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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to the Meredith Corporation third-quarter earnings conference call. At this time, all participant lines are in a listen-only mode. Later, there will be an opportunity for your questions and instructions will be given at that time. As a reminder, today's conference call is being recorded. I would now like to turn conference over to the Director of Investor Relations, Mike Lovell. Please go ahead.

Mike Lovell - *Meredith Corporation - Director of Investor Relations*

Good morning, everyone. Before Chief Executive Officer Steve Lacy begins our presentation, I will take care of a few housekeeping items. In our remarks, we will include statements that are considered forward-looking within the meaning of Federal Securities Laws. The forward-looking statements are based on management's current knowledge and expectations and are subject to certain risks and uncertainties that may cause actual results to differ materially from the forward-looking statements. A description of certain of those risks and uncertainties can be found in our earnings release issued today and in certain of our SEC filings.

The Company undertakes no obligation to update any forward-looking statements. We will refer to non-GAAP measures, which in combination with GAAP results provide additional analytic tools to understand our operations. Tables that reconcile non-GAAP measures to GAAP results are posted on Meredith's web site and a transcript of this call will be posted to our web site as well later this morning. With that, Steve will begin the presentation.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Thank you very much, Mike. And good morning, everyone. Participating with me on the call today are Publishing Group President Jack Griffin and Broadcasting Group President Paul Karpowicz.

I will begin with an overview of total Company results, discuss performance of our Publishing and Broadcasting groups, and conclude by updating our current earnings outlook. Then we will be happy to answer any questions that you might have. We are pleased to report increased earnings per share for the third quarter and the first nine months of fiscal 2008. Before reviewing our performance, let me share some thoughts regarding the current economic climate and its impact on our business. The environment is certainly different than on our earnings call in January. At that time, we reported Publishing Group advertising revenues increasing 10% and Broadcasting nonpolitical revenues up 4% for the first half of our fiscal 2008. The current economic slowdown has impacted calendar 2008 advertising across our businesses. It's reflected in our third-quarter results, and I will provide some detail on our fourth-quarter outlook later in the call.

I think its important to note that we strongly believe these trends are cyclical in nature and not structural as they relate to our industries or to Meredith in particular. We possess outstanding consumer brands and a rock-solid connection with our core audience: American women primarily ages 25-54 who make the vast majority of consumer purchases. We provide help and inspiration in the areas that matter most in her life -- caring for her children, her home, and her family's health and well being. We possess broad content expertise in these subject matter areas, along with a growing network of core and digital media platforms. These assets enable us to provide content how and when she chooses to access it and to deliver the messages of our marketing and advertising clients in a targeted and effective manner.

In addition, it is important to remember that while advertising is extremely important in our revenue mix, approximately 40% of Meredith's revenues come from non-advertising activities. Chief sources include magazine circulation revenue, along with our rapidly growing business-to-business operation. These include our expanded Meredith integrated marketing business and our brand licensing initiative. Our strategy is to capitalize on these strengths, carefully manage expenses, and work aggressively to increase market share over time. We have successfully employed this strategy during past times of economic weakness, enabling Meredith to emerge in a stronger and more competitive position.

Now turning to the third quarter of fiscal 2008. Net earnings per share increased 5% and core earnings per share rose 10%. Circulation contribution and margin both increased, reflecting the strength of our consumer appeal and subscription operations. Meredith Integrated Marketing continued its strong performance, with revenues up nearly 50% and operating profit climbing more than 150%. As a result, we maintained our Publishing operating profit margin of 20% in the quarter. Our balance sheet remained very strong. We generated more than $50 million in free cash flow and significantly increased our share buyback activity. We increased our quarterly dividend 16% to 21.5 cents per share during the fiscal third quarter.

Looking at the highlights for the first nine months of fiscal 2008, net earnings per share rose 6% and core earnings per share increased 7%. Publishing Group advertising revenues grew 6%, and operating profit margin grew by 1.2 points reaching 17.1%. Broadcasting Group nonpolitical advertising revenues rose 2%, and we continued to exercise very disciplined expense management, offsetting higher paper and postal costs and continued investments in new custom marketing, online, and video initiatives.

Now let's turn to our Publishing Group performance for the third quarter. Fiscal third-quarter Publishing operating profit was $65 million and revenues were $323 million, both approximately even with the prior year quarter. After an exceptionally strong first half of fiscal 2008, when Publishing advertising revenues grew more than 10%, in the third quarter, Publishing experienced weakness in Home, Pharmaceuticals, and Direct Response advertising categories, partially offset by significant growth in Food, Meredith's largest advertising category. Publishing advertising revenues were 155 million, compared to 161 million in the prior year quarter. A strong increase in net advertising revenue per page partially offset lower page volume.

Circulation contribution and related margin increased in the quarter. Circulation revenues declined as expected, due primarily to the ongoing transition of Parents, Family Circle, and Fitness magazines to the Meredith direct-to-publisher model. Our brands continue to demonstrate a powerful connection to the consumer, as evidenced by growth in readership. According to recent data from Media Mart Research and Intelligence, readership across all of Meredith's titles is currently $140 million, up from 83 million in years ago. This increase can be attributed to organic growth, acquisitions, and launches of new brands.

In addition, the vibrancy of our consumer brands has led to several new licensing relationships with market leaders, including Wal-Mart Stores, Realogy and Universal Furniture. These relationships further extend Meredith brands to categories including home products, real estate and furniture. I will speak more about these programs in a few moments. A key factor in our ongoing success is increased emphasis on developing and executing multi-platform advertising and marketing programs for our clients. We secured a series of new business wins in the quarter with programs that spanned several Meredith media platforms. For Procter & Gamble, we created a program for the Pure Essentials line of products that featured advetorial content in our magazines, interactive programming on Parents.com, a word-of-mouth campaign conducted by New Media Strategies, custom content on Better TV, our broadband channel, proprietary research and a public relations campaign.

The 15-stop Better Homes and Gardens Living Green Tour launched in February, and is stopping in several Meredith television markets, providing opportunities to tie our national brands with local sponsorship. Sponsors include Telus, Kohler, Lee Industries, along with Green Works. Content from the tour is featured on the broadband channel, Better TV, and BHG.com. For Kelloggs, we created a program for its Frosted Mini Wheats brand that included a series of custom videos distributed through Better TV and Parents.com as well as on Comcast video on-demand. Additionally, the campaign is being supported by custom adverterials in Better Homes and Gardens, Family Circle, Ladies Home Journal, Parents and their related web sites. Wells Fargo signed on as the title sponsor of the Better Homes and Gardens Home Improvement Challenge. The program includes a publication for $250,000 Wells Fargo customers and financial tools sponsored by Wells Fargo that have been integrated into various Meredith web sites.

Ladies Home Journal teamed up with Chrysler, its media agency, and a film producer to create a feature length movie called "Ladies Home Journal Presents Soccer Mom." The movie features product integration involving the Dodge Caravan and will be distributed via the Starz paid cable television channel and through DVDs sold at retail beginning this fall. The program was recently featured in Stewart Elliott's advertising column in the New York Times. One of our long-term strategies is to grow revenue sources that are not dependent on advertising. In addition to magazine circulation, these sources include our brand licensing, retail, and Integrated Marketing operations. Throughout first nine months of fiscal 2008, non-advertising sources represent approximately 40% of revenues. We have several emerging brand licensing programs that we expect will add meaningful revenues and profits going forward.

The expansion of our licensing relationship with Wal-Mart for a line of Better Homes and Gardens-branded home products is moving along well and is on schedule. We expect 400 to 600 SKUs to be available in stores across the country this fall. Additionally, we recently hired Elise Contarsy to oversee the Wal-Mart licensing relationship. Elise was the former Senior Vice President of Merchandising at Martha Stewart, where she managed the brand's of products at K-Mart. The new Better Homes and Gardens real estate franchise will launch on July 1.

The Realogy management team is being lead by Sherry Chris, who previously served as the Chief Operating Officer of Coldwell Banker. Along with royalties based on sales volume, the relationship will include advertising and subscription opportunities for Better Homes and Gardens, custom marketing assignments, and data-based programs. Our Better Homes and Gardens-branded line of home furniture with Universal has proven to be one of the most successful furniture launches in the last 20 years. The relationship just celebrated its one-year anniversary, and sales to date are double original projections. Earlier this month, we introduced a fourth collection in the line at the High Point Furniture Market in North Carolina. To give you a sense of the scale of our brand licensing business, these activities to date generate approximately $15 million in annual revenues. We expect these three newer relationships to add an incremental 10 to $12 million in revenues in fiscal 2009 at very high profit margin.

On the retail front, the Meredith Book operation has been impacted by weak sales and higher-than-anticipated returns, due primarily to inventory reduction activities at key retailers. We are focusing on content, distribution, and cost control initiatives to improve the financial performance of our retail operation. Meredith Integrated Marketing is a key source of non-advertising revenue. It delivered another outstanding quarter, as revenues rose nearly 50% and operating profit increased more than 150%. These results include increased contributions from three marketing services acquisitions over the last year -- Genex, New Media Strategies and Directive. On a comparable basis, revenues rose over 30% and operating profit more than doubled due to continued growth in our custom publishing activities.

Let me share just a few Integrated Marketing highlights. During the quarter, we were awarded additional new business by Kraft. As you may recall, we were selected to create custom magazines and provide content for E-Mail campaigns when we announced this important new E-Mail relationship with Kraft in the fall of 2007. In the short time since then, we have successfully secured additional new Kraft business, including circulation, database and campaign management programs, along with custom video production. Genex has been engaged by Cessna, the world's largest private aircraft manufacturing company, to redesign and develop Cessna.com.

The new site to launch later this year will feature robust aircraft comparison tools and interactive showrooms. Genex has also been hired by Realogy to design and to develop a web site in conjunction with the Better Homes and Gardens real estate service that will launch on July 1. This new site will serve brokers, agents, and consumers alike. Over the past two years, we have worked aggressively to transform Meredith Integrated Marketing from principally a custom publisher to a comprehensive marketing services provider. The added capabilities further strengthen our competitive position and our relationships with key clients.

Now let me turn to Broadcasting Group performance for the third quarter. Fiscal third quarter Broadcasting operating profit was $19 million, compared to 21 million in the prior year quarter. Revenues were 78 million, down slightly from the prior year. During the quarter, growth in online, video, retransmission and political revenues offset weakness in spot television advertising, particularly in the automotive, retail and telecommunication categories. Meredith's television stations continued to enhance their competitive position among adults 25-54 in the February ratings book. Nashville, Flint-Saginaw, Las Vegas and Greenville all posted strong share growth in morning news. In addition, five of our station, led by Greenville and Las Vegas, increased overall sign-on to sign-off ratings.

Growing nontraditional sources of revenue is another component to our broadcasting growth strategies. Three examples include our Cornerstone marketing program, our new Job Connections initiative and Meredith Video Solution. Revenues from our unique Cornerstone and Meredith magazine-branded promotions increased nearly 10% in the quarter. Advertising revenues from markets' specific local promotions increased more than 40%.

Earlier this fiscal year, we piloted a new program called Job Connections in our Kansas City market. It takes advantage of the power and reach of our local television stations and their related web sites to meet the employment recruitment needs of local businesses. The Kansas City Pilot was quite successful, and we are rolling this new program out across our group beginning with Atlanta and Las Vegas. Better, the hour-long daily lifestyle television program that is produced by Meredith Video Solutions and runs across our station group is off to a strong start. It's currently syndicated in three non-Meredith stations and 18 additional non-Meredith markets are scheduled to begin airing the show later in calendar 2008.

Turning now to our company-wide online activities, third-quarter revenues across Meredith's consumer web site, including those branded by Publishing and Broadcasting, rose 12%, aided by strong growth at Meredith Video Solutions and our television station sites. Monthly unique visitors to Meredith's consumer web sites rose 15% to 19 million, and page views increased more than 25% to $170 million. Visitors to our web sites viewed 2.4 million videos monthly during the quarter. Additionally, Meredith secured more than 3.3 million online subscriptions during the first nine months of fiscal 2008 compared to 2.9 million during the prior year period. Last week, BHG.com was honored as Redesign of the Year and as Digital Team of the Year in the Media Industry Newsletter's Best of the Web competition.

Combined with our digital marketing activities that I mentioned earlier, we are making strong progress towards our previously stated goal of generating 10% of Meredith's revenues via online and video sources by our fiscal 2010. For the first nine months of fiscal 2008, approximately 6% of Meredith's revenue was generated via online sources, and that is up from 1.7% for all of our fiscal 2006. Turning now to some full company financial metrics, we generated more than $50 million in free cash flow in the quarter. We have repurchased approximately 1 million shares, more than triple the 280,000 shares repurchased in the third quarter of fiscal 2007. For the first nine months of fiscal 2008, we have repurchased approximately 2.4 million shares compared to 1.1 million shares of all of fiscal 2007. We have 1.2 million shares remaining under our current share repurchase authorization.

Unallocated corporate expenses were lower in the quarter, due primarily to lower management incentive accruals and employee benefit costs. Our current debt level is $445 million, down from $475 million at the start of fiscal 2008, and our average cost of those funds is 4.8%. We increased our quarterly dividend 16% to $0.21 per share during the fiscal third quarter. We've paid a dividend for 61 consecutive years, increasing it for 15 consecutive years. Looking at the balance of fiscal 2008, Meredith is facing a weaker economy and related advertising demand. Fourth-quarter Publishing advertising revenues and Broadcast pacings are currently down in the low double digits compared to the prior year quarter.

Meredith anticipates a 6% increase in paper prices and a 3% increase in postage rates, both effective in May of 2008. We expect unallocated corporate expenses to approximate 27 million for the full year of fiscal 2008 compared to 35 million in fiscal 2007, due primarily to careful expense management, lower management incentive accruals and employee benefits cost. Our overall effective tax rate is expected to be 39.1% for the full year fiscal 2008 and 40.4% for the fourth fiscal quarter. For the full fiscal year ending June 30, 2008, Meredith now expects to report earnings per share of $3.15 to $3.20 compared to the $3.31 reported for fiscal 2007.

To conclude, as I stated earlier, Meredith possesses a solid foundation and is well-positioned to build shareholder value over time. We have a powerful portfolio of highly profitable media brands and assets across multiple distribution platforms, and we're making continued investments to grow them in line with consumer demand and preference. Our non-advertising sources of revenue, including our Integrated Marketing and brand licensing businesses, are positioned for continued rapid growth. We have an extremely talented and deep bench of management. Broadcasting Group President Paul Karpowicz and Publishing Group President Jack Griffin were each recently named Broadcaster and Publisher of the Year, respectively, by prominent industry trade organizations. We generate significant free cash flow, have a conservative balance sheet and modest levels of debt at a low cost of funds. Finally, we have a proven track record of outperforming our respective industries, and growing market share, particularly in economic downturns. This has enabled us to emerge in a stronger competitive position. Now, we'd be happy to answer any questions that you might have.

QUESTIONS AND ANSWERS

Operator

(OPERATOR INSTRUCTIONS) And our first question is from the line of Karl Choi from Merrill Lynch. Please go ahead.

Karl Choi - *Merrill Lynch - Analyst*

Hi. I have a few questions. The first one is on the TV side. Could you talk a bit about the pacings for the fourth quarter? Is there any sort of particular weakness either for geographic location or affiliation or is it pretty weak across the board? And second is, as far as your guidance is concerned for the fourth quarter it looks like if I do my math right the non-postage or non-paper cost actually is going to be up from here slightly or not really, you know, coming down a whole lot even though the revenues are under some pressure. I am just trying to see if there is any unusual timing as far as cost is concerned.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay, Karl, let me take those in opposite order while we dig out the pacing information that you requested. I am not quite sure, you know, how you are doing the calculations, but certainly compared to either what we would have anticipated earlier or to the fourth quarter in the prior year as reported, we will have expense reductions across the organization. As I mentioned earlier, part of that being places that we think of as discretionary spending, part of it related to lower incentive incruals and some favorable results that we've had in benefits, primarily in our health care activity for for the year to date; and as it relates to pacings -- and of course, this is just basically pacings as of last Friday. May is a weaker month than April at this point, and of course it is very, very early for June, but June sort of looks like the quarter taken as a whole. And I don't have the affiliate information at my finger tips. And Paul Karpowicz, I don't know if you could add anything to that, and if not Karl, we can get back to you a little later with the data.

Paul A. Karpowicz - *Meredith Corporation - President - Broadcasting Group*

Yes, this is Paul. It's -- you know, your question was it across the board -- and certainly there is a softness across the board; however, certain markets like Phoenix and Las Vegas that have traditionally been very, very hot markets for us have slowed down and the result, we are seeing unusual softness in those places. So while our pacing is still very much up in the air as it relates to June, we do know that Phoenix and Vegas specifically have not been particularly helpful. But there's really no trend across affiliation or even geography. It's just in two markets where they have had some significant housing foreclosure mortgage issues. We are seeing a significant slowdown there.

Karl Choi - *Merrill Lynch - Analyst*

Can I follow up on my question then, Steve? Is it possible to sort of give us some sense of what you expect EBITDA margins to be for the segment -- either for the quarter or for the year just to give us a better sense then?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Yes, for the full year, Karl, my best estimate now is that total company EBITDA margin would be about a point lower than it was a year ago. And, of course, there is a lot of things between now and the -- the end of the year that, you know, could move that a bit, but that is my best sense in terms of where we are right now.

Karl Choi - *Merrill Lynch - Analyst*

Okay. Last question. What about page advertising realization in the second quarter? You saw pretty good realization in the third fiscal quarter. Just wondering what you are seeing in the fourth quarter.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Obviously, we are a little more than halfway through booking the advertising. And while we are still seeing improvement in the net per page, it doesn't appear to be as strong as it was in our third fiscal quarter when it was really very, very strong. But we are still seeing improvements; but obviously, we don't know where the July issues are going to finalize and we don't have that data for the June issues either at this point perfectly finished.

Karl Choi - *Merrill Lynch - Analyst*

Great. Thanks.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay? Thanks, Karl.

Operator

Next, we go to the line of Barton Crockett from J.P. Morgan. Please go ahead.

Barton Crockett - *JP Morgan Securities, Inc. - Analyst*

Okay, great. Thanks a lot. I just wanted to clarify one thing in terms of putting this double-digit decline that you're seeing here in the fourth quarter in context. As I look back historically, you haven't seen declines of this magnitude really since like, you know, September '01, December '01, March '01 in the respective segments, and there it was a pretty dramatic situation there economically and just broader. I mean, the situation that you are encountering here seems relatively unprecedented. And I'm just wondering, on a qualitative basis, if would you'd echo that and within that, if you could provide some context in terms of why you are so confident that it is more cyclical than secular.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Well, let me take that, I guess -- and thanks for those questions, Barton. Let me take that in reverse order. And I think the primary reason that we feel so strongly this is cyclular is that we have absolutely seen no change in our interaction with the consumer; and of course, the important measure is the big, big mail volumes we do right at the end of the calendar year and the mail activities again in March, in terms of our response rate, our renewal rate. Absolutely rock solid and really no deviations that would cause us to believe that the very, very large consumer audiences that we aggregate are going somewhere else for that information. And that is obviously the most important part of the long-term impact on advertising revenue. In addition, and some of you may recall that there was an industry conference a few weeks ago -- several weeks ago I guess now -- the Bear Stearns conference.

Jack Griffin and I were there and we were talking, you know, to the best of our knowledge at that point about advertising in the fourth quarter; and this for us is the May, June, July issues of the magazine, and we did have a pretty good sense of the May issues at that time, and they looked like the third-quarter results. And the June issues were quite weak, and July appears to look like June; and so at this point in time, it's kind of two sets of issues not 10 or 12. And so, you know, what we are giving you is our best sense based on really the data points that we have available. And if you -- regarding pacings, sort of the same thing. The April month, you know, is better than what we are seeing for May and June.

And so it's -- you know, it is a series of data points, and obviously we are trying to get a sense of, you know, what this means and what the duration will be, and that's kind of where we are at this point, Barton.

Barton Crockett - *JP Morgan Securities, Inc. - Analyst*

Okay. All right, shifting gears a little bit in terms of expenses. You guys in the last significant ad downturn were able to cut expenses quite a lot like the March and June quarters of '02. You were down, you know, 6% year-over-year and double digits and year to year in those quarters. Is there anything -- I know you have got some rising [INAUDIBLE] in postage and paper; but overall, I mean, there any reason now you would have less flexibility now to cut costs than did you back then?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Well, you have already focused on the biggest issue, and then I will give you some sense of the things that we are able to do. But we purchased on an annual basis a little bit less than $200 million in paper. And so with the three increases -- the November, February and the anticipated May -- the fourth-quarter prices will be up about 15% year-over-year, and of course the volume will ultimately depend on where advertising plays out as we finalize those books. But certainly we are very, very carefully managing expenses across the enterprise, and really focused aggressively in places such as contract renegotiation, where they are open at this point, expanded use of our digital technology that includes what we can do with our photography and our in-house pre-press operations, clearly limiting any discretionary travel and deferring capital expenditures and holding positions open until later time periods where possible. And those are the kind of things that we can do -- I guess what I would say sort of short-term and tactical while we are getting a sense of you know where the advertising market plays out.

Barton Crockett - *JP Morgan Securities, Inc. - Analyst*

Okay.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay?

Barton Crockett - *JP Morgan Securities, Inc. - Analyst*

And then just one final question. Can you update us where you are with the CFO search?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Sure, happy to do that. We have engaged Spencer Stewart. And I have been very, very pleased with the interest that we have seen. We have done one round of interviews, having some follow-ups with that first group of candidates, and next week we will be introduced to two additional very interesting candidates; and, you know, I think in the relative near term, we will have the search wrapped up. I'm feeling very, very good about the response from people who have important industry knowledge, and some beyond our traditional industry.

Barton Crockett - *JP Morgan Securities, Inc. - Analyst*

Okay, thank you.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay, thank you.

Operator

Next we go to the line of Paul Ginocchio from Deutsche Bank.

Paul Ginocchio - *Deutsche Bank - Analyst*

Thanks. Hey, good morning, Steve. First, can you just talk about some of the -- what categories [INAUDIBLE] we've gone from the fiscal third quarter to sort of June-July. Sounds like obviously there was a downturn. Which categories caused that sort of incremental deterioration? And then second, begin looking at you're '01 and '02 performance. You're down -- I think your ad revenues on a clean basis were down mid single digits. But sort ow what you are seeing now in the fourth quarter, it seems like the driver of this downturn is a little bit different than the driver of the last one with house and gas prices. So is it -- do you think it is unreasonable to assume that this downturn looks a little worse than the '01, '02 one in your eyes? Thanks.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Well, I will start with that second part of your question, and then I will be -- I will ask Jack and Paul to speak to categories for -- for their respective businesses. If you go back again and look at the '01 and '02, the real sharp decline really happened in the quarter -- the first calendar quarter right after 9/11, and it was -- you know, it was very, very dramatic. As I said, what feels different us to at this point in time is that we are really dealing with kind of two months out of a quarter, and obviously I think the more important thing will be how it paces as we go on into what will be the first quarter of our new fiscal year. And, you know, we will be providing information on that as it comes available, and we will have, you know, some sense at the mid-year media review and certainly better sense when we release earnings. But there are different circumstances than there were before. It's not event based. I would say it is more macro-economic based at this point in time. And like everyone in the market, we are cautious and we are trying to get a sense of really where it is going to play out a little bit longer term. But Jack, why don't you speak to the category information in the third fiscal?

John H. Griffin, Jr. - *Meredith Corporation - President - Publishing Group*

Paul, this is Jack Griffin, and let me try to see if I can give some narrative to the Publishing advertising performance in addition to what Steve has already mentioned. As you remember, 2007 from a calendar year standpoint was quite good; and the first half of our calendar 2007 we started to see some real momentum in the business, so we're up against those comparables. We are very clearly in a difficult environment presently. But it's quite interesting if you look at the first five months of the calendar year for Meredith -- that's the January through May issues -- in the aggregate we strung together five sets of issues that were down from the prior year in revenue in the low to mid single digits. Even though the paging information that you see publicly looks more like it is in the high single digits, we have been doing a very good job on pricing.

Baked into that performance, that sort of string of five issues, we saw a pretty uniform weakness in which we overindexed as a Company relative to the competitive sets. So that would be DCT Pharmaceuticals, Home and -- excuse me, Household Supplies and Direct Response. So double-digit weakness in those categories that when you add them all up were 30% to 40% of our business. So the downturn that we experienced was not surprising to us. Also in this environment, we have been we have been -- we had been and have been achieving strong pricing performance, and that is absolutely critical to our business in an environment when paper, as Steve said, is going up by a healthy clip and postage is going up. So through the May issues, the performance that we were achieving was -- was quite understandable to us and in advertising categories that were behaving as we expected them to.

Now what we have seen in one month, in the month of June as Steve said, the performance -- and you haven't seen the public numbers yet -- but the performance was disappointing. And driving it were the categories that I mentioned previously that had been weak all along and a sudden downturn in the food category. In the third fiscal quarter, Food and Beverage was up in the mid double digits, so about 15%. And then all of a sudden we turn into the period of June and it has been now -- it is now down in the double digits. So we're closing July issues -- and as Steve said, July is behaving like June. So we essentially have two issues, two sets of issues, at the end of our fiscal year that are down in a tough environment. They are disappointing to us.

Our teams are all over the business doing everything you can imagine to remediate the performance. And we essentially have two tough issues in a tough environment, and we are sorting out the exact construct of the decline, and when we talk to you next time, we will be able to speak with great -- in great detail about where it is coming from; but I would sort of summarize by saying that the new news in the fourth quarter that has made it so different than the prior period is the downturn in food, and that is our largest category.

Paul Ginocchio - *Deutsche Bank - Analyst*

Excellent, Jack. Thanks very much.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Paul, you want to speak to category?

Paul A. Karpowicz - *Meredith Corporation - President - Broadcasting Group*

Well, I think for the broadcast side, the most significant category is automotive, and automotive represents about 25% of our total business. And when you have the largest category down double digits, obviously that's where we are seeing major softness. And ,in the quarter that we are currently in, much of the automotive was booked but now we are seeing cancellations on a pretty regular basis and that's been very frustrating. So really as far as categories go, I would have to say it is primarily automotive.

Paul Ginocchio - *Deutsche Bank - Analyst*

Thank you.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay. Thank you for the question.

Operator

Next we go to the line of Catriona Fallon from Citigroup.

Catriona Fallon - *Citigroup - Analyst*

Yes, hi. Thanks for taking the question. I am trying -- I am trying to work through kind of what has changed over the past month. I mean, you know, we had been watching the magazine ad pages and they had been quite bad through the entire quarter, and yet you still hit the revenue number and you hit the bottom line and now you are guiding essentially down $0.35 for the next quarter. So even if I take, you know, what you are saying about double-digit declines in Publishing and Broadcasting, it is still tough for me to see how costs are increasing, you know, as much as you are indicating. I mean, when you spoke at Bear Stearns, you were already seeing paper prices up 6% to 7% and postage, you were expecting that to be up. So I am just -- you know, I'm just trying to understand what has changed about the business to make you so much more negative on the bottom line today versus a month ago?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Well, to be very clear once again, we have provided no guidance until today about the fourth quarter in -- in any way, shape or form, but the fundamental difference is that -- let's just take Publishing as an example. We were down 4%, 5% in advertising, and with the combination of very strong revenue per page that we delivered, cost management and really strong growth from the non-advertising-based businesses, Publishing was able basically to deliver results that looked a lot like the third quarter. Now we turn to the fourth quarter and the story company-wide, or Publishing in particular, is really very much related to the advertising information that we have provided this morning. It has to do with volume and it is -- if you do the calculation of the impact of advertising for both Publishing and Broadcasting, it is about $0.20 a share more than the change in guidance.

So we are able to offset that partially by the volume reductions which require less paper, expense reductions that we are making and continued strong increases in Integrated Marketing. But the math and the delta is very much advertising volume related in the two businesses.

Catriona Fallon - *Citigroup - Analyst*

Okay. And just to clarify. I mean, you speak of the 40% of revenue that is from non-advertising businesses, but in reality, if that's coming from Genex and Directive, it's basically custom marketing for a lot of clients, as well. So it is -- it is marketing services oriented, although it is not traditional advertising in your magazines or on your television stations, correct?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Well, it's not exactly correct. It is very different than in advertising for two key reasons. First and foremost, it doesn't come out of advertising budget; so it's not a matter of going back and reselling all the space in the magazines or reselling all the spots available on our television stations month after month after month. They tend to be multiple million dollar contracts that are signed for multiple years. And it's not advertising related monies. We don't call on the same people we call on for advertising and the decisions are made very high in the organizations, and they tend to be quite strategic in nature. And for that reason we think of it and we call it out as non-advertising sources because it is non-advertising sources.

Catriona Fallon - *Citigroup - Analyst*

Okay, thank you.

Operator

And next we go to the line of Michael Meltz from Bear Stearns. Please go ahead.

Michael Meltz - *Bear Stearns - Analyst*

Hi, I will try to be quick here. Can you give us the revenue contribution from the three acquisitions in the quarter? And I have two follow-ups.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

How about giving me the follow-ups while I dig out the numbers you are talking about?

Michael Meltz - *Bear Stearns - Analyst*

Sure. It sounds -- in tone it sounds like on the online side it was a slower quarter for your publishing properties. Can you talk a little bit about what you have seen there and what the expectation is?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Yes. You are correct in that, and I think I'll ask Jack to put some additional color around that; but, you know, the interesting thing you may recall that that was a business I ran day to day many years ago. Our advertising in our consumer web sites on the publishing side has always mirrored and been the exact same clients that we were dealing with on the print side. And that has been mostly good for us and allowed us to do some cross selling. And so we are really dealing with some of the same budget constraints on the Internet side that we are on traditional publishing. But I will ask Jack to speak to the Internet while I get the other information.

John H. Griffin, Jr. - *Meredith Corporation - President - Publishing Group*

Yes, as Steve said, our revenue performance in Publishing on the Internet in the quarter was weaker than we had hoped. Steve talked about some of the advertising category related factors that go into that, and I think there are some other factors that are worth mentioning when you look at the competitive construct of that business. As you all see every day, lots written about the advertising networks, and particularly advertising networks social media and consumer generated content. The amount of inventory that has now been rolled off and put in front of major advertising buyers from these nonbranded sites is -- is really remarkable versus a year ago. So it has put downward pressure on CPMs. If you look at some of the social media rollups today, they are doing CPMs in the $2 to $3 range. However, where -- in the branded business -- we are heavily in the branded business and we have been very steadfast in holding our CPMs and maximizing our salable inventory and riding through this period that I think is really very quite a time in the online space. We are seeing as we turn into the fourth quarter May and June bookings that we think are encouraging and that validate what we are doing to ride through this period of category weakness and fairly significant downward pressure on pricing as -- as a function of all of this new inventory that is all of a sudden available to big advertising buyers, so --

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Michael Meltz - *Bear Stearns - Analyst*

Jack, was your online -- at the Publishing Group, was your online revenue up in Q3 and are you expecting it to be up in Q4?

John H. Griffin, Jr. - *Meredith Corporation - President - Publishing Group*

Our online revenue was not -- publishing was not up in Q3.

Michael Meltz - *Bear Stearns - Analyst*

Okay.

John H. Griffin, Jr. - *Meredith Corporation - President - Publishing Group*

We are expecting it in Q4. We don't have -- we don't have the outlook for Q4 given that we're really in third week of the first month. The online business behaves more like the broadcasting business where we book it day to day.

Michael Meltz - *Bear Stearns - Analyst*

Understood. Understood. Paul, I have two questions for you. Can you give us -- I don't think you mentioned political today. Can you give us an update as to what you are seeing and what your expectation are for political ad spending in your markets?

Paul A. Karpowicz - *Meredith Corporation - President - Broadcasting Group*

Well, it's been spotty today. And while there has been political activity out in the broadcast universe, it has been very specific. Obviously, Pennsylvania has seen a lot of money. Ohio saw a lot of money. Iowa saw a lot of money. New Hampshire saw a lot of money. If you were not in any of those states, you probably have not seen a lot of money to date. Currently, we are seeing some money in our Portland station. And we do have expectations as we get deeper into the political season that we have got some pretty compelling local races, whether they be gubernatorial and -- in our Kansas City station. We think we have got some opportunities on the -- on the House and Senate side in Arizona. But from a presidential perspective, we don't see a lot of additional dollars coming through just yet. But right now we are kind of tracking about where we thought we would be on political. We had not budgeted for a huge political year based on our knowledge of where the key local races were going to be. So we are -- we are about where we thought we would be in terms of political.

Michael Meltz - *Bear Stearns - Analyst*

So as you look forward, is -- I don't want to speak for you. Is your sense, though, that the fiscal '09 may be closer to 05 than '07?

John H. Griffin, Jr. - *Meredith Corporation - President - Publishing Group*

Well, in '07 -- and I don't know if you remember, but we had an extraordinary year in '07, primarily because of the very unusual situation that happened in our Hartford market where Senator Lieberman ran against -- you know, there were three people in the race and that really kind of skewed our political revenue that year. So, yes, I think you are correct that our political revenue is going to be more in line with what we saw in '05 versus '07.

Michael Meltz - *Bear Stearns - Analyst*

Okay. Last question from me. In the quarter, can you just -- I don't know if you said this -- I know you talked about auto being weak. What was the delta in local versus national advertising?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Well, let's get -- we'll dig that out and let me answer your earlier question on Integrated Marketing.

Michael Meltz - *Bear Stearns - Analyst*

Sure.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay. As I said earlier, if you look at the business in total, revenue is up about 50% and profit increased more than 150%. If you back out the acquisitions, revenue was up about 30% and profit more than doubled from our traditional or our core business. And those acquisitions added about $5 million to the top line in the quarter.

Michael Meltz - *Bear Stearns - Analyst*

Okay.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay?

Michael Meltz - *Bear Stearns - Analyst*

Thank you, Steve.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay?

John H. Griffin, Jr. - *Meredith Corporation - President - Publishing Group*

Okay, on the difference between local and national -- now this is for third quarter?

Michael Meltz - *Bear Stearns - Analyst*

Yes.

John H. Griffin, Jr. - *Meredith Corporation - President - Publishing Group*

Okay, nonpolitical local will be about minus 4 and national was about minus 8. Got it. Okay. Thanks for your time.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Thank you.

Operator

Next we go to the line of Robert Rodriguez from First Pacific Advisors. Please go ahead.

Robert Rodriguez - *First Pacific Advisor - Analyst*

I am curious. I am new to your company and all. Have you done an overlay on your magazine distributions and subscriptions versus zip codes so that you can identify whether you are getting a skewing in your recirculation, advertising, et cetera, so you can see whether it's pockets or whether it is more granulated across your entire advertising and circulation base?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay, hit me again with that question, because I am having a little --

Robert Rodriguez - *First Pacific Advisor - Analyst*

Okay, I will go through it this way. There are collapses going on in this country right now. California, Florida, Nevada -- I can go down through that and down to zip codes. You can do it by zip codes in terms of what is going on in the housing sector. Obviously, you have circulations that are publications and advertising that direct go to those areas? Have you overlaid zip code with your circulation advertising to see whether you are having a much more severe skewing in certain areas, or is your advertising and circulation issues more granulated across the entire country?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay. Thank you. Well, first of all, our circulation base is not coastal. So it tends to be more in the center of the country, really because of the type of publications we create and the audience that we speak to. But the advertising is sold on a national basis. And so we had a couple issues that Paul mentioned with weaker housing markets in Phoenix and Las Vegas on the television side, but there are no such factors really at play from a magazine point of view, because there is very little regional advertising. There was, you know, many years ago, but that pretty well is not part of the business. And of course, as we said earlier, the readership numbers are actually up over this time period.

Robert Rodriguez - *First Pacific Advisor - Analyst*

Okay. And a follow-up. I can see your period of time right now that you are facing with rising postal rates, rising paper, high energy prices that are hitting the consumer is very much analogous to the late 1970s. Have you taken a look at your business of what you are going through today vis-a-vis shall we say your late 1970s experience, and have you discerned anything from this?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

We have not specifically looked at the late 1970s, but even in all sincerity trying to look at the post-September 11th time period, we have such a very, very different portfolio of assets. We were very, very home-dominant back at that point in time. Over about 40% of our revenue on the print side came from home and direct response. And then since you are a little bit newer to the story, we made a series of acquisitions that added a whole parenthood business into the market. And we have a much larger broadcast operation than we would have had in either of those time periods. But we can go back and look at the '70s, but this was just much, much smaller and a much, much more narrowly-focused company at this point in time.

Robert Rodriguez - *First Pacific Advisor - Analyst*

I can appreciate that, but the trends right now -- the consumer out is getting hit with elements that I haven't seen since the early 1980s. And having been on the corporate side, we experienced those and it seemed awfully similar to what you guys are starting to go through right now.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Well, that is very helpful and we will take a look at that, thank you.

Robert Rodriguez - *First Pacific Advisor - Analyst*

Bye-bye.

Operator

Next question go to the line of Edward Atorino from Benchmark.

Edward Atorino - *The Benchmark Company - Analyst*

Hi, good morning. In one of the handouts you indicated you might get online reviews $50 million bucks in view of -- this year versus 35 in FY '07; given what was said earlier about the trends there, do you still think that is a target, number one? Number two, if you look at the non -- the non-advertising, noncirculation portion of the magazine group, could you maybe break that down a little bit in terms of what's integrated marketing, what's new media, et cetera. I think it's about -- because if I did my math right it is about $81.5 million.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

And what time period, Ed, are you speak being?

Edward Atorino - *The Benchmark Company - Analyst*

For the third quarter.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay, all right, thank you. Well, first of all from an on-line point of view, I think that that $50 million number from online sources is a very safe number at this point in time, you know, because we have had very good growth on both the video and broadcasting side and even in the third quarter with the softness that Jack mentioned in Publishing, you know, we are very much on track for those online measures. So I think your number is a safe number.

Edward Atorino - *The Benchmark Company - Analyst*

No, it's your number.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

-- from an earlier discussion. The mix is a little different, but I think -- I think the number is -- is secure. Now, you were looking on the press release, is that correct, in the other category?

Edward Atorino - *The Benchmark Company - Analyst*

Well, I didn't -- I don't think it is broken out in the press release, but if you take the total Publishing revenues of 323 and if you deduct advertising and you deduct circulation, there is an "other" number, which I get is $81.5 million. I guess that is made up of Integrated Marketing, new media, licensing, et cetera, right?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Yes, and the largest piece of that is the Integrated Marketing activity.

Edward Atorino - *The Benchmark Company - Analyst*

Half -- I don't know, would you give any granularity to those numbers at all? Well, licensing -- licensing I think you said $12 million or whatever it was. And if I divide that by 4 I would get a number for licensing, right? And if I take the $50 million in new media and figure most of that's in Publishing, I can get a number for that. And what's left [INAUDIBLE], book publishing and Integrated Marketing, right?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

And the Integrated Marketing piece would be about half of that number -- of the remaining number, Ed.

Edward Atorino - *The Benchmark Company - Analyst*

Okay. That will work.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay, Thank you.

Operator

Next we go to the line of William Bird from Steinford. Please go ahead.

William Bird - *Smith Barney Citigroup - Analyst*

Yes, hey, Steve. I was wondering if you could give us how June finished up? Would our ad pages be expected to be down for June, and then I was just wondering if you could talk about publishing ad pricing for the March quarter versus the June quarter.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Sure. June isn't quite finished yet. But as Jack said, it was the -- it was really the month that was quite weak in the fourth quarter to date. And so, you know, that would be certainly well into a double-digit decline in both pages and in revenue. But we are not quite finished yet, and we are obviously working on July; so that's where we are, and I think I said earlier on the call that we are still seeing in those issues improvement in net per page but the improvement is not as strong as it was in the third fiscal quarter.

William Bird - *Smith Barney Citigroup - Analyst*

And what was it in the third fiscal quarter?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Probably 4% or 5%.

William Bird - *Smith Barney Citigroup - Analyst*

4% or 5%. And would you say it is maybe half that in the June quarter?

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Probably something like that would be my best guess. Obviously, not knowing where July is really going to come out.

William Bird - *Smith Barney Citigroup - Analyst*

Okay.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay?

William Bird - *Smith Barney Citigroup - Analyst*

Thank you very much.

Operator

Your last question is a follow-up from Barton Crockett with J.P. Morgan. Please go ahead.

Barton Crockett - *JP Morgan Securities, Inc. - Analyst*

Okay. Great. Thanks for taking the follow-up. I'm just wondering if you can comment on how you see your magazines trending versus the competitive set for the -- once we -- once you have data. And in particular, just looking at one of the magazines that is relatively visible, the Martha Stewart magazine seems to have held up pretty well. If you can comment what seems to be working there that isn't really benefiting you. Thanks.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

From the information that we have publicly to date, and you know that is only two of the months that we are talking about here, we would see that we would have slightly less overall share by maybe a 10th of a point or two compared to the same period a year ago. And obviously, we don't have any of the data related to the fourth fiscal quarter where, especially in the months of June and July, we think we are going to have, you know, pretty weak issues. And the real reason that you see those changes have to do with what Jack mentioned earlier, which was the categories where we really overindexed compared to the industry taken as a whole, and especially in the whole pharma area. And, Jack, if you'd want to add to that?

John H. Griffin, Jr. - *Meredith Corporation - President - Publishing Group*

Sure. I am looking at data through May, and the -- I am looking at Martha Stewart Living, for example, Barton, and through May looks about flat for the prior year. If you remember Martha Stewart Living as magazine is coming out of a trough that was related to the difficulties in that company that go back to 2004. Through that period, the magazine Martha Stewart would run about 526 pages for the five-Monday period. In absolute numbers, that would compare to Better Homes and Gardens at 706 and a

Family Circle at 602. So I think that gives you some indication in terms of absolute numbers of the -- of the relative scale of the magazine.

There is no question that the public page numbers for some of our big titles have been off from the prior year. I talked about that a little bit previously. It is a function of the advertising categories. It is a function of the comps from the prior year. And it is a function of this environment that is, as you know, quite difficult, particularly in the home area and the pharma area. But what I can tell as that we have programs and plans in place at our Senior Management levels to get this advertising momentum story headed in the direction that we want it to. We have special sales incentives. We have a major effort going on in terms of advertising category, diversification. We have a new new corporate marketing program hitting the streets, emphasizing the reach and efficiency of Meredith as a whole, which is incredibly important to major advertisers in this kind of a difficult economic environment, and we are continuing to invest in our group sales in Meredith 360 and cross platform programs. So we have a management team that is all over this in our magazine business and are out there working with clients and agencies to maximize every revenue opportunity in what is clearly an environment that calls for continued and renewed vigilance.

Barton Crockett - *JP Morgan Securities, Inc. - Analyst*

Okay. All right, great. Thanks for going through that.

Operator

And speakers, I will turn the call back over to you for any closing comments.

Stephen M. Lacy - *Meredith Corporation - CEO, President & Executive Director*

Okay. Thank you very much. We certainly appreciate everyone's attention and the questions that came through on -- on the call today. And I will be available should there be any follow-on questions and would be happy to take those as well. Thank you very much.

Operator

Ladies and gentlemen, this conference is available for replay after 1 p.m. Eastern Time today through April 29th at midnight. You may access the AT&T executive replay service at any time by dialing 1-800-475-6701 and enter the access code of 916134. International participants may dial 320-365-3844. Again, those numbers are 1-800-475-6701, and 320-365-3844, with the access code of 916134, and it is available after 1 p.m. Eastern Time today through April 29th at midnight. That does conclude your conference for today. Thank you for your participation. You may now disconnect.
