

The remaining 28 percent of publishing revenues came from a variety of activities that included the sale of integrated marketing services and books as well as brand licensing, product sales, and other related activities. Meredith Integrated Marketing offers integrated promotional, database management, relationship, and direct marketing capabilities for corporate customers, both in printed and digital forms. These revenues generally are affected by changes in the level of economic activity in the U.S. including changes in the level of gross domestic product, consumer spending, unemployment rates, and interest rates.

Publishing's major expense categories are production and delivery of publications and promotional mailings and employee compensation costs. Paper, postage, and production charges represented 41 percent of the segment's operating expenses in fiscal 2009. The price of paper can vary significantly on the basis of worldwide demand and supply for paper in general and for specific types of paper used by Meredith. The production of our publications is outsourced to printers. We typically have multi-year contracts for the production of our magazines, a practice which reduces price fluctuations over the contract term. Postal rates are dependent on the operating efficiency of the USPS and on legislative mandates imposed on the USPS. The USPS increased rates most recently in May 2009. This came after increases in each of Meredith's prior three fiscal years. Meredith works with others in the industry and through trade organizations to encourage the USPS to implement efficiencies and contain rate increases.

Employee compensation, which includes benefits expense, represented 23 percent of publishing's operating expenses in fiscal 2009. Compensation expense is affected by salary and incentive levels, the number of employees, the costs of our various employee benefit plans, and other factors. The remaining 36 percent of fiscal 2009 publishing expenses included costs for magazine newsstand and book distribution, advertising and promotional efforts, and overhead costs for facilities and technology services.

BROADCASTING

Broadcasting derives almost all of its revenues—94 percent in fiscal 2009—from the sale of advertising both over the air and on our stations' websites. The remainder comes from television retransmission fees, television production services, and other services.

The stations sell advertising to both local/regional and national accounts. Political advertising revenues are cyclical in that they are significantly greater during biennial election campaigns (which take place primarily in odd-numbered fiscal years) than at other times. MVS produces video content for Meredith stations, non-Meredith stations, and online distribution. Meredith continues to expand its Cornerstone program to leverage our publishing brands. The program packages material from our national magazines with local advertising to create customized mini-magazines delivered to targeted customers in the markets our television stations serve. We have generated additional revenues from Internet activities and programs focused on local interests such as community events and college and professional

sports.

Changes in advertising revenues tend to correlate with changes in the level of economic activity in the U.S. and in the local markets in which we operate stations, and with the cyclical changes in political advertising discussed previously. Programming content, audience share, audience demographics, and the advertising rates charged relative to other available advertising opportunities also affect advertising revenues. On occasion, unusual events necessitate uninterrupted television coverage and will adversely affect spot advertising revenues.

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In conjunction with our annual impairment testing, we concluded in the fourth quarter of fiscal 2009 that there was impairment with respect to the carrying value of our Broadcasting FCC licenses and goodwill. As a result, in the fourth quarter of fiscal 2009 we recorded non-cash charge of \$211.9 million to reduce the carrying value of our FCC licenses and of \$82.6 million to write-off broadcasting's goodwill.

On an ongoing basis, Broadcasting's major expense categories are employee compensation and programming costs. Excluding the impairment charge, employee compensation represented 50 percent of broadcasting's operating expenses in fiscal 2009, and is affected by the same factors noted for publishing. Programming rights amortization expense represented 11 percent of this segment's fiscal 2009 expenses, absent the impairment charge. Programming expense is affected by the cost of programs available for purchase and the selection of programs aired by our television stations. Sales and promotional activities, costs to produce local news programming, and general overhead costs for facilities and technical resources accounted for most of the remaining 39 percent of broadcasting's fiscal 2009 operating expenses excluding the impairment charge.

FISCAL 2009 FINANCIAL OVERVIEW

- The Company reported a net loss for fiscal 2009 of \$107.1 million or \$2.38 per share reflecting the non-cash impairment charge of \$294.5 million (\$185.1 million after-tax.) Absent the impairment charge, the Company would have had fiscal 2009 net earnings of \$78.0 million or \$1.73 per share representing a 42 percent decline from fiscal 2008.
- As part of the Company's annual impairment testing, the Company recorded a pre-tax non-cash impairment charge of \$211.9 million to reduce the carrying value of broadcast FCC licenses and \$82.6 million to write-off the broadcasting segment's goodwill in the fourth quarter of fiscal 2009.
- Both magazine and broadcasting advertising revenues were affected by a nationwide slowdown in the demand for advertising. As a result, publishing revenues and operating profit decreased 8 percent and 20 percent, respectively. Broadcasting revenues and operating profit declined 14 percent and 431 percent, respectively and a loss from operations of \$257.8 million was incurred as a result of the impairment charge. Absent the impairment charge discussed above, fiscal 2009 broadcasting operation profit would have been \$36.8 million, a decline of 53 percent from fiscal 2008.
 - In the fourth quarter of fiscal 2009, management committed to additional steps against its performance improvement plan that included plans to centralize certain functions across Meredith's television stations and limited workforce reductions in the publishing segment. In connection with these steps, the Company recorded a pre-tax restructuring charge in the fourth quarter of fiscal 2009 of \$5.5 million including severance and benefit costs of \$5.1 million and the write-down of certain fixed assets at the television stations of \$0.4 million.
- In December 2008, management committed to a performance improvement plan that included a companywide workforce reduction and the closing of Country Home magazine. In connection with this plan, the Company recorded a pre-tax restructuring charge in the second quarter of fiscal 2009 of \$15.8 million including severance and benefit costs of \$10.0 million, a write-down of various assets of Country Home magazine of \$5.6 million, and other accruals of \$0.2 million. Of the \$15.8 million charge, \$6.8 million is recorded in discontinued operations on the Consolidated Statement of Earnings (Loss.)
- In fiscal 2009, we generated \$180.9 million in operating cash flows, invested \$23.5 million in capital improvements, and eliminated \$105.0 million of our debt. The quarterly dividend was increased 5 percent from

21.5 cents per share to 22.5 cents per share effective with the March 2009 payment.

RESULTS OF OPERATIONS

| Years ended June 30, (In millions except per share data) | 2009 | Change | 2008 | Change | 2007 |
|---|------------|--------|------------|--------|------------|
| Total revenues | \$ 1,408.8 | (9)% | \$ 1,552.4 | (2)% | \$ 1,579.7 |
| Costs and expenses | 1,206.8 | (4)% | 1,263.6 | 1 % | 1,251.1 |
| Depreciation and amortization | 42.6 | (13)% | 49.2 | 9 % | 45.0 |
| Impairment charge | 294.5 | – | – | – | – |
| Total operating expenses | 1,543.9 | 18 % | 1,312.8 | 1 % | 1,296.1 |
| Income (loss) from operations | \$ (135.1) | NM | \$ 239.6 | (16)% | \$ 283.6 |
| Earnings (loss) from continuing operations | \$ (102.5) | NM | \$ 133.0 | (20)% | \$ 166.0 |
| Net earnings (loss) | (107.1) | NM | 134.7 | (17)% | 162.3 |
| Diluted earnings (loss) per share from continuing operations | (2.28) | NM | 2.79 | (17)% | 3.38 |
| Diluted earnings (loss) per share | (2.38) | NM | 2.83 | (15)% | 3.31 |

NM – not meaningful

OVERVIEW

Following are a brief description of discontinued operations and a discussion of our rationale for the use of financial measures that are not in accordance with accounting principles generally accepted in the United States of America (GAAP), or non-GAAP financial measures, and a discussion of the trends and uncertainties that affected our businesses. Following the Overview is an analysis of the results of operations for the publishing and broadcasting segments and an analysis of our consolidated results of operations for the last three fiscal years.

Discontinued Operations

Unless stated otherwise, as in the section titled Discontinued Operations, all of the information contained in MD&A relates to continuing operations. Therefore, results of Country Home magazine, Child magazine, WFLI, and KXFO are excluded for all periods covered by this report.

Use of Non-GAAP Financial Measures

Certain Consolidated Statement of Earnings (Loss) and broadcasting segment operating profit (loss) line items excluding the impact of the broadcasting impairment charge are non-GAAP financial measures. We are providing this information to facilitate a meaningful comparison of results for the last three fiscal years and because we believe it is useful to investors in evaluating our ongoing operations. Non-GAAP financial measures are intended to provide insight into selected financial information and should be evaluated in the context in which they are presented. These measures are of limited usefulness in evaluating our overall financial results presented in accordance with GAAP and should be considered in conjunction with the consolidated financial statements, including the related notes included elsewhere in this report.

A reconciliation of results excluding the broadcasting impairment charge (non-GAAP) to reported results (GAAP) follows.

| Twelve Months ended June 30, 2009 (In thousands except per share data) | Excluding Impairment Charge | Impairment Charge | As Reported |
|---|-----------------------------------|----------------------|----------------|
| Total operating expenses | \$ 1,249,396 | \$ 294,529 | \$ 1,543,925 |
| Income (loss) from operations | 159,401 | (294,529) | (135,128) |
| Income taxes | (56,658) | 109,400 | 52,742 |
| Earnings (loss) from continuing operations | 82,622 | (185,129) | (102,507) |
| Net earnings (loss) | 78,045 | (185,129) | (107,084) |
| Diluted earnings (loss) from continuing operations | 1.83 | 4.11 | (2.28) |
| Diluted earnings (loss) per share | 1.73 | 4.11 | (2.38) |
| Broadcasting operating profit (loss) | 36,755 | (294,529) | (257,774) |

Our analysis of broadcasting segment results includes references to earnings from continuing operations before interest, taxes, depreciation, and amortization (EBITDA) and adjusted EBITDA, which is defined as EBITDA before impairment charge. Fiscal 2008 and fiscal 2007 do not include an adjustment to EBITDA for impairment. EBITDA, adjusted EBITDA, and EBITDA margin are non-GAAP measures. We use EBITDA and adjusted EBITDA along with operating profit and other GAAP measures to evaluate the financial performance of our broadcasting segment. EBITDA is a common alternative measure of performance in the broadcasting industry and is used by investors and financial analysts, but its calculation may vary among companies. Adjusted EBITDA is used to facilitate a meaningful comparison of results for the last three years. Broadcasting segment EBITDA and adjusted EBITDA are not used as measures of liquidity, nor are they necessarily indicative of funds available for our discretionary use.

We believe the non-GAAP measures used in MD&A contribute to an understanding of our financial performance and provide an additional analytic tool to understand our results from core operations and to reveal underlying trends. These measures should not, however, be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Trends and Uncertainties

Advertising demand is the Company's key uncertainty, and its fluctuation from period to period can have a material effect on operating results. Advertising revenues accounted for 56 percent of total revenues in fiscal 2009. Other significant uncertainties that can affect operating results include fluctuations in the cost of paper, postage rates and, over time, television programming rights. The Company's cash flows from operating activities, its primary source of liquidity, is adversely affected when the advertising market is weak or when costs rise. One of our priorities is to manage our businesses prudently during expanding and contracting economic cycles to maximize shareholder return over time. To manage the uncertainties inherent in our businesses, we prepare monthly internal forecasts of anticipated results of operations and monitor the economic indicators mentioned in the Executive Overview. See Item 1A—Risk Factors in this Form 10-K for further discussion.

PUBLISHING

The following discussion reviews operating results for our publishing segment, which includes magazine and book publishing, integrated marketing, interactive media, brand licensing, database-related activities, and other related

operations. The publishing segment contributed approximately 80 percent of Meredith's revenues in fiscal 2009.

In fiscal 2009, publishing revenues declined 8 percent while segment operating profit decreased 20 percent. In fiscal 2008, publishing revenues were flat and segment operating profit declined 11 percent. Publishing operating results for the last three fiscal years were as follows:

| Years ended June 30, (In millions) | 2009 | Change | 2008 | Change | 2007 |
|---------------------------------------|------------|--------|------------|--------|------------|
| Revenues | \$ 1,134.2 | (8)% | \$ 1,233.8 | – | \$ 1,231.9 |
| Operating expenses | (983.2) | (6)% | (1,045.5) | 2 % | (1,020.2) |
| Operating profit | \$ 151.0 | (20)% | \$ 188.3 | (11)% | \$ 211.7 |

Publishing Revenues

The table below presents the components of revenues for the last three fiscal years.

| Years ended June 30, (In millions) | 2009 | Change | 2008 | Change | 2007 |
|---------------------------------------|------------|--------|------------|--------|------------|
| Revenues | | | | | |
| Advertising | \$ 530.2 | (15)% | \$ 620.2 | 1 % | \$ 616.5 |
| Circulation | 280.8 | (7)% | 300.6 | (7)% | 322.6 |
| Other | 323.3 | 3 % | 313.0 | 7 % | 292.8 |
| Total revenues | \$ 1,134.3 | (8)% | \$ 1,233.8 | – | \$ 1,231.9 |

Advertising Revenue

The following table presents advertising page information according to PIB for our major subscription-based magazines for the last three fiscal years:

| Years ended June 30, | 2009 | Change | 2008 | Change | 2007 |
|--------------------------|-------|--------|-------|--------|-------|
| Family Circle | 1,645 | (1)% | 1,670 | (6)% | 1,775 |
| Better Homes and Gardens | 1,618 | (15)% | 1,898 | (5)% | 2,000 |
| Parents | 1,413 | (10)% | 1,567 | 12 % | 1,395 |
| Ladies' Home Journal | 1,217 | (12)% | 1,391 | (9)% | 1,524 |
| More | 895 | (18)% | 1,089 | (10)% | 1,203 |
| Fitness | 762 | 3 % | 737 | (8)% | 799 |
| Traditional Home | 610 | (20)% | 762 | (15)% | 895 |
| American Baby | 544 | (18)% | 660 | 5 % | 631 |
| Midwest Living | 524 | (28)% | 726 | (8)% | 792 |

Magazine advertising pages and revenues showed double-digit declines on a percentage basis at nearly all our titles. Both magazine advertising pages and revenues were down approximately 15 percent in fiscal 2009 as average net revenue per page was approximately flat. Among our advertising categories, toiletries and cosmetics and consumer electronics showed strength, while demand continued to be weaker for most other categories. In fiscal 2009, online advertising revenues decreased 5 percent.

Magazine advertising revenue was flat in fiscal 2008. Though magazine advertising revenues increased 10 percent in the first half of the fiscal year, they declined 9 percent in the second half. For the fiscal year, total advertising pages were down in the low-single digits on a percentage basis, with most titles showing declines. The exceptions to this were our parenthood, Hispanic, and special interest titles, which showed gains. Among core advertising categories,

food and beverage, retail, and financial and government services showed strength while demand was weaker for prescription and non-prescription drugs, home, and direct response.

Similar to magazine advertising, online advertising revenues were up significantly (more than 30 percent) in the first half of fiscal 2008, but showed weakness in the second half of fiscal 2008 (down 6 percent). Overall online advertising increased 14 percent for the fiscal year.

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Circulation Revenues

Magazine circulation revenues decreased 7 percent in fiscal 2009, reflecting declines in both newsstand and subscription revenues. Subscription revenues were down in the low-single digits on a percentage basis while newsstand revenues were down approximately 20 percent. While subscription revenues were down, subscription contribution was up 12 percent. The decrease in newsstand revenues was primarily due to a weaker retail market that affected most of our magazines' newsstand revenues and a change in the mix of and a reduction in the number of special interest publications and craft titles.

Magazine circulation revenues were down 7 percent in fiscal 2008, reflecting declines in both newsstand and subscription revenues. Subscription revenues were down in the mid-single digits on a percentage basis while newsstand revenues were down approximately 10 percent. The continued decrease in subscription revenues was anticipated due to a series of previously announced strategic initiatives taken to improve long-term subscription contribution including the Company selling fewer subscriptions to Ladies' Home Journal due to the reduction in its rate base in January 2007 and the Company's ongoing initiative to move the readers of Family Circle, Parents, and Fitness to our direct-to-publisher circulation model. The decrease in newsstand revenues is primarily due to a change in the mix of and a reduction in the number of special interest publications published in fiscal 2008 as compared to the prior year.

Other Revenues

Integrated marketing revenues increased 13 percent in fiscal 2009. The acquisition of Big Communications in June 2008 more than offset a reduction in revenues in integrated marketing's traditional and certain of its on-line businesses, which was primarily due to certain non-recurring programs in the prior-year and due to the timing of delivery of certain projects.

Revenues from magazine royalties and licensing were up 14 percent in fiscal 2009. The introduction of the Better Homes and Gardens line of home products, available now exclusively at Wal-Mart, primarily fueled this growth.

Book revenues declined 9 percent in fiscal 2009, primarily due to a significant reduction in the number of new book releases. In December 2008, Meredith announced a licensing agreement granting Wiley exclusive global rights to publish and distribute books based on Meredith's consumer-leading brands, including the powerful Better Homes and Gardens imprint. Under the agreement, which was effective March 1, 2009, Meredith continues to create book content and retain all approval and content rights. Wiley is responsible for book layout and design, printing, sales and marketing, distribution, and inventory management. Wiley pays Meredith royalties based on net sales subject to a guaranteed minimum.

The aggregate effect of the changes in integrated marketing, brand licensing, and book operations was that other publishing revenues increased 3 percent in fiscal 2009.

Integrated marketing revenues increased almost 50 percent in fiscal 2008 due to the addition of revenues from the online marketing companies acquired in the last half of fiscal 2007, as well as continued growth in the traditional integrated marketing operations from expanding certain relationships. Meredith Integrated Marketing won the custom publishing work for Kraft's Food & Family program including publishing a custom magazine for delivery five times a year and development of the content for a weekly email blast. Since winning this important account, Meredith has grown its relationship with Kraft by adding new elements such as video production, database consulting, brand insert development, and circulation consulting. Meredith Integrated Marketing's online marketing companies also renewed business with Nestlé's Good Start line of infant nutrition products, were awarded new customer relationship management business for Gerber, and performed additional database marketing and analytics business for Suzuki.

Revenues from other sources such as magazine related custom projects and licensing also increased in fiscal 2008. New and enhanced licensing agreements consummated in fiscal 2008 include a multi-year licensing agreement with Wal-Mart for the design, marketing, and retailing of a wide range of home products based on the Better Homes and Gardens brand. In addition, our Better Homes and Gardens-branded line of home furniture with Universal Furniture launched in April 2007 and has proven to be successful.

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These increases were partially offset by decreases in revenues in book operations. Book revenues declined approximately 50 percent as compared to the prior fiscal year due to both lower gross revenues of approximately 30 percent and increased sales returns of approximately 50 percent. Most of this increase in sales returns was recorded in the fourth quarter of fiscal 2008.

As a result of the changes in integrated marketing, brand licensing, and book operations, other publishing revenues increased 7 percent in fiscal 2008.

Publishing Operating Expenses

Publishing operating costs decreased 6 percent in fiscal 2009. In the fourth quarter of fiscal 2009, severance and related benefit costs of \$1.7 million were recorded in the publishing segment related to a limited reduction in workforce. In the second quarter, severance and related benefit costs of \$6.0 million were recorded related to a companywide reduction in workforce. With regard to on-going operating expenses, processing, other delivery expenses, amortization expense, advertising and promotion, and travel and entertainment expenses declined. Book manufacturing, art, and separations expense decreased due to the changes made in the book business. Circulation expenses also declined. While performance-based incentive expense declined, employee compensation costs increased slightly. Paper expense rose as increases in paper costs of approximately 10 percent more than offset decreases in paper consumption due to the decline in advertising pages sold.

Publishing operating costs increased 2 percent in fiscal 2008. Employee compensation costs were up as a result of higher staff levels, due primarily to the integrated marketing acquisitions. While share-based compensation expense declined in the fiscal year, incentive-based expense was higher due to the strong advertising growth in the first half of the fiscal year. Expenses in the integrated marketing operations also increased, due to new and expanded customer relationships and current- and prior-year acquisitions. Postage expense increased due to rate increases in May 2008 and in May and July 2007. Also contributing to the increase in publishing operating costs were expenses recorded in the fourth quarter of fiscal 2008, related to the further restructuring of the book operations and other publishing reductions in workforce of \$13.2 million. These charges included the write-down of book inventory, book royalties, and editorial prepaid expenses of \$9.7 million and severance and benefit costs for book and other publishing personnel of \$3.5 million. These increases were partially offset by lower paper and production expenses, subscription acquisition costs, and book manufacturing costs. Declines in paper consumption due to smaller magazine sizes more than offset an increase in weighted average paper prices of approximately 3 percent.

Publishing Operating Profit

Fiscal 2009 publishing operating profit decreased 20 percent. The decline primarily reflected the weak demand for advertising and higher paper prices partially offset by increased operating profits in our book, integrated marketing, and brand licensing operations.

Publishing operating profit declined 11 percent in fiscal 2008. Strong operating profit growth of more than 70 percent in our integrated marketing operations from traditional business growth and online acquisitions was more than offset by a net loss in our book operations (including restructuring charges), a decline in operating profit from our interactive media operations, and a slight decrease in magazine circulation contribution. The decline in gross book sales, the increase in the book sales return allowance, and the restructuring charges discussed above contributed to the net loss in the book operations.

BROADCASTING

The following discussion reviews operating results for the Company's broadcasting segment, which currently consists of 12 network-affiliated television stations, one radio station, related interactive media operations, and video related operations. The broadcasting segment contributed approximately 20 percent of Meredith's revenues in fiscal 2009.

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The television industry is experiencing one of the most difficult advertising environments in its history. Broadcasting revenues declined 14 percent in fiscal 2009, as \$23.5 million in political advertising was not enough to offset lower non-political advertising, particularly in automotive. Costs and expenses declined 1 percent and an impairment charge of \$294.5 million was recorded in the broadcasting segment. Due to the impairment charge, the broadcasting operations reported an operating loss of \$257.8 million.

Revenues declined 8 percent in fiscal 2008, leading to a 27 percent decrease in operating profit. The revenue decrease reflected a \$27.7 million decline in net political advertising. Costs and expenses were flat as compared to the prior fiscal year. Broadcasting operating results for the last three fiscal years were as follows:

| Years ended June 30, (In millions) | 2009 | Change | 2008 | Change | 2007 |
|--|------------|--------|----------|--------|----------|
| Revenues | \$ 274.5 | (14)% | \$ 318.6 | (8)% | \$ 347.8 |
| Costs and expenses | (237.8) | (1)% | (240.7) | – | (241.0) |
| Impairment of goodwill and other intangible assets | (294.5) | – | – | – | – |
| Operating profit (loss) | \$ (257.8) | NM | \$ 77.9 | (27)% | \$ 106.8 |

NM – not meaningful

Broadcasting Revenues

The table below presents the components of revenues for the last three fiscal years.

| Years ended June 30, (In millions) | 2009 | Change | 2008 | Change | 2007 |
|---------------------------------------|----------|--------|----------|--------|----------|
| Revenues | | | | | |
| Non-political advertising | \$ 233.5 | (23)% | \$ 304.9 | (1)% | \$ 309.3 |
| Political advertising | 23.5 | 332 % | 5.4 | (84)% | 33.2 |
| Other | 17.5 | 112 % | 8.3 | 57 % | 5.3 |
| Total revenues | \$ 274.5 | (14)% | \$ 318.6 | (8)% | \$ 347.8 |

Broadcasting revenues decreased 14 percent in fiscal 2009. Net political advertising revenues related primarily to the November 2008 elections totaled \$23.5 million compared with \$5.4 million in the prior year. The fluctuations in political advertising revenues at our stations, and in the broadcasting industry, generally follow the biennial cycle of election campaigns (which take place primarily in our odd-numbered fiscal years). Political advertising may displace a certain amount of non-political advertising; therefore, the revenues may not be entirely incremental. The recession continues to impact non-political broadcasting advertising. Non-political advertising revenues decreased 23 percent in fiscal 2009. Local non-political advertising revenues declined 24 percent while national non-political advertising revenues decreased 23 percent. Automobile advertising revenues declined nearly 45 percent in fiscal 2009, accounting for approximately half of non-political advertising declines. Online advertising declined 14 percent compared to the prior-year period.

Other revenue, which is primarily retransmission fees, more than doubled in fiscal 2009. This increase is primarily due to new retransmission agreements Meredith has with the major cable operators in our markets.

Fiscal 2008 net political advertising revenues declined 84 percent, or \$27.8 million. Non-political advertising revenues decreased 1 percent, reflecting declines of 1 percent in the local market and of 8 percent in national advertising sales. These decreases were offset by a 40 percent increase in online advertising, which is a small but growing percentage of

broadcasting non-political advertising revenues. While non-political advertising revenues increased 4 percent in the first half of the year, a decline in automotive advertising combined with the economic slowdown that impacted categories such as retail and telecommunications led to a 7 percent decline in non-political advertising in the second half of the year. The increase in other revenues of 57 percent was due primarily to increases in retransmission fees.

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Broadcasting Costs and Expenses

Broadcasting costs and expenses decreased 1 percent in fiscal 2009 as compared to the prior-year period. In the fourth quarter of fiscal 2009, severance and related benefit costs of \$3.4 million and the write-down of certain fixed assets at the television stations of \$0.4 million were recorded in the broadcasting segment related plans to centralize certain functions across Meredith's television stations. In the second quarter, severance and related benefit costs of \$2.0 million were recorded related to a companywide reduction in workforce. Performance-based incentive accruals, employee compensation costs, depreciation, advertising and promotion expenses, and film amortization declined. Bad debt and legal service expenses increased. A credit of \$2.5 million to expenses for a gain on the Sprint Nextel Corporation equipment exchange contributed to the decline. This gain represents the difference between the fair value of the digital equipment we received and the book value of the analog equipment we exchanged.

Broadcasting costs and expenses were flat in fiscal 2008. Employee compensation costs and related benefits increased primarily due to continued investments in local news and video production. Broadcasting costs and expenses also include higher bad debt expenses, a 10 percent increase in depreciation expense, and an impairment charge of \$0.6 million on the Hartford building that we vacated in fiscal 2007 when we relocated to our newly constructed facility. As a result of the deadline for DTV transition, the Company accelerated the depreciation of certain equipment that is expected to have a shorter useful life as a result of the digital conversion. In the fourth quarter of fiscal 2008, Broadcasting recorded a charge of \$1.4 million for severance and benefits costs. These increases and charges were offset by reductions in legal expenses, radio advertising and promotion expenses, share-based and incentive-based compensation, and program rights amortization.

Broadcasting Impairment of Goodwill and Other Intangible Assets

The Company performed its annual impairment testing as of May 31, 2009. The recession's ongoing impact on local advertising lowered future cash flow projections during the fourth quarter of fiscal 2009. The evaluation resulted in the carrying values of our broadcast stations' goodwill and certain of their FCC licenses having carrying values that exceeded their estimated fair values. As a result, the Company recorded a pre-tax non-cash charge of \$211.9 million to reduce the carrying value of its FCC licenses and \$82.6 million to write-off goodwill in the fourth quarter of fiscal 2009.

Broadcasting Operating Profit (Loss)

Broadcasting operations resulted in a \$257.8 million loss in fiscal 2009 reflecting the \$294.5 million non-cash impairment charge to reduce the carrying value of our FCC licenses and write-off the segment's goodwill. Absent the impairment charge, broadcasting operating profit would have been \$36.8 million, a decrease of 53 percent from fiscal 2008. The decline reflected weakened economic conditions and their effect on non-political advertising revenues, which more than offset the strength of political advertising revenues.

In fiscal 2008, revenues and operating profit declined by 8 percent and 27 percent respectively, reflecting the 84 percent reduction in political revenues, while operating costs remained flat.

Supplemental Disclosure of Broadcasting EBITDA and Adjusted EBITDA

Meredith's broadcasting EBITDA is defined as broadcasting segment operating profit (loss) plus depreciation and amortization expense. Adjusted EBITDA is defined as broadcasting EBITDA before impairment charge. EBITDA and adjusted EBITDA are non-GAAP financial measures and should not be considered in isolation or as a substitute for GAAP financial measures. See the discussion of management's rationale for the use of EBITDA and adjusted EBITDA in the Overview of this section. Broadcasting EBITDA, adjusted EBITDA, EBITDA margin, and adjusted EBITDA margin were as follows:

| Years ended June 30, (In millions) | 2009 | Change | 2008 | Change | 2007 |
|---|------------|--------|----------|--------|----------|
| Revenues | \$ 274.5 | (14)% | \$ 318.6 | (8)% | \$ 347.8 |
| Operating profit (loss) | \$ (257.8) | NM | \$ 77.9 | (27)% | \$ 106.8 |
| Depreciation and amortization | 25.2 | (6)% | 26.6 | 10 % | 24.2 |
| EBITDA | (232.6) | NM | 104.5 | (20)% | 131.0 |
| Impairment of goodwill and other intangible assets | 294.5 | – | – | – | – |
| Adjusted EBITDA | \$ 61.9 | (41)% | \$ 104.5 | (20)% | \$ 131.0 |
| EBITDA margin | (84.7)% | | 32.8 % | | 37.7 % |
| Adjusted EBITDA margin | 22.6 % | | 32.8 % | | 37.7 % |

NM – not meaningful

UNALLOCATED CORPORATE EXPENSES

Unallocated corporate expenses are general corporate overhead expenses not attributable to the operating groups. These expenses for the last three years were as follows:

| Years ended June 30, (In millions) | 2009 | Change | 2008 | Change | 2007 |
|---------------------------------------|---------|--------|---------|--------|---------|
| Unallocated corporate expenses | \$ 28.4 | 7 % | \$ 26.5 | (24)% | \$ 34.9 |

Unallocated corporate expenses increased 7 percent in fiscal 2009. In the second quarter of fiscal 2009, severance and related benefit costs of \$1.0 million were recorded in unallocated corporate expenses related to the companywide reduction in workforce. Increases in pension costs, share-based compensation, consulting fees, Meredith Foundation contributions, and legal services expenses partially offset decreases in performance-based incentive expenses, travel and entertainment, and depreciation expense. The increase in share-based compensation is due to certain employees becoming retirement eligible in the current fiscal year and thus their share-based compensation expense was fully expensed during the current fiscal year.

Unallocated corporate expenses decreased 24 percent in fiscal 2008. Excluding a pension settlement charge recorded in fiscal 2007, unallocated corporate expenses declined 8 percent, reflecting decreases in incentive-based and share-based compensation partially offset by higher employee compensation costs due to annual salary merit adjustments.

CONSOLIDATED

Consolidated Operating Expenses

Consolidated operating expenses for the last three fiscal years were as follows:

| Years ended June 30, (In millions) | 2009 | Change | 2008 | Change | 2007 |
|---|------------|--------|------------|--------|------------|
| Production, distribution, and editorial | \$ 646.6 | (4)% | \$ 673.6 | 4 % | \$ 648.0 |
| Selling, general, and administrative | 560.2 | (5)% | 590.0 | (2)% | 603.1 |
| Depreciation and amortization | 42.6 | (13)% | 49.2 | 9 % | 45.0 |
| Impairment of goodwill and other intangible assets | 294.5 | – | – | – | – |
| Operating expenses | \$ 1,543.9 | 18 % | \$ 1,312.8 | 1 % | \$ 1,296.1 |

Production, Distribution, and Editorial Costs

Fiscal 2009 production, distribution, and editorial costs declined 4 percent. Book manufacturing, art, and separation expense decreased due to changes in our book operations discussed above. In addition, declines in processing, other delivery expenses, and film amortization more than offset increases in paper costs.

Production, distribution, and editorial costs increased 4 percent in fiscal 2008. Higher expense in our integrated marketing operations, postal rate increases, higher average paper prices, and the write-down of book inventory to its net realizable value contributed to the increase. These increases were partially offset by volume-related decreases in paper and production costs, a reduction in book manufacturing costs, and lower broadcast program rights amortization expense.

Selling, General, and Administrative Expenses

Fiscal 2009 selling, general, and administrative expenses decreased 5 percent. Declines in performance-based incentive accruals, advertising and promotion expenses, and travel and entertainment were partially offset by increases in pension costs, consulting fees, bad debt expenses, and legal expenses. Subscription acquisition costs also decreased.

Selling, general, and administrative expenses decreased 2 percent in fiscal 2008. Declines in subscription acquisition costs, decreased incentive-based and share-based compensation expense, lower broadcasting legal services, and advertising and promotion expenses, were partially offset by higher employee compensation costs, and bad debt expense.

Depreciation and Amortization

Depreciation and amortization expenses decreased 13 percent in fiscal 2009 primarily due to the customer list intangibles acquired in fiscal 2006 being fully amortized in fiscal 2008. Depreciation and amortization expenses increased 9 percent in fiscal 2008. The increase primarily reflected increased amortization of intangibles related to recent acquisitions, amortization of website development costs related to the relaunch of BHG.com and Parents.com, and depreciation of the new broadcasting station facility serving the Hartford, Connecticut market. In addition, as a result of the deadline for DTV transition, the Company accelerated the depreciation of certain equipment that is expected to have a shorter useful life as a result of the digital conversion.

Impairment of Goodwill and Other Intangible Assets

Based on the Company's annual impairment testing of goodwill and other long-lived intangible assets, in the fourth quarter of fiscal 2009, the Company recorded a non-cash impairment charge of \$211.9 million to reduce the carrying

value of our FCC licenses and \$82.6 million to write-off our broadcasting segment's goodwill.

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Operating Expenses

Publishing paper, production, and postage combined expense was the largest component of our operating costs in fiscal 2009, representing 26 percent of the total. In fiscal 2008 these expenses represented 32 percent, and in fiscal 2007 they were 35 percent. Employee compensation including benefits was the second largest component of our operating costs in fiscal 2009. Employee compensation represented 25 percent of total operating expenses in fiscal 2009 compared to 30 percent in fiscal 2008 and 28 percent in fiscal 2007. In fiscal 2009, the impairment charge recorded was the third largest component. It represented 19 percent of total fiscal 2009 operating expenses. Absent this impairment charge, publishing paper, production, and postage combined expense represented 32 percent and employee compensation costs represented 31 percent of total operating costs.

Income (Loss) from Operations

The fiscal 2009 loss from operations was of \$135.1 million, reflecting the non-cash impairment charge of \$294.5 million. Absent this impairment charge, fiscal 2009 income from operations would have been \$159.4 million, a decline of 33 percent from fiscal 2008. The decline reflects the recession and its effect on advertising revenues.

Income from operations declined 16 percent in fiscal 2008. In fiscal 2008, the net loss in book operations (including restructuring charges), and lower broadcasting political advertising revenues more than offset revenue growth and higher operating profits in integrated marketing operations and lower corporate unallocated expenses.

Net Interest Expense

Net interest expense was \$20.1 million in fiscal 2009, \$21.3 million in fiscal 2008, and \$25.6 million in fiscal 2007. Average long-term debt outstanding was \$455 million in fiscal 2009, \$445 million in fiscal 2008, and \$518 million in fiscal 2007. The Company's approximate weighted average interest rate was 4.6 percent in fiscal 2009, 5.0 percent in fiscal 2008, and 5.2 percent in fiscal 2007.

Income Taxes

The Company's effective tax rate on income (loss) from continuing operations was 34.0 percent (on a pretax loss) in fiscal 2009, 39.1 percent (on pretax income) in fiscal 2008, and 35.7 percent (on pretax income, including a one-time tax benefit discussed below) in fiscal 2007. The lower effective tax rate in fiscal 2009 is primarily due to the tax effect of the impairment charge for broadcasting goodwill. Absent the impairment charge, the effective tax rate for fiscal 2009 was 40.7 percent, which is higher than in the prior year primarily due to accruals for tax contingencies.

The higher rate in fiscal 2008 is primarily due to an income tax benefit of \$9.4 million in fiscal 2007 from the resolution of a tax contingency related to a capital loss. Recognition of the benefit was deferred until tax-related contingencies were resolved. Excluding the \$9.4 million, the fiscal 2007 effective tax rate was 39.3 percent. Absent that benefit, the effective tax rate in fiscal 2008 is slightly lower than in the prior year primarily due to the increase in the Internal Revenue Code Section 199 manufacturers' deduction.

Earnings (Loss) from Continuing Operations and Earnings (Loss) per Share from Continuing Operations

Fiscal 2009 loss from continuing operations was \$102.5 million (\$2.28 per diluted share), compared to fiscal 2008 earnings from continuing operations of \$133.0 million (\$2.79 per diluted share), reflecting the non-cash impairment charge of \$185.1 million (after-tax). Absent the impairment charge from fiscal 2009 results, the Company would have had fiscal 2009 earnings from operations of \$82.6 million (\$1.83 per diluted share), a decrease of 38 percent from fiscal 2008. The declines reflect the economic recession and its effect on advertising revenues.

Fiscal 2008 earnings from continuing operations were \$133.0 million (\$2.79 per diluted share), down 20 percent from \$166.0 million (\$3.38 per diluted share) in fiscal 2007. The higher tax rate, a net loss in our book operations (including restructuring charges), and lower broadcasting political advertising revenues more than offset revenue growth and higher operating profits in integrated marketing operations and lower unallocated corporate expenses.

Discontinued Operations

Income (loss) from discontinued operations represents the combined operating results, net of taxes, of Country Home magazine, Child magazine, and two television stations, KFXO and WFLI. The revenues and expenses for each of these properties have, along with associated taxes, been removed from continuing operations and reclassified into a single line item amount on the Consolidated Statements of Earnings (Loss) titled income (loss) from discontinued operations, net of taxes, for each period presented as follows:

| Years ended June 30, (In millions except per share data) | 2009 | 2008 | 2007 |
|---|-----------|---------|-----------|
| Revenues | \$ 16.8 | \$ 35.4 | \$ 66.1 |
| Costs and expenses | (17.5) | (34.0) | (62.1) |
| Special items | (6.8) | 1.8 | (14.9) |
| Gain (loss) on disposal | – | (0.4) | 4.8 |
| Earnings (loss) before income taxes | (7.5) | 2.8 | (6.1) |
| Income taxes | 2.9 | (1.1) | 2.4 |
| Income (loss) from discontinued operations | \$ (4.6) | \$ 1.7 | \$ (3.7) |
| Income (loss) from discontinued operations per share: | | | |
| Basic | \$ (0.10) | \$ 0.04 | \$ (0.08) |
| Diluted | (0.10) | 0.04 | (0.07) |

For fiscal 2009, loss from discontinued operations represents the operating results, net of taxes, of Country Home magazine. In connection with the closing of Country Home magazine, the Company recorded a restructuring charge of \$6.8 million in the second quarter of fiscal 2009 which included the write down of various assets of Country Home magazine of \$5.8 million and severance and outplacement costs of \$1.0 million. Most of the asset write-down charge related to the write-off of deferred subscription acquisition costs. These fiscal 2009 charges are reflected in the special items line above.

For fiscal 2008, income from discontinued operations represents the operating results of Country Home magazine, the operating loss of WFLI, the CW affiliate serving the Chattanooga, Tennessee market; a loss on the disposal of WFLI; and the reversal of a portion of the restructuring charge recorded in fiscal 2007 related to the discontinuation of the print operations of Child magazine. The reversal of a portion of the Child restructuring charge is a result of changes in the estimated net costs for vacated leased space and employee severance and is reflected in the special items line above.

For fiscal 2007, the loss from discontinued operations represents the combined operating results of Country Home magazine, Child magazine, WFLI, and KFXO, the low-power FOX affiliate serving the Bend, Oregon market; a gain on the disposal of KFXO; a non-cash impairment charge of \$2.8 million on WFLI; and a restructuring charge of \$12.1 million for the write-down of various assets of Child magazine. These impairment and restructuring charges are reflected in the special items line above.

Net Earnings (Loss) and Earnings (Loss) per Share

In fiscal 2009 a net loss of \$107.1 million (\$2.38 per diluted share) was recorded compared to net earnings of \$134.7 million (\$2.83 per diluted share) in the prior year, reflecting the non-cash impairment charge of \$185.1 million. Absent the impairment charge from fiscal 2009 results, the Company would have reported fiscal 2009 net earnings of \$78.0 million (\$1.73 per diluted share), a decrease of 42 percent from fiscal 2008. The decline reflects the economic recession and its effect on advertising revenues. In addition, loss from discontinued operations of Country Home

magazine as compared to the income from discontinued operations in the prior year contributed to the decline in net earnings in fiscal 2009. Lower net earnings were partially offset by the accretive effect of the reduction in Meredith's average diluted shares outstanding. Average basic shares outstanding decreased approximately 4 percent as a result of our share repurchase program. Average diluted shares outstanding decreased approximately 5 percent. Certain outstanding common stock equivalents were not included in the computation of dilutive earnings per share for 2009 because of the antidilutive effect on the earnings per share calculation (the diluted earnings per share becoming less negative than the basic earnings per share). Therefore, the common stock equivalents were not taken into account in determining the weighted average number of shares for the calculation of diluted earnings per share in fiscal 2009.

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Fiscal 2008 net earnings were \$134.7 million (\$2.83 per diluted share), down 17 percent from \$162.3 million (\$3.31 per diluted share) in fiscal 2007. Fiscal 2007 showed a loss from discontinued operations while fiscal 2008 showed income from discontinued operations. In addition, lower income from continuing operations was partially offset by the accretive effect of the reduction in Meredith's average diluted shares outstanding. Average basic shares outstanding decreased 2 percent as a result of our ongoing share repurchase program and average diluted shares outstanding decreased 3 percent as a result of our share repurchase program and lower dilutive effects from potential common stock equivalents.

LIQUIDITY AND CAPITAL RESOURCES

| Years ended June 30, (In millions) | 2009 | 2008 | 2007 |
|--|----------|----------|----------|
| Cash flows from operating activities | \$ 180.9 | \$ 256.0 | \$ 210.5 |
| Cash flows from investing activities | (29.0) | (95.4) | (65.2) |
| Cash flows from financing activities | (161.6) | (162.2) | (136.8) |
| Net cash flows | \$ (9.7) | \$ (1.6) | \$ 8.5 |
| Cash and cash equivalents | \$ 27.9 | \$ 37.6 | \$ 39.2 |
| Long-term debt (including current portion) | 380.0 | 485.0 | 475.0 |
| Shareholders' equity | 609.4 | 787.9 | 833.2 |
| Debt to total capitalization | 38 % | 38 % | 36 % |

OVERVIEW

Meredith's primary source of liquidity is cash generated by operating activities. The Company continues to generate significant cash flow from operating activities in spite of the downturn in advertising revenues due to the recession. Debt financing is typically used for significant acquisitions. Our core businesses—magazine and television broadcasting—have been strong cash generators. Despite the introduction of many new technologies such as the Internet, cable, and satellite television, we believe these businesses will continue to have strong market appeal for the foreseeable future. As is true in any business, operating results and cash flows are subject to changes in demand for our products and changes in costs. Changes in the level of demand for magazine and television advertising or other products can have a significant effect on cash flows.

Historically, Meredith has been able to absorb normal business downturns without significant increases in debt and management believes the Company will continue to do so. We expect cash on hand, internally generated cash flow, and available credit from financing agreements will provide adequate funds for operating and recurring cash needs (e.g., working capital, capital expenditures, debt repayments, and cash dividends) into the foreseeable future. At June 30, 2009, we had up to \$25 million available under our revolving credit facility and up to \$45 million available under our asset-backed commercial paper facility (depending on levels of accounts receivable). While there are no guarantees that we will be able to replace current credit agreements when they expire, we expect to be able to do so.

SOURCES AND USES OF CASH

Cash and cash equivalents decreased \$9.7 million in fiscal 2009 and \$1.6 million in fiscal 2008; they increased \$8.5 million in fiscal 2007. Over the three-year period, net cash provided by operating activities was used for acquisitions, debt repayments, stock repurchases, capital investments, and dividends.

Operating Activities

The largest single component of operating cash inflows is cash received from advertising customers. Advertising accounted for approximately 60 percent of total revenues in each of the past three years. Other sources of operating cash inflows include cash received from magazine circulation sales and other revenue transactions such as integrated marketing, book, brand licensing, and product sales. Operating cash outflows include payments to vendors and employees and payments of interest and income taxes. Our most significant vendor payments are for production and delivery of publications and promotional mailings, broadcasting programming rights, employee benefits (including pension plans), and other services and supplies.

Cash provided by operating activities totaled \$180.9 million in fiscal 2009 compared with \$256.0 million in fiscal 2008, a decrease of 30 percent. The largest factor affecting cash flows from operating activities was the effect of the recession and its negative impact of the Company's operating results. Also affecting cash provided by operating activities was increased pension payments. These items more than offset substantially lower income tax payments.

Cash provided by operating activities increased 22 percent in fiscal 2008 as compared to fiscal 2007. The increase was due primarily to lower employee pension costs and a decrease in accounts receivable in the current year compared to an increase in the prior year. These increases in cash from operating activities were partially offset by lower net earnings and increased cash spending for employee compensation costs.

Changes in the Company's cash contributions to qualified defined benefit pension plans can have a significant effect on cash provided by operations. Meredith has generally contributed the maximum amount that can be deducted for tax purposes to these plans. We contributed \$9.0 million in fiscal 2009 and \$18.6 million in fiscal 2007. We made no contributions in fiscal 2008. We do not anticipate a required contribution in fiscal 2010.

Investing Activities

Investing cash inflows generally include proceeds from the sale of assets or a business. Investing cash outflows generally include payments for the acquisition of new businesses; investments; and additions to property, plant, and equipment.

Net cash used by investing activities decreased to \$29.0 million in fiscal 2009 from \$95.4 million in fiscal 2008 as we reduced spending on both strategic acquisitions and capital expenditures.

Net cash used by investing activities totaled \$95.4 million in fiscal 2008, an increase from \$65.2 million in the prior year. Increased spending on the acquisition of businesses partially offset less cash used for the acquisition of property, plant, and equipment.

Financing Activities

Financing cash inflows generally include borrowings under debt agreements and proceeds from the exercise of common stock options issued under share-based compensation plans. Financing cash outflows generally include the

repayment of long-term debt, repurchases of Company stock, and the payment of dividends.

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Net cash used by financing activities totaled approximately \$161.6 million in fiscal 2009 compared with \$162.2 million in fiscal 2008. In fiscal 2009, long-term debt was reduced by a net \$105.0 million and \$21.8 million was used to purchase Company stock. In fiscal 2008, \$150.4 million was used to purchase Company stock and long-term debt increased by a net \$10 million.

Net cash used by financing activities totaled \$162.2 million in fiscal 2008, compared with net cash used by financing activities of \$136.8 million in fiscal 2007. In fiscal 2008, \$150.4 million was used to purchase Company stock whereas in fiscal 2007, \$58.7 million was used to purchase Company stock. In fiscal 2008, long-term debt increased by a net \$10 million; in fiscal 2007, long-term debt was reduced by a net \$90 million.

Long-term Debt

At June 30, 2009, long-term debt outstanding totaled \$380 million (\$175 million in fixed-rate unsecured senior notes, \$125 million outstanding under a revolving credit facility, and \$80 million under an asset-backed commercial paper facility). None of the senior notes are due in the next 12 months. We expect to repay these senior notes with cash from operations and credit available under existing credit agreements. The fixed-rate senior notes are repayable in amounts of \$50 million and \$75 million and are due from July 1, 2010, to June 16, 2012. Interest rates range from 4.70 percent to 5.04 percent with a weighted average interest rate of 4.80 percent.

In connection with the asset-backed commercial paper facility, we entered into a revolving agreement in April 2002. Under this agreement, we currently sell all of our rights, title, and interest in the majority of our accounts receivable related to advertising and miscellaneous revenues to Meredith Funding Corporation, a special-purpose entity established to purchase accounts receivable from Meredith. At June 30, 2009, \$143.6 million of accounts receivable net of reserves were outstanding under the agreement. Meredith Funding Corporation in turn sells receivable interests to an asset-backed commercial paper conduit administered by a major national bank. In consideration of the sale, Meredith receives cash and a subordinated note that bears interest at the prime rate (3.25 percent at June 30, 2009) from Meredith Funding Corporation.

The revolving agreement is structured as a true sale under which the creditors of Meredith Funding Corporation will be entitled to be satisfied out of the assets of Meredith Funding Corporation prior to any value being returned to Meredith or its creditors. The accounts of Meredith Funding Corporation are fully consolidated in Meredith's consolidated financial statements. The asset-backed commercial paper facility renews annually (most recently renewed March 31, 2009) until April 2, 2011, the facility termination date. The interest rate on the asset-backed commercial paper facility changes monthly and is based on the average commercial paper cost to the lender plus a fixed spread. The interest rate was 1.86 percent in June 2009.

The interest rate on the revolving credit facility is variable based on LIBOR and Meredith's debt to trailing 12 month EBITDA ratio. The weighted average effective interest rate for the revolving credit facility was 4.21 percent at June 30, 2009, after taking into account the effect of outstanding interest rate swap agreements discussed below. This facility has capacity for up to \$150 million outstanding with an option to request up to another \$150 million. At June 30, 2009, \$125 million was borrowed under this facility. The revolving credit facility expires October 7, 2010.

On July 13, 2009, Meredith secured a new \$75 million private placement of debt from a leading life insurance company. The private placement consists of \$50 million due July 2013 and \$25 million due July 2014 bearing interest at rates of 6.70 percent and 7.19 percent, respectively. The proceeds were used to pay down Meredith's asset-backed commercial paper facility.

We believe our debt agreements are material to discussions of Meredith's liquidity. All of our debt agreements include financial covenants, and failure to comply with any such covenants could result in the debt becoming payable on demand. A summary of the most significant financial covenants and their status at June 30, 2009, is as follows:

| | Required at June 30, 2009 | Actual at June 30, 2009 |
|---|------------------------------|----------------------------|
| Ratio of debt to trailing 12 month EBITDA ¹ | Less than 3.75 | 1.8 |
| Ratio of EBITDA ¹ to interest expense | Greater than 2.75 | 10.9 |

1. EBITDA is earnings before interest, taxes, depreciation, and amortization as defined in the debt agreements.

The Company was in compliance with these and all other debt covenants at June 30, 2009.

Interest Rate Swap Contracts

In fiscal 2007, the Company entered into two interest rate swap agreements to hedge variable interest rate risk on \$100 million of the Company's variable interest rate revolving credit facility. The swaps expire on December 31, 2009. Under the swaps, the Company will, on a quarterly basis, pay fixed rates of interest (average 4.69 percent) and receive variable rates of interest based on the three-month LIBOR rate (average of 0.60 percent at June 30, 2009) on \$100 million notional amount of indebtedness. These contracts did not have a significant effect on net interest expense in fiscal 2009, 2008, or 2007.

Contractual Obligations

The following table summarizes our principal contractual obligations as of June 30, 2009:

| Contractual obligations (In millions) | Total | Payments Due by Period | | | |
|---|-----------------|------------------------|-----------------|-----------------|------------------|
| | | Less than 1 Year | 1–3 Years | 4–5 Years | After 5 Years |
| Long-term debt ¹ | \$ 380.0 | \$ – | \$ 305.0 | \$ 75.0 | \$ – |
| Debt interest ² | 17.8 | 8.7 | 9.1 | – | – |
| Broadcast rights ³ | 46.9 | 19.4 | 23.2 | 4.3 | – |
| Contingent consideration ⁴ | 67.7 | 41.7 | 24.0 | 2.0 | – |
| Operating leases | 73.2 | 20.4 | 27.9 | 6.0 | 18.9 |
| Purchase obligations and other ⁵ | 107.9 | 33.2 | 37.5 | 28.9 | 8.3 |
| Total contractual cash obligations | \$ 693.5 | \$ 123.4 | \$ 426.7 | \$ 116.2 | \$ 27.2 |

1. On July 13, 2009, Meredith entered into a new \$75 million private placement of debt from a leading life insurance company. The private placement consists of \$50 million due July 2013 and \$25 million due July 2014. The proceeds were used to pay down Meredith's asset-backed commercial paper facility. Thus \$75 million of this debt is shown in the 4-5 Years column.

2.

Debt interest represents semi-annual interest payments due on fixed-rate notes outstanding at June 30, 2009.

3. Broadcast rights include \$24.5 million owed for broadcast rights that are not currently available for airing and are therefore not included in the Consolidated Balance Sheet at June 30, 2009.
4. These amounts include contingent acquisition payments. While it is not certain if and /or when these payments will be made, we have included the payments in the table based on our best estimates of the amounts and dates when the contingencies may be resolved.
5. Purchase obligations and other includes expected postretirement benefit payments.

Due to uncertainty with respect to the timing of future cash flows associated with unrecognized tax benefits at June 30, 2009, the Company is unable to make reasonably reliable estimates of the period of cash settlement. Therefore, \$63.7 million of unrecognized tax benefits have been excluded from the contractual obligations table above. See Note 6 to the Consolidated Financial Statements for further discussion of income taxes.

Purchase obligations represent legally binding agreements to purchase goods and services that specify all significant terms. Outstanding purchase orders, which represent authorizations to purchase goods and services but are not legally binding, are not included in purchase obligations. We believe current cash balances, cash generated by future operating activities, and cash available under current credit agreements will be sufficient to meet our contractual cash obligations and other operating cash requirements for the foreseeable future. Projections of future cash flows are, however, subject to substantial uncertainty as discussed throughout MD&A and particularly in Item 1A–Risk Factors beginning on page 11. Debt agreements may be renewed or refinanced if we determine it is advantageous to do so. We also have commitments in the form of standby letters of credit totaling \$1.0 million that expire within one year.

Share Repurchase Program

We have maintained a program of Company share repurchases for 21 years. In fiscal 2009, we spent \$21.8 million to repurchase an aggregate of 882,000 shares of Meredith Corporation common and Class B stock at then current market prices. We spent \$150.4 million to repurchase an aggregate of 3,225,000 shares in fiscal 2008 and \$58.7 million to repurchase an aggregate of 1,116,000 shares in fiscal 2007. We expect to continue repurchasing shares from time to time subject to market conditions. In May 2008, the Board of Directors approved a share repurchase authorization for 2.0 million shares. As of June 30, 2009, approximately 1.5 million shares were remaining under these authorizations for future repurchase. The status of the repurchase program is reviewed at each quarterly Board of Directors meeting. See Item 5–Issuer Purchases of Equity Securities of this Form 10-K for detailed information on share repurchases during the quarter ended June 30, 2009.

Dividends

Meredith has paid quarterly dividends continuously since 1947 and we have increased our dividend annually for 16 consecutive years. The last increase occurred in January 2009 when the Board of Directors approved the quarterly dividend of 22.5 cents per share effective with the dividend payable in March 2009. Given the current number of shares outstanding, the increase will result in additional dividend payments of approximately \$1.8 million annually. Dividend payments totaled \$39.7 million, or 88 cents per share, in fiscal 2009 compared with \$37.3 million, or 80 cents per share, in fiscal 2008, and \$33.2 million, or 69 cents per share, in fiscal 2007.

Capital Expenditures

Spending for property, plant, and equipment totaled \$23.5 million in fiscal 2009, \$29.6 million in fiscal 2008, and \$42.6 million in fiscal 2007. Current year spending related primarily to digital and high definition conversions being completed at all of the Company's broadcast stations and the construction of a new data server room. The spending in the prior two fiscal years included expenditures for broadcasting technical and news equipment, information technology systems and equipment, and improvements to buildings and office facilities. We spent approximately \$20 million in fiscal 2007 for a new facility for our television station in Hartford. The Company has no material commitments for capital expenditures. We expect funds for future capital expenditures to come from operating activities or, if necessary, borrowings under credit agreements.

CRITICAL ACCOUNTING POLICIES

Meredith's consolidated financial statements are prepared in accordance with GAAP. Our significant accounting policies are summarized in Note 1 to the consolidated financial statements. The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Some of these estimates and assumptions are inherently

difficult to make and subjective in nature. We base our estimates on historical experience, recent trends, our expectations for future performance, and other assumptions as appropriate. We reevaluate our estimates on an ongoing basis; actual results, however, may vary from these estimates.

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The following are the accounting policies that management believes are most critical to the preparation of our consolidated financial statements and require management's most difficult, subjective, or complex judgments. In addition, there are other items within the consolidated financial statements that require estimation but are not deemed to be critical accounting policies. Changes in the estimates used in these and other items could have a material impact on the consolidated financial statements.

GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets with indefinite lives are tested for impairment in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets. All other intangible assets are tested for impairment in accordance with SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Goodwill and intangible assets totaled \$1,024.0 million, or approximately 60 percent of Meredith's total assets, as of June 30, 2009. See Note 4 to the consolidated financial statements for additional information. The impairment analysis of these assets is considered critical because of their significance to the Company and our publishing and broadcasting segments.

Management is required to evaluate goodwill and intangible assets with indefinite lives for impairment on an annual basis or when events occur or circumstances change that would indicate the carrying value exceeds the fair value. The determination of fair value requires us to estimate the future cash flows expected to result from the use of the assets. These estimates include assumptions about future revenues (including projections of overall market growth and our share of market), estimated costs, and appropriate discount rates where applicable. Our assumptions are based on historical data, various internal estimates, and a variety of external sources and are consistent with the assumptions used in both our short-term financial forecasts and long-term strategic plans. Depending on the assumptions and estimates used, future cash flow projections can vary within a range of outcomes. Changes in key assumptions about the publishing or broadcasting businesses and their prospects or changes in market conditions could result in an impairment charge.

During fiscal 2009, we determined that interim triggering events, including declines in the price of our stock and reduced cash flow forecasts in the second and third quarters due to the recession required us to perform interim evaluations of goodwill and intangible assets with indefinite lives for impairment at December 31, 2008, and March 31, 2009. Our December 31, 2008, and March 31, 2009, impairment tests determined the fair value of our goodwill and indefinite lived intangible assets exceeded their carrying values, thus the Company's interim impairment analyses did not result in any impairment charges during the second or third quarters of fiscal 2009.

The Company performed its annual impairment testing as of May 31, 2009. While our stock price had increased over 150 percent from its low earlier in the year, worsening broadcast business conditions, including further deterioration in the local advertising market, lowered future cash flow projections. This evaluation resulted in the carrying values of our broadcast stations' goodwill and certain of their FCC licenses having carrying values that exceeded their estimated fair values. As a result, the Company recorded a pre-tax non-cash charge of \$211.9 million to reduce the carrying value of broadcast FCC licenses and \$82.6 million to write-off our broadcasting segment's goodwill in the fourth quarter of fiscal 2009.

In accordance with the provisions of SFAS 142 and SFAS 144, we will continue to monitor changes in our business in fiscal 2010 for interim indicators of impairment.

BROADCAST RIGHTS

Broadcast rights, which consist primarily of rights to broadcast syndicated programs and feature films, are recorded at cost when the programs become available for airing. Amortization of broadcast rights is generally recorded on an accelerated basis over the contract period. Broadcast rights valued at \$12.8 million were included in the Consolidated Balance Sheet at June 30, 2009. In addition, we had entered into contracts valued at \$24.5 million not included in the Consolidated Balance Sheet at June 30, 2009, because the related programming was not yet available for airing. Amortization of broadcast rights accounted for 11 percent of broadcasting segment operating expenses in fiscal 2009. Valuation of broadcast rights is considered critical to the broadcasting segment because of the significance of the amortization expense to the segment.

Broadcast rights are valued at the lower of unamortized cost or net realizable value. The determination of net realizable value requires us to estimate future net revenues expected to be earned as a result of airing of the programming. Future revenues can be affected by changes in the level of advertising demand, competition from other television stations or other media, changes in television programming ratings, changes in the planned usage of programming materials, and other factors. Changes in such key assumptions could result in an impairment charge.

PENSION AND POSTRETIREMENT PLANS

Meredith has noncontributory pension plans covering substantially all employees. These plans include qualified (funded) plans as well as nonqualified (unfunded) plans. These plans provide participating employees with retirement benefits in accordance with benefit provision formulas. The nonqualified plans provide retirement benefits only to certain highly compensated employees. Meredith also sponsors defined healthcare and life insurance plans that provide benefits to eligible retirees.

The Company adopted the recognition and disclosure provisions of SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R) (SFAS 158) on June 30, 2007. SFAS 158 had no impact on pension or other postretirement plan expense recognized in the Company's results of operations, but the new standard required the Company to recognize the funded status of pension and other postretirement benefit plans on its Consolidated Balance Sheet at June 30, 2007. The overall impact of the adoption of SFAS 158, taking into account the Company's pension and other postretirement plans, was a \$1.8 million increase in the Company's shareholders' equity (accumulated other comprehensive income) at June 30, 2007.

The Company adopted the change in measurement date transition requirements of SFAS 158 effective July 1, 2008. Previously the Company used a March 31 measurement date for its defined pension and other postretirement plans. We adopted the change in measurement date by re-measuring plan assets and benefit obligations as of our fiscal 2008 year end, pursuant to the transition requirements of SFAS 158. As a result of the change in measurement date, a \$1.8 million pre-tax reduction to retained earnings was recognized in the fourth quarter of fiscal 2009 that represents the expense for the period from the March 31, 2008, early measurement date to the end of the 2008 fiscal year.

The accounting for pension and postretirement plans is actuarially based and includes assumptions regarding expected returns on plan assets, discount rates, and the rate of increase in healthcare costs. We consider the accounting for pension and postretirement plans critical to Meredith and both of our segments because of the number of significant judgments required. More information on our assumptions and our methodology in arriving at these assumptions can be found in Note 7 to the consolidated financial statements. Changes in key assumptions could materially affect the associated assets, liabilities, and benefit expenses. Depending on the assumptions and estimates used, these balances could vary within a range of outcomes. We monitor trends in the marketplace and rely on guidance from employee benefit specialists to arrive at reasonable estimates. These estimates are reviewed annually and updated as needed. Nevertheless, the estimates are subjective and may vary from actual results.

Meredith expects to use a long-term rate of return on assets of 8.25 percent in developing fiscal 2010 pension costs, the same as used in fiscal 2009. The fiscal 2010 rate was based on various factors that include but are not limited to the plans' asset allocations, a review of historical capital market performance, historical plan performance, current market factors such as inflation and interest rates, and a forecast of expected future asset returns. The pension plan assets returned a loss of 21 percent in fiscal 2009. They lost 3 percent in fiscal 2008. If we had decreased our expected long-term rate of return on plan assets by 0.5 percent in fiscal 2009, our pension expense would have increased by \$0.6 million.

Meredith expects to use a discount rate of 5.75 percent in developing the fiscal 2010 pension costs, down from a rate of 5.80 percent used in fiscal 2009. If we had decreased the discount rate by 0.5 percent in fiscal 2009, there would have been no effect on our combined pension and postretirement expenses.

Assumed rates of increase in healthcare cost levels have a significant effect on postretirement benefit costs. A one-percentage-point increase in the assumed healthcare cost trend rate would have increased postretirement benefit costs by \$0.5 million in fiscal 2009.

REVENUE RECOGNITION

Revenues from both the newsstand sale of magazines and the sale of books are recorded net of our best estimate of expected product returns. Net revenues from these sources totaled 10 percent of fiscal 2009 publishing segment revenues. Allowances for returns are subject to considerable variability. Return allowances may exceed 35 percent for books and 65 percent for magazines sold on the newsstand. Estimation of these allowances for future returns is considered critical to the publishing segment and the Company as a whole because of the potential impact on revenues.

Estimates of returns from magazine newsstand and book sales are based on historical experience and current marketplace conditions. Allowances for returns are adjusted continually on the basis of actual results. Unexpected changes in return levels may result in adjustments to net revenues.

SHARE-BASED COMPENSATION EXPENSE

Meredith has a stock incentive plan that permit us to grant various types of share-based incentives to key employees and directors. The primary types of incentives granted under these plans are stock options, restricted shares of common stock, and restricted stock units. Share-based compensation expense totaled \$10.2 million in fiscal 2009 and is accounted for under SFAS No. 123 (revised 2004), Share-Based Payment. As of June 30, 2009, unearned compensation cost was \$3.8 million for stock options, \$5.3 million for restricted stock, and \$0.1 million for restricted stock units granted under the stock incentive plans. These costs will be recognized over weighted average periods of 1.7 years, 2.4 years, and 1.6 years, respectively.

Restricted shares and units are valued at the market value of traded shares on the date of grant. The valuation of stock options requires numerous assumptions. We determine the fair value of each option as of the date of grant using the Black-Scholes option-pricing model. This model requires inputs for the expected volatility of our stock price, expected life of the option, and expected dividend yield, among others. We base our assumptions on historical data, expected market conditions, and other factors. In some instances, a range of assumptions is used to reflect differences in behavior among various groups of employees. In addition, we estimate the number of options and restricted stock expected to eventually vest. This is based primarily on past experience.

We consider the accounting for share-based compensation expense critical to Meredith and both of our segments because of the number of significant judgments required. More information on our assumptions can be found in Note 10 to the consolidated financial statements. Changes in these assumptions could materially affect the share-based compensation expense recognized as well as various liability and equity balances.

INCOME TAXES

Income taxes are accounted for in accordance with SFAS No. 109, Accounting for Income Taxes. Income taxes are recorded under this standard for the amount of taxes payable for the current year and include deferred tax assets and liabilities for the effect of temporary differences between the financial and tax basis of recorded assets and liabilities using enacted tax rates. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized. Income tax expense was 34.0 percent of losses before income taxes in fiscal 2009. Net deferred tax liabilities totaled \$73.6 million, or 7 percent of total liabilities, at June 30, 2009.

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We consider accounting for income taxes critical to our operations because management is required to make significant subjective judgments in developing our provision for income taxes, including the determination of deferred tax assets and liabilities, and any valuation allowances that may be required against deferred tax assets.

On July 1, 2007, we adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48), which clarifies the accounting for uncertainty in income tax positions. FIN 48 required us to recognize in our consolidated financial statements the benefit of a tax position if that tax position is more likely than not of being sustained on audit, based on the technical merits of the tax position. This involves the identification of potential uncertain tax positions, the evaluation of tax law, and an assessment of whether a liability for uncertain tax positions is necessary. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Different conclusions reached in this assessment can have a material impact on the consolidated financial statements. See Note 6 to the consolidated financial statements for additional information related to the adoption of FIN 48.

The Company operates in numerous taxing jurisdictions and is subject to audit in each of these jurisdictions. These audits can involve complex issues that tend to require an extended period of time to resolve and may eventually result in an increase or decrease to amounts previously paid to the taxing jurisdictions. Any such audits are not expected to have a material effect on the Company's consolidated financial statements.

ACCOUNTING AND REPORTING DEVELOPMENTS

SFAS 165—On June 30, 2009, the Company adopted SFAS No. 165, Subsequent Events, (SFAS 165). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, SFAS 165 sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity