

MEREDITH CORPORATION
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Good morning, everybody. My name is Lucas Binder. I am the publishing analyst here at UBS. It is my pleasure to introduce Meredith Corporation. We have Stephen Lacy, President and CEO, and Suku Radia, the Chief Financial Officer. I'm going to turn it over to Stephen, let him go through the presentation, and then we will have a chance to do some Q&A at the end. So with that, I'll turn it over to Stephen.

STEVE LACY

Thank you very much, and good morning. We certainly appreciate the opportunity to be with you this morning and share some insight on Meredith and the value that we offer the investment community.

Also joining Suku and me this morning is Mike Lovell, who is our Director of Investor Relations, and if there are any follow-on questions that you might have that aren't answered this morning, be sure and get your card to Mike. Would you raise your hand, Mike, so everybody sees you? And we'll be very happy to follow up with you in the future.

We have made a very strong effort in our presentation this morning to address some of the specific questions that we have been getting from the investment community in recent weeks. I'll start with a brief company overview and then review the performance of our two large operating groups, Publishing and Broadcasting, and tell you about a series of initiatives that are underway at Meredith to generate new sources of revenue for the Company as we look to the future. Suku will provide a financial update, and then we'll be happy to respond to any questions that you might have.

Our presentation this morning includes certain forward-looking statements intended to serve as a reminder of the factors that could impact our business and its results over time. The presentation also includes some references to non-GAAP financial measures such as EBITDA and free cash flow. The financial statements and the tables that reconcile GAAP results to non-GAAP measures are always posted on the Meredith corporate website.

Let me begin this morning with a quick overview of our company, which has now been in existence for more than 105 years. Most people know us best for our magazine portfolio, and we do produce some of the most widely read publications in the industry, reaching 75 million unduplicated women each month.

We own one of the most recognized media brands, *Better Homes and Gardens*, and we've made a series of acquisitions in recent years that have given us additional strong brands to reach out and serve the daughters of the Baby Boom Generation that has really built the Meredith Corporation. We also have established a leading position serving the rapidly growing Hispanic marketplace.

In broadcasting today we reach about 10 percent of the U.S. households. And our local news focus and our ability to leverage our publishing brands distinguish our stations in their individual local marketplace. Today we distribute our news content across a series of media platforms. Our Web sites serve 14 million unique visitors and generate 200 million page views monthly on an average basis.

Our 85-million name consumer database is one of the largest in the media industry. It's a tremendous asset that we use to support not only our circulation activity but to help us expand in the marketing service arena that I'll talk about in just a few moments.

While Meredith has evolved into much more than a traditional magazine company, our powerful and proven brands have enduring consumer appeal. Our evergreen content in subject areas that matter most to women differentiates us in the marketplace, as total magazine readership continues to reach nearly a hundred million consumers. This strong and unwavering readership is really in sharp contrast to most others in the print industry, newspapers and news weekly magazines in particular that have experienced significant declines in readership in recent years.

Starting in the mid-1990s we built a strong Internet presence, complementing both our publishing and our broadcasting activities. In 2002, we were averaging about 4 million unique visitors; and, as I mentioned a moment ago, today we're serving about 14 million uniques on a monthly basis.

The Internet is also an important tool, generating subscriptions in support of our magazine circulation activity. Internet subscriptions cost about half what it takes from normal direct-mail sources to find a new subscriber, and we generated nearly 3 million orders online in our last fiscal year.

As a result of our strong online businesses and brands, our online revenues and profits are growing rapidly. Operating profit from our Internet activities increased 50 percent in our fiscal 2007.

As we look ahead, we're focused on four key strategic areas of growth:

- Continuing to strengthen and develop our publishing business and brands;
- Through the recent acquisitions and new business wins, expanding our custom marketing business;
- Growing our core broadcasting business where we continue to increase profit margins over time;
- And expanding our online and video activities to help deliver content across multiple media platforms.

And I'll provide some detail on each one of these initiatives over the next few moments.

Today Meredith is clearly the leading publisher serving women in this country. Our reach to 75 million unduplicated women every month easily surpasses the female reach of Time Inc., Hearst and Condé Nast. From new homeowners to new mothers to affluent empty-nesters, we serve the full spectrum of women across various lifestages. We provide the information and the inspiration that fuels her passions in the areas of caring for her family, her home and their health and well-being.

In *Better Homes and Gardens*, *Ladies' Home Journal*, *Family Circle* and *Parents* are four of the most-recognized brands in the industry today. Many of our newer titles have tremendous upside potential as we look to the future, including *More*, *Fitness* and *Siempre Mujer*, our recently launched Spanish-language women's lifestyle title.

From a magazine perspective, calendar 2007 has been a tremendous year. *Better Homes and Gardens* and *More* magazines recently captured the top two spots on *Advertising Age's* annual magazine "A List." This prestigious recognition shows the meaningful efforts that we have put forth in further developing these already very powerful brands. *More* magazine has been on the "A List" four of the last five years. These honors are important in the marketplace and will in fact help on the advertising front as we look to the future.

Our flagship brand, *Better Homes and Gardens*, has a circulation of 7.6 million, a level that we have maintained for many, many years. It is in fact America's leading home enthusiast magazine, and we've made excellent progress in growing and developing this brand. We relaunched BHG.com recently. It's performing very well, as is advertising revenue generated across the brand.

Family Circle is also experiencing tremendous growth. We have a great sales and editorial team leading that brand. A new, cleaner design is a big hit with the consumer population, and advertising revenues are up 14 percent in calendar 2007.

In *Parents* we've strengthened an already very powerful brand since acquiring it in 2005. We have hired a very aggressive sales leadership team and have applied Meredith's proven circulation strategies to improve the mix in *Parents*. Additionally, we've launched an exciting new online property and broadband video channel, and *Parents* is delivering a 13 percent gain in ad revenues in calendar 2007.

More magazine, which targets sophisticated women over the age of 40, is a great success. And we were really the first media company that found a successful way to serve this growing and attractive audience. We have increased *More's* rate base a number of times and plan to increase it again in February to 1.2 million. We have extended the brand to a series of events, including a model search and a marathon that grow each year. Advertising revenues at *More* were up 22 percent in calendar 2006 and are up another 29 percent in calendar 2007.

Our strong performance in advertising revenues in the current calendar year shows a 7 percent gain over calendar 2006. And in the first half of our fiscal '08, advertising revenues have increased 10 percent.

On this next slide you can see Meredith advertising pages by category in calendar 2001 and 2007 on the two left-hand columns. On the right you can see overall industry growth or decline over this same time period. Six years ago, one-quarter of our advertising pages came from the home category, another 17 percent from direct-response advertising. These two categories represented more than 40 percent of total ad pages at that point. We established a clear strategy to diversify our ad revenue stream, and we accomplished this objective during this time period in two ways:

First, we made a series of strategic acquisitions starting with *American Baby*, followed by *Parents*, *Family Circle* and *Fitness* magazines. This helped us increase our presence in the five key growth categories that you see at the top of the slide.

Second, we emphasize diversification within our existing portfolio of properties. History, represented by the industry growth at the far right-hand column, has proven this to be a wise strategy.

In addition to the growth and investments we continue to make in our magazine portfolio, we also have taken a series of steps to capitalize on the strength of these brands and develop new revenue streams in the form of brand licensing.

Earlier this year we announced a licensing agreement with Universal Furniture to create a line of Better Homes and Gardens branded furniture, wood-case goods and upholstered products, for living rooms, bedrooms, dining rooms, at the mid- to upper-middle price point. This new line debuted at High Point at the furniture market last spring and is now available in over 300 retail locations across the country. While it's early, our reports are that the furniture is selling very well, and we'll keep you posted on sales activity as that data comes available in early calendar 2008.

In October we announced a new agreement that extends the Better Homes and Gardens brand to residential real estate sales. Under the term of this brand license, Realogy will create a new international real estate franchise under the Better Homes and Gardens brand. Realogy is the clear leader in the residential real estate industry with roughly one in every four homes in the country sold under one of its brands that you can see here on the slide.

Interestingly enough, about half of the real estate brokerages in the country are still unaffiliated with a national franchise, leaving a significant opportunity for a strong, new brand such as Better Homes and Gardens.

Looking to the future, Meredith will receive ongoing royalty payments from Realogy based on a percentage of sales from the Better Homes and Gardens Real Estate Franchise System. In addition, Realogy will market Meredith magazine subscriptions through its franchise network and purchase advertising in Meredith titles in support of the brand.

We've already seen the benefits of this new arrangement as one of our recent acquisitions in the online space, Genex, has been awarded the Web site work to create the new Web site for Better Homes and Gardens as part of the Realogy launch. This new business venture will launch in July of 2008.

In addition, our new agreement with Wal-Mart represents another exciting opportunity for Meredith and the expansion of the Better Homes and Gardens brand. Under the terms of our multiple-year license agreement, Meredith and Wal-Mart will work with a third-party design firm to create a line of home products for sale at Wal-Mart stores across the country. Research shows that many of our magazine readers are in fact Wal-Mart shoppers, and many of our largest advertisers sell a significant portion of their products at Wal-Mart stores across the country. We anticipate the Better Homes and Gardens line will be available for sale in the fall of 2008, and we'll provide more information about the timing and the scope in terms of number of SKUs at launch as it becomes available.

In aggregate, Meredith's current licensing businesses generate approximately \$15 million dollars in annual revenue. And this revenue is highly profitable from a margin perspective. We expect that our licensing revenues will increase by another \$10 to 12 million dollars in our fiscal 2009 as a result of the Universal Furniture, Realogy and new Wal-Mart programs. We continue to look for opportunities to extend our brands into complementary areas.

With that review of our consumer-based publishing business, let's turn to our strategy of expanding our custom marketing activities.

Integrated Marketing is the business-to-business arm of the Meredith Corporation. We have a very strong heritage in custom publishing that began over 40 years ago. This is in fact one of our fastest-growing businesses and one where funding for these large, custom programs typically comes from the marketing budget, which tends to be more secure than the advertising budget of our major corporate clients.

We are rapidly expanding the breadth of these customer marketing services, focusing on helping our clients with four key elements:

- Increasing the loyalty of their client-consumers;
- Helping our clients boost the products and services that they sell through to the individual consumer;
- Helping them find new customers and promoting their brands;
- And providing our clients with a measurable return on investment for these activities.

We have been rapidly transforming this business to better capture new opportunities. As I mentioned, we've offered custom publishing services now for over 40 years, and we continue to be very strong and develop major new business in this area.

We were recently selected to handle the custom publishing work for Kraft's *Food and Family* magazine. This account includes a custom magazine delivered to many million consumers five times a year and content for regular email blasts. It is most likely the largest custom publishing program in the industry, and maybe in the world, and we'll publish the first issue in the summer of calendar 2008.

We continue as a company to focus on adding new capabilities to our custom marketing business. On the first line of this next slide, you'll see Meredith Integrated Marketing as it existed 18 months ago, primarily as a very large and successful custom publisher. During the past 18 months we have transformed this business into a comprehensive set of marketing services providing cutting-edge digital services to our clients. We have added more than 200 highly skilled employees across the country, giving us the creative resources and the digital expertise to offer our clients the highest-quality marketing services available.

About two months ago we added the latest capability to Integrated Marketing with the acquisition of Directive, a firm specializing in database marketing, analytics, and customer asset management.

These acquisitions are making a major difference in the way we go to market. We're winning new clients, earning additional business from existing customers, and successfully defending the current programs that we operate.

Kraft, which I just mentioned, was a key win that happened in part because of the diverse new services that Meredith can now bring to one of our corporate clients. In addition to Kraft, we recently secured additional business from the Principal Financial Group, looking to build a corporate Web site in conjunction with its longstanding, "Plan Ahead, Get Ahead" program. We brought Genex to the table and were able to win this incremental business online.

We worked with Directive on the custom marketing business for Suzuki. And for Carnival Cruise Lines, we were able to secure additional database services in conjunction with Directive.

Our added capabilities are further strengthening our competitive position and our relationships with key corporate clients.

With that review of our custom marketing activity, let's turn for a few moments to our broadcasting business.

Our broadcasting footprint today includes 12 over-the-air stations and two digital operations. Ten of our stations are in the country's top 50 markets. According to the latest rankings, our markets grew at an average rate of 2.8 percent compared to the national average growth rate of only 1.3 percent. Three of our markets – Las Vegas, Atlanta and Phoenix – rank in the top ten in the country in terms of marketplace growth. Atlanta grew nearly 5 percent and surpassed Washington, D.C., to become the number eight marketplace in the country.

Our recently created Meredith Video Solutions Group, which I'll discuss in a few moments, works primarily at three locations – Portland, Des Moines and New York here on the East Coast.

Expanding and improving our news product is an important part of our initiative to grow broadcasting because it drives somewhere in the range of 35 to 45 percent of a station's revenue. And morning news is today the fastest-growing day part in the industry.

Over the past several years, we've dedicated increased resources to morning news, and it's really paying off. Ratings and share are up across the group, and we're especially pleased with the results in our FOX markets – Portland, Greenville and Las Vegas. That's illustrated here by a 16 percent growth in ratings in the important adult 25 to 54 demographic.

We have also made maximizing political advertising revenue a focus, and we were tremendously successful in fiscal '07 with record-breaking political revenue. We also think there are opportunities to increase our share in our fiscal '08, which is an off-political year. In 2006, the last non-political year, we generated nearly \$4 million dollars in political advertising. We believe that we can surpass this amount, and we're currently forecasting political in our current fiscal year in the range of \$5 to 7 million dollars.

This presidential primary season is really quite different from the past, because the states are continuing to jockey for position and improve their caucus or primary location. Similarly, and maybe surprisingly, we have seen even a greater emphasis and spending in both Iowa and New Hampshire, and both parties are pouring lots of dollars into those states.

So far we've seen a trickle of political advertising in Nevada and South Carolina, the next two states in the presidential lineup and states where we have television station operations. We're hopeful that more money frees up after the holidays due to the early primaries in Iowa and in New Hampshire.

On the next slide, we've highlighted total revenue gained from nontraditional sources in our Broadcasting Group, including our Cornerstone programs, the Internet, Meredith Video Solutions, and retransmission consent fees.

As a quick reminder, our Cornerstone programs are unique and differentiate us in the local market with the ability to leverage our publishing brands and repurpose content from our magazines into print and on-air schedules for local advertisers.

From a retransmission point of view, we received about \$5 million dollars in retransmission revenues in fiscal '07, most of which came from satellite providers. Our largest cable retransmission agreements are up for renewal a year from now in December 2008. We expect to recognize the full upside potential of retransmission revenues in our fiscal 2010. And although lots of negotiations are ahead, we believe total retransmission revenues could range from \$15 to 17 million dollars in fiscal 2010 compared to the \$5 million dollars that we generated last year in fiscal 2007.

With that review of our Broadcasting Group, let's turn to our online and our video activities. There are four key strategies driving our Web business:

- Continuing to strengthen our position in Meredith's areas of core content expertise;
- Using our brand and our content creation expertise to expand into new categories complementary to our traditional offerings, including women's health and well-being;

- Continuing to develop and execute initiatives that increase the number of visitors to our sites and page views, and taking steps to encourage visitors to spend more time on the sites;
- And of course focusing aggressively on growing the topline and operating profit.

And these strategies apply equally to our publishing and our broadcasting related Web sites.

Last Wednesday you may have noticed a *Wall Street Journal* feature about Condé Nast and its Internet operations. As part of the article they listed the size in terms of unique visitors of CondeNet. Overall unique visitors to their sites for the month of October totaled 8.8 million. Here you can see Meredith's interactive operation as measured by unique visitors, totaling 14.2 million in the month of October 2007. BHG.com alone generated 6.2 million unique visitors, followed by *Parents* and our broadcasting operations that aggregate meaningful consumers.

The traffic to our sites is large, is growing, and is helping us develop a very, very profitable business.

Our flagship Web site, BHG.com, has been in the top ten online portals in the home and shelter category for quite some time. Earlier this year, as I mentioned, we renewed the site and relaunched it in the spring of 2007.

In July, we launched a new parenthood portal designed to be the online leading destination for parents. As many of you know, new parents are heavy users of the Web, and *Parents.com* really serves as a launchpad for all of our online parenting activities including our broadband channel, *Parents.tv*. The number of unique visitors, registrations, subscription orders, and time spent across our sites grew approximately 15 percent in the first quarter of our current year of fiscal 2008. Our Web sites typically experience the heaviest traffic of the year now during the holiday season.

Turning to broadcasting Web activity, our goal here is to become the local portal of choice in certain of our key markets. We have made a series of enhancements at our broadcasting sites including new technology, redesigns for all of our Web sites across the group, and adding dedicated, creative and selling individuals to increase the monetary value of these activities.

The results have been quite encouraging. The sites in our three largest markets have experienced really strong growth in unique visitors and page views this year and, in addition, more than one million video clips reviewed across our station groups in the month of October alone. Online advertising has more than doubled compared to the prior year.

Another key component of developing new revenue streams at Meredith is our Video Solutions Group, which produces broadcast-quality video and secures distribution for that video across multiple platforms. Its work includes production of the Meredith broadband network, which today consists of our two megabrands, *Better* and *Parents*. Content from both can be found online and on the *Better* daily television show that is viewed across our station group.

Publishing contributes the brands, the content and knowledge of the consumer, along with promotional pages in our magazines. Through Video Solutions, the Broadcast Group applies its production capabilities and video expertise. Interactive Media brings traffic, sales, marketing and technology resources to this operation.

Better.tv and Parents.tv are part of our strategy to reach younger consumers, once again the daughters of the Baby Boom women, with our trusted brands whenever, wherever and however she wants to access our content. And these two products offer our marketing partners a new avenue to reach a very attractive and desirable consumer population.

The business model is based on advertising, and advertisers to date include Kellogg's, P&G, the Discover Card, General Electric, Kohler, and KitchenAid – traditional advertisers across Meredith products and brands.

On Better.tv we're selling 15-second spots, and one spot plays for every three videos. We are also selling exclusive and nonexclusive sponsorships in key channels on Better Today. And for an additional premium, sponsorships can include product placement in the video.

Regarding the Better daily television show, we have four ways to monetize that content: With traditional local spot advertising, sponsorships, product placement, and syndication to other broadcasting groups beyond Meredith.

And now I'd like to turn the program to Suku for a financial update, and then I'll close and we'll take any questions that you might have. Thank you.

SUKU RADIA

Thank you, Steve. And, Lucas, thank you for inviting us. And as you can see from this slide, we continue to produce outstanding earnings growth. We have delivered compounded annual earnings growth of 15 percent over the four-year period which includes this year, of course, and that's the estimate of the \$3.50 to 3.55.

And then turning to our debt structure, we are currently at \$445 million, and the average cost of funds is 5.1 percent. Our debt-to-trailing 12-month EBITDA ratio is around 1.3, which provides plenty of opportunity for acquisitions. Our debt covenants allow us to have a debt-to-EBITDA ratio of 3.75:1. And we retired \$90 million of debt in fiscal '07 and a further \$15 in the first quarter of this year.

We have a strong track record of generating cash, and we believe we have used that cash well to grow our businesses and reward our shareholders. Over the past decade, as you can see from this slide, we have generated more than \$1.1 billion of free cash flow, which is defined as net earnings plus D&A less CAPEX and excluding any special, unusual type of items.

In a typical year our free cash flow runs at about 110 to 115 percent of net earnings. You will also notice that deferred taxes have built up over this period to \$200 million. Our effective

tax rate for GAAP purposes is 39 percent; but due to our asset acquisitions, the cash tax rate is about 24 percent, providing us a further tax shield.

We have completed approximately \$1.2 billion in net acquisitions, and we want to obviously continue making accretive acquisitions like *American Baby*, which we acquired in December of 2002, exactly five years ago today, and Gruner + Jahr, which we acquired on July 1st of 2005.

We have a consistent track record of returning capital to our shareholders through share repurchases and dividends. We have paid dividends for over 60 consecutive years and increased our dividends for 13 straight years. Over the last ten years, we have increased the dividend at an 11 percent compound annual growth rate. In January we raised our quarterly dividend rate by 16 percent, which was on top of a 14 percent increase in the prior year and a 17 percent increase in the year before that. And we expect to raise the dividend again meaningfully in early 2008.

We increased our share repurchase activity substantially in recent years, as you can see from this slide. And we repurchased over one million shares in fiscal '07, and thus far in fiscal '08 we have repurchased almost 1.3 million shares.

As you are well aware, there has been a fair degree of volatility in the markets since late summer. Shares of Meredith are currently trading at roughly 15 percent off the high mark set earlier this summer. Obviously we believe, based on the data that you see here, that our stock is undervalued. What we have highlighted here is the forward PE and EBITDA multiple for Meredith's shares dating back to 2003.

We're currently trading at the lowest multiples and at a significant discount to our average valuation during that time period. As a result, we have viewed the past few weeks as an attractive buying opportunity, as I just mentioned.

And now let me turn to our fiscal second quarter and full fiscal 2008 outlook.

Publishing advertising revenues for the second fiscal quarter are currently up in the high single digits, led by strong performance at our parenthood and women's service field titles. Overall, broadcast pacings are currently running down in the high teens. Broadcast nonpolitical revenues are pacing up in the mid-single digits.

As a result, we expect second-quarter earnings per share to approximate 72¢, equal to the 72¢ which we earned in the year-ago second quarter. And this is despite the absence of almost \$24 million of net political advertising revenues recorded in that second fiscal quarter of last year.

And looking to the remainder of fiscal 2008, there is limited visibility into advertising budgets, which generally reset at the beginning of the calendar year. In addition, the Company is also absorbing a postal increase of approximately \$13 million in fiscal 2008.

Given these factors, we continue to expect fiscal 2008 earnings per share to range from \$3.50 to \$3.55 per share, with growth in the second half of fiscal '08 spread evenly between the third and the fourth quarters.

And, as outlined in the Safe Harbor statement to which Steve referred earlier, I want to remind you that a number of uncertainties do remain that can affect our results. And with that, I'll turn it back to Steve for some concluding comments. Thank you.

STEVE LACY

Thank you very much, Suku. As Suku mentioned, this is always a difficult time of the year because we really don't have a lot of visibility into the advertising market for calendar 2008. And we haven't even yet finalized the first set of issues that will be as part of our fiscal third quarter.

As many of you recall from our contracts, paper prices are in fact a commodity, and our prices reset on a quarterly basis. And given the current headlines in the news, we're uncertain about the retail environment and how it will perform for our products in the coming year.

I think on the positive side this morning, we've outlined a series of activities that promise to drive meaningful, long-term revenue and profit growth. They include what I think will be another exciting political season as we look ahead and move into fiscal 2009: The retransmission consent fee opportunity that I spoke to a few moments ago, our recent online acquisitions and new business wins in our custom marketing business, once again tied to the marketing budgets and not the advertising budgets of our large corporate clients, and our new large and what I think are exciting brand licensing opportunities.

As we look ahead, we continue to focus on four key areas:

- Strengthening our publishing businesses and brands;
- Expanding our business-to-business custom marketing activity;
- Increasing the EBITDA margins in our broadcasting business;
- And aggressively expanding our online video presence and revenue stream.

And with those concluding remarks, Suku and I would be happy to answer any questions that you might have.

QUESTION & ANSWER SESSION

Lucas Thank you very much, Steve. We're going to have a microphone going around, so if you have any questions, please raise your hand. I'm going to get started. We can start with two areas. One is the licensing. It strikes me as being a very big opportunity and I would assume a very high margin.

So if we make the assumption of a 70-80 percent operating margin associated with that revenue, \$10 to 12 million could be, you know, two to three hundred basis points of growth in fiscal '09 for operating income. Where do you see that as a percentage of the total business when you look out over the long term? I mean, how many more opportunities do you see in licensing the Better Homes and Gardens or other brands that you have?

Steve Well, I think it is a very significant opportunity from the programs that we have in place, but we also have a number of categories that we haven't yet had the opportunity to license at retail. And if you think of the areas of core content expertise that we speak to with *Better Homes and Gardens* – building and remodeling, decorating, gardening and outdoor living, food and all sorts of entertaining, and all types of crafting activities, I think there are a number of additional categories, such as paint, such as activities in crafting, expanded areas in gardening, and especially in outdoor living, because families tend now to actually decorate outdoors with tabletop and other sorts of things that they didn't do in the past. And I think there are just a number of key areas, especially in the building and remodeling area that we might look to in the future.

And we're very, very focused now on successfully implementing the Realogy program and the Wal-Mart program, but we also have our corporate development group continuing to look for other areas, including international licensing of our brands and creation of international additions of especially *Better Homes and Gardens* and *Parents*, which seem to translate well in other countries.

Lucas Then the other question would be political. You highlighted, you know, fiscal '08 for you guys are the off year. Right? And looking out to fiscal '09, which is when the real political impact is for you guys, how do you look to – I know that we're still some time away from that – but how do you look for the political outlook into the back half of the calendar 2008 year?

Steve Well, once again, two years ago in the off-political cycle we basically generated \$4 million in political advertising. We're estimating somewhere in the range of five to seven in the current year. Now, in the political years, last year net political revenue of \$33 million, the two years, the two cycles previous to that, political was around \$20 million. And so I would, you know, think that somewhere in that range... I'd be surprised if it was less than 20; I wouldn't think it would be significantly more than the 33. But it depends so much on what goes on in the individual states, and it depends so much on how tight the presidential race is when we get past the primaries.

Lucas Are there any questions in the audience?

Steve Ed?

Ed Two questions. One, yesterday some of the companies with broadcast operations mentioned they're starting to see some early political money in the current quarter show up. Is that in your five to seven forecast, number one?

And secondly there have been on-and-off press reports that Time may do some restructuring in its magazine business. Two titles – they have a *Health* title and a *Southern Living* title. You know, would you be at the head of the line to take a look at those should they become available? I just... This is rumor.

Steve First, starting with your question on political. The \$5 to \$7 million really speaks to the full fiscal year, and we have only received just a trickle of that really in the first half. So the majority of that revenue is actually in the second half of our fiscal year, the period January 1 through June 30th. Once again, this is the best estimate we have at this point in time.

Regarding our portfolio expansion, we've been very public with our desire to acquire brands and businesses that really fit into the area that we're broadly describing women's health and well-being. I think our development group is extremely well-positioned in the marketplace, and I don't think there are any deals, whether they be online, traditional broadcast or traditional print media in any form that we're not made aware of.

So we would be very interested in brands that fit into our portfolio and especially into the growth areas and whether those would come on the market from Time or from one of our other competitors.

Q Could you drill down for us a little bit on your Internet activity, particularly as it relates to your broadband initiatives? Where are you seeing the revenues coming from? How are you selling that? Is that being done through a online agency? Is that being done specifically with your publishers? How are you selling that and developing advertising? What's your model for the business going forward?

Steve Sure. Once again, the broadband business that we are operating today is really around our two most powerful consumer brands, Better Homes and Gardens and Parents. So we have a broadband channel called Parents.tv and also a broadband channel, Better.tv. Content for those channels is created and developed by our own broadcasting production operation using the talent that creates the content for the brands, whether they be in print or online.

The revenue streams for those areas really come from three broad buckets, the first being traditional advertising, which is in fact sold by our Internet operation, really through the same clients and agencies where we're selling our traditional interactive media traffic.

And in addition to that, we have a video on demand relationship that will launch on December 15th with Comcast where we were reimbursed for the creation of the content that will feed that channel. And now that that content has been created, we sell in conjunction with Comcast, and we split that revenue on a fifty/fifty basis.

One of the most interesting, and I think maybe surprising, areas of growth has been the amount of custom content creation that our Video Solutions Group has done for corporate clients – really in conjunction with marketing initiatives where we have pages in the magazines, where we might be helping them do an event, where we’ve got an Internet presence – and then some custom video creation which has been a big part of the revenue stream and really not something that we had anticipated. And that looks a lot, interestingly enough, like Meredith Integrated Marketing where we have custom content creation.

So interestingly enough, video looks a lot like our traditional business, and the revenue is coming from our traditional corporate clients that we’ve sold ad pages to for a hundred years. So thank you for the question.

Yes, please, sir.

Q Two questions, one on the broadcasting side. I think you have two stations with MyTV Network affiliations, and I guess, you know, longer term there are some uncertainties whether News Corp. will continue to produce for that. Do you have any contingency plans at this point to have to switch to a different affiliation? Are there any available affiliations in those two markets?

And then secondly just from a strategic standpoint we have seen announcements for split-ups of various hybrid, I’ll call it, media companies, for lack of a better term. Going forward, particularly if broadcasting TV multiples do come down in the private markets, do you think you would be a buyer or seller in the TV broadcasting arena?

Steve Okay. Those are two great questions, and I’ll take them in the order that you asked them. You’re right – we do operate two MyNetwork TV operations, and the truth of the matter is, we get very little content from the network. And so what we do, as an example in Kansas City, is we use that channel to run the Better Show, we do a lot of local programming there, high school sports, a lot with Chiefs football, and we have an opportunity to repurpose our local news and run it at nine o’clock.

And if MyNetwork TV would go away, we would aggressively operate those channels as independents in the local market with, in all sincerity, very little impact on our financial results – because the programming that we receive really is not very peppy and doesn’t really aggregate significant audiences. So I don’t think that would be an issue and in fact might be an opportunity.

Regarding, I believe you’re speaking to the recently announced split-up of both Belo and Scripps. We’re very intrigued, and we will be watching to see in fact down the road whether those separate entities do in fact create more shareholder value than did

the combined entity over time. We had a major discussion about this at our November board meeting, and we've had some outside advice on how we might think about it. But in our particular situation, may be different than their situation – we're not operating in the newspaper industry where possibly some of these transactions are being effected to move growth businesses away from the newspaper activity.

And we feel very confident about the brands and businesses we operate in both parts of our portfolio. But we're open-minded about activities that create shareholder value, and we will continue to watch this very carefully.

Sort of the second part of your second question was regarding broadcast. We do look at every transaction that comes through, and you're right – the multiples have been very heady in the past, although they appear to be moderating. If we had the opportunity to add stations in an area where we could gain efficiencies or we thought we could, in fact, effect a significant improvement in the operating margin, we would in fact entertain that.

If we had a major, strategic opportunity and our board was uncomfortable about the level of debt required to effect that transaction, we also have the ability to monetize one of our more recent acquisitions that has fairly high tax basis and wouldn't result in much tax leakage.

So we think we've got a lot of flexibility around the broadcast business, and we're really open-minded regarding how we would monetize those assets looking to the future. So thank you for those questions. Anything else this morning?

Lucas With that, we'll say thank you very much, Stephen and Suku, and we appreciate it.

Steve Thank you very much.