

MEREDITH CORPORATION
First Quarter 2008 Earnings Conference Call
October 24, 2007

CALL OPERATOR

Good day, ladies and gentlemen, and welcome to your Meredith Corporation's First Quarter Earnings Call. At this time all participants are in a listen-only mode. Later we will conduct a question and answer session, and instructions will be given at that time. If you should require assistance during your conference, please press *, then 0 on your touchtone telephone. And as a reminder, this is being recorded. I would now like to introduce your host for today's conference, Mr. Mike Lovell. You may begin.

MIKE LOVELL

Good morning, everyone. I'm Mike Lovell, Director of Investor Relations for Meredith Corporation. Before Chief Executive Officer Steve Lacy begins our presentation, I'll 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 statement. 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 our Web site. A transcript of this call will be posted to our Web site as well.

And with that, Steve will begin our presentation.

STEVE LACY

Thank you, Mike, and good morning, everyone. Participating with me this morning are Publishing Group President Jack Griffin, Broadcasting Group President Paul Karpowicz, and Meredith's Chief Financial Officer, Suku Radia.

I'll begin with an overview of key accomplishments, discuss performance in our Publishing and Broadcasting Groups, and conclude by updating our current earnings outlook. Then we'll be happy to answer any questions that you may have.

Our first quarter performance reflects a strong beginning to fiscal 2008 for Meredith. Earnings per share rose 10 percent, advertising revenues grew 7 percent, we generated more than \$40 million in free cash flow, we purchased over 900,000 shares, and retired \$15 million in debt.

Our first quarter performance reflected the strengths that have made Meredith one of America's top-performing media and marketing companies. We combine a tremendous base of traditional publishing, broadcasting and marketing assets with a growing and profitable array of online digital and video initiatives. This enables us to reach approximately 85 million American women every month with content how and when they choose to receive it.

I'll start this morning with a review of our Publishing Group operation. Publishing operating profit grew 16 percent over the prior-year quarter to \$55 million. Revenues rose 8 percent to \$330 million. Publishing advertising revenues increased 13 percent. The categories of food and beverage, home, toiletries and cosmetics and retail were particularly strong. They account for nearly 50 percent of magazine advertising revenue.

The resurgence in advertising revenues is particularly evident at four key Meredith brands: *Parents*, *More*, *Family Circle*, and our flagship *Better Homes and Gardens*. *Parents* has weathered the recent softness in the parenthood sector and strengthened its leadership position. Advertising revenues increased nearly 40 percent in the quarter. In July we launched our new parenthood portal, Parents.com, along with Parents.tv, our new broadband video channel. In December, Parents.tv will debut across the Comcast cable system as a new video-on-demand channel.

More continued to be a major creative and financial success. Advertising revenues grew 30 percent in the quarter. We plan to raise *More*'s rate base to 1.2 million beginning in February 2008.

Family Circle continued to flourish under Meredith's ownership. Its advertising revenues increased 10 percent in the quarter, and net revenues per advertising page grew 5 percent. It's now the number two book in the women's service field behind only *Better Homes and Gardens*. When we acquired the magazine in 2005, it was the number five title in a six-title field.

Better Homes and Gardens continued the strong performance that began in the second half of our fiscal 2007, driven by new creative and sales leadership. Advertising revenues in the quarter increased 10 percent, and net revenues per advertising page increased 3 percent.

Additionally, the Better Homes and Gardens brand continues to demonstrate its vibrancy through a series of new brand extensions. Yesterday we announced a multi-year licensing agreement with Wal-Mart for the design, marketing and retailing of a wide range of home products based on the Better Homes and Gardens brand.

The program, which is the largest extension of products bearing the Better Homes and Gardens brand in its 85-year history, is expected to be available in Wal-Mart stores in the fall of 2008. These products will reflect Better Homes and Gardens' high standards and timeless style. We're excited to be partnering with Wal-Mart to bring the Better Homes and Gardens style into the homes of millions of Americans.

Meredith's collaboration with Wal-Mart, the world's largest retailer, holds strong marketplace potential. Consumer research shows that *Better Homes and Gardens'* readers are frequent Wal-Mart shoppers. And Meredith's largest advertising customers move a significant amount of their products through Wal-Mart's stores.

Merchandise to be developed includes items in popular categories, such as bedding and throws, bath accessories, dinnerware, and kitchen textiles, and decorative pillows. *Better Homes and Gardens'* creative staff will take an active role in product design and approve all items.

This new licensing agreement will not impact our financial results until fiscal 2009. We'll provide information on the fiscal 2009 impact when we get a better sense of the timing and scale of the program.

Earlier this month we announced an agreement with Realogy Corporation to create a new residential real estate franchise under the Better Homes and Gardens brand. Realogy is the largest operator of real estate franchises in the United States, with brands including Century 21, Coldwell Banker and ERA. The Better Homes and Gardens franchise is expected to begin operation in July of 2008.

Additionally, our previously announced line of Better Homes and Gardens branded furniture went on sale during the quarter at more than 300 retail locations across the country. The collection is produced by Universal Furniture and includes a full line of wooden furniture and upholstered products for living rooms, bedrooms and dining rooms at mid- to upper-middle price points.

We're very excited about these three new growth initiatives across the Better Homes and Gardens brand.

Turning now to the advertising front, a key factor in our success is an increased emphasis on developing multi-platform advertising and marketing programs for our clients. We secured a series of new business wins in the quarter with programs spanning several Meredith media platforms.

For Procter & Gamble, we're creating a custom magazine that is distributed with *Better Homes and Gardens, Family Circle, Ladies' Home Journal* and *Parents* magazines. The content focuses on useful, timesaving tips for busy homeowners and parents, highlighting new products from P&G.

In addition, we're running a companion program on Parents.com, leveraging our database and research expertise and incorporating new capabilities in word-of-mouth marketing from New Media Strategies, the company we acquired in January.

For Dodge, we've created a Caravan sweepstakes program that includes advertising in *Better Homes and Gardens, Family Circle* and *Ladies' Home Journal* magazines and across our Web sites. Additionally, Meredith Video Solutions will integrate the Dodge Caravan into a 30-minute holiday special produced and syndicated under the *Family Circle* brand.

For Clorox, we've launched a campaign called "Living Green" in support of its environmentally friendly products. The program features a tour of 15 home shows across the country arranged by Better Homes and Gardens. The program also includes advertising pages in *Better Homes*, a new Living Green Web site on BHG.com, and advertising spots on Meredith's television stations.

Meredith Integrated Marketing also had an outstanding quarter as revenues rose 50 percent and operating profit jumped more than 80 percent. These results were driven by increased revenues and profitability in our core custom publishing business as well as contributions from our recent online acquisitions, O'Grady Meyers, Genex and New Media Strategies. On a comparable basis, revenues and operating profit increased 15 and 10 percent respectively.

Let me share three highlights from Integrated Marketing.

During the quarter we were awarded Kraft's Food and Family Custom Marketing program. This account, the largest of its kind in the United States and possibly the largest custom program in the world, consists of a custom magazine delivered five times a year to ten million consumers. It also includes content for a weekly email blast. We'll publish the first issue for Kraft during the summer of 2008.

New Media Strategies, our word-of-mouth marketing business, worked on campaigns involving three number one box office films. It also secured new business from CBS, ABC, and the FX Network, as well as work on Fred Thompson's presidential campaign.

In the quarter we also acquired Directive, a database marketing and analytics company that is another key strategic addition to our growing stable of custom marketing service offerings.

In summary, over the past two years, we've transformed Meredith Integrated Marketing from a pure custom publisher to a full marketing service provider. This enables us to more successfully compete for and win multi-platform customer relationship marketing programs.

Revenues at Meredith Interactive Media rose more than 20 percent in the quarter, benefiting from recent redesigns of BHG.com and Parents.com and strong performance across our niche enthusiast sites. The number of unique visitors, registrations, subscription orders and time spent on the sites each grew approximately 15 percent. During the quarter, visitors to these sites viewed on average more than 100 million page views and 825,000 videos per month.

Among sales success, Meredith Interactive and Meredith Video Solutions teamed up with the Better Homes and Gardens Test Kitchen to develop custom recipes for Fibersure, a dietary supplement. The recipes will appear as integrated content on BHG.com and on the Better.tv broadband video channel.

In Broadcasting, operating profit and earnings before interest, depreciation and amortization declined 25 and 17 percent respectively, reflecting the absence of political

advertising in this off election year. Total revenues declined \$6 million, or 7 percent, to \$75 million.

Net political advertising revenues were \$1 million compared to \$9 million in the year-ago quarter. Nonpolitical advertising revenues increased 3 percent in the quarter. We also successfully contained costs, as operating expenses declined 2 percent.

Most of our stations experienced growth in the July ratings book in morning news, which is the fastest-growing time of day in terms of viewers and advertising revenues. Four of our stations – Portland, Kansas City, Las Vegas and Greenville – grew their morning ratings more than 30 percent. Additionally, our share of viewers in the desirable adult 25 to 54 demographic grew an average of 35 percent.

Broadcasting online revenues and average monthly page views doubled. The number of unique visitors also rose fivefold, reflecting ongoing investments in technology, content, promotions, and sales-related activities. The number of videos streamed on our broadcasting sites nearly doubled to 3.7 million as well.

During the quarter, Meredith launched Better, a daily lifestyle television program. The Better Show airs across the Meredith station group and is syndicated to three non-Meredith stations. Content from the Better Show is also available online at Better.tv and Parents.tv, our broadband video channel.

Earlier this week we announced an agreement with Comcast where Meredith-provided parenthood content will debut on all Comcast cable systems on a new video on-demand channel branded Parents.tv. It will reach more than 12 million households, and Meredith and Comcast will share in the advertising revenue.

Turning now to full-company financial metrics, our total debt at the end of the quarter was \$460 million, and our weighted average interest rate was 5.1 percent. As I noted earlier, we generated more than \$40 million in free cash flow in the quarter, repurchased approximately 900,000 shares, and reduced our debt by \$15 million.

Our overall effective tax rate in fiscal 2008 is expected to be 39 percent with some quarter-to-quarter variance due to the adoption of FIN 48. We expect our effective tax rate in the second, third and fourth quarters of fiscal '08 to be 40.6 percent, 37 percent, and 39.6 percent respectively.

With that review of our business operations, let me turn to our expectations for the second quarter and the full year of fiscal 2008.

Publishing advertising revenues for the second fiscal quarter are currently up in the mid-to high-single digits, led by strong performance at our parenthood and women's service titles. Overall, broadcast pacsings are currently running down in the mid to 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¢ earned in the year-ago quarter, even with the absence of \$24 million in net political advertising revenues recorded in the second quarter of fiscal 2007.

Looking to the remainder of fiscal 2008, there is currently limited visibility into advertising budgets, which generally reset effective January 1 of 2008. In addition, the Company is absorbing an annualized postal rate increase of more than \$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, with growth in the second half of fiscal 2008 spread evenly between the third and the fourth quarters.

A number of uncertainties remain that may affect our outlook, as stated for our second quarter and the full fiscal year. These include overall advertising volatility, the performance of our retail-based businesses, paper prices and postal rates. These and other uncertainties are referenced in our Safe Harbor statement and in certain of Meredith's SEC filings.

To conclude this morning, I'm very pleased to report another record quarter for our shareholders and that we're off to such a strong start in fiscal 2008. Looking ahead, we continue to focus on four areas:

- Strengthening and growing our publishing business and brands;
- Integrating and expanding our custom marketing capabilities;
- Maximizing the margin opportunity in our broadcasting business;
- And aggressively expanding our online and video platform.

At this time we'd be happy to answer questions that you may have.

Question & Answer Session

CALL OPERATOR

Thank you. Ladies and gentlemen, if you have a question at this time, please press the 1 key on your touchtone telephone. If your question has been answered or you wish to remove yourself from the queue, you may press the # key. Our first question comes from Michael Meltz from Bear Stearns.

MICHAEL MELTZ

Great, thank you. I don't know if you can hear that echo, but I can. I think I have three questions. In terms of your second-quarter guidance for flat EPS, can you talk a little bit about the publishing margin expectation? Despite the cost cuts, it seems, feels like you're looking for pretty good margin drive. I just want to make sure I understand what's going on there.

Second question: Can you tell us what the revenue contribution in the first quarter was from all of the acquisitions? What was the actual dollar amount? And then I have one follow up.

STEVE LACY

Suku is digging through the numbers, Michael, on those first two questions, so just give us a second here.

SUKU RADIA

Michael, the revenue contribution was about \$8 million from the acquisitions. Those were all the Integrated Marketing acquisitions.

STEVE LACY

So that's your second question.

SUKU RADIA

And that, you know, Michael, that does not include O'Grady Meyers, of course, because that was comparable; we had already acquired that.

MICHAEL MELTZ

Yup.

SUKU RADIA

And in the second quarter, the publishing operating profit margin expectation is in the mid-teens.

MICHAEL MELTZ

Mid-teens, okay, versus..., okay. And then second, last question for you: Regarding the Wal-Mart deal, understanding the ink's not dry, can you just tell us, you know, are there going to be minimum payments associated with that? You know, roughly how many SKUs do you think this will launch with? Anymore additional information you could give us would be helpful.

STEVE LACY

Yeah, let me provide a little additional color around this. Wal-Mart announced this program yesterday as part of what I guess is their Annual Investor Day. And you're right that all of the fine details are not entirely worked out. But it will be a broad-based program in the home category, and there will be minimum payments. And it really depends on the timing, meaning which month in the fall it launches, as the design firm works with our creative folks, and obviously the number of SKUs that we'll have in this initial time period. And so as we have that information, we'll continue to update and provide more definitive information. The financial impact will begin sometime in fiscal 2009; and whether there is a first-quarter impact or maybe no impact 'til our second fiscal quarter, we're just not sure yet, Michael. But we'll be very transparent as we have more information.

MICHAEL MELTZ

Steve, Steve, I guess I'm trying to understand whether this will be significant or material to Meredith. Is this something that will launch with 500 SKUs, or when it's up and running will it have 500 SKUs or 5,000 SKUs?

STEVE LACY

Michael, at this point in time I don't have that level of information. You know, we have every reason to believe that the program will be successful and will grow over time and will be quite meaningful. But where we will be in the early goings, especially in fiscal '09 as people start to put their models together, I just really don't have more definitive information. But it will be a broad-based category in the home category.

MICHAEL MELTZ

Okay, thank you.

STEVE LACY

Uh huh, thank you.

CALL OPERATOR

Our next question comes from Barton Crockett from JP Morgan.

BARTON CROCKETT

Okay, great. I want to ask a question first about the magazine side and then go back into the Wal-Mart, I mean, yeah, the Wal-Mart effort and some of these what look like licensing deals. On the magazine side, can you just give us kind of a monthly breakdown of the page trends? I mean, we looked at some data that suggested November had started off a bit light, but maybe we're off. And so can you just give us kind of the November, December, January kind of view that's baked into your guidance?

STEVE LACY

Well, we're not..., and Suku is getting some information out. You know, always at this point in time, Michael, in the quarter we have not completely finished the last two months of issues. But we can give you, we can give you some information on November at this point in time.

SUKU RADIA

Barton, let me... And I may not directly answer your question, but the information I have really obviously is more focused on the ad revenues for the quarter.

BARTON CROCKETT

Right.

SUKU RADIA

And in the low single digits for October, mid-teens for November, and mid-singles for December – so all translating to mid- to high-single digit as a range, as Steve just pointed out in the outlook.

BARTON CROCKETT

Okay, that's great.

STEVE LACY

Some of that is estimates when you obviously get out to...

SUKU RADIA

When you get out to December, that's right, yeah.

STEVE LACY

When you get out to December at this point. That's how we put together the mid- to high-single digit guidance.

BARTON CROCKETT

Okay, that's great, that's great. And then switching gears here to this Wal-Mart deal – To understand, can you give us some sense, I mean, who's making this stuff, and is there any inventory that you're taking? And similarly this furniture thing that you're talking about, I mean, who makes the furniture and who sells it? And is it just I assume you just get a licensing so maybe there's no inventory risk. Just clarify that.

STEVE LACY

Sure, yeah, thank you. I appreciate that question. Really in all three of the programs that we talked about this morning – Realogy and Wal-Mart and the program for Better Homes and Gardens furniture with Universal – they are licensing agreements, and we provide the Better Homes and Gardens brand, we provide creative expertise and guidance on product selection and design. In the case of the Wal-Mart arrangement, there will be an outside design firm selected by Wal-Mart and Meredith that will be very, very involved in the product design, although we have, of course, approval over design and products and packaging. And then the products, once designed, will be sourced through a manufacturer. So Meredith is really involved in providing the brands and in making sure that the products meet our quality standards. But we are not involved in the actual production or the inventorying or the selling at retail of these programs. We'll be assisting that with merchandising and database programs and that sort of thing, obviously, because we are, through a royalty arrangement, we're all co-incented to have all of these programs grow and be successful.

BARTON CROCKETT

And just to follow up a little bit on the Universal furniture, what retail stores would this show up in? Can you give us some sense?

STEVE LACY

We can certainly get back to you with a listing of retail stores, but they tend to be independently owned and sort of mid- to upper-mid tier furniture stores. I have a listing here. Let me see if I can rattle off some that you might recognize. Let's see. Yeah, maybe, yeah, I can. You know, it's in all the major cities here – Houston, San Antonio, Star Furniture in Houston in San Antonio, Jordan's in Boston, Bears in Miami and Ft. Lauderdale, Stacey's in Dallas, Darvin Furniture in Chicago – so there's a lengthy list here – Nebraska Furniture Mart in Omaha and Kansas City. And so that sort of retail furniture operation.

BARTON CROCKETT

Okay, and to understand. I mean, these licensing fees, you know, I assume you guys have some flowing through the other publishing line right now – if you can give us a sense of the magnitude there and some sense of, you know, just qualitatively how much of an increase in the business are we really talking about with all this stuff that we're seeing right now?

STEVE LACY

I will ask Suku to give you a sense of what's flowing through there at this point in time because we have several smaller programs. And, you know, once again in terms of how the three programs that we have just recently announced, how they're really going to play out and really impact fiscal '09, we're going to come back in further discussions and be more definitive on that. In the case of Realogy, as an example, it really depends on between now and the launch date how many franchisees they sign up, and then can make a pretty good estimation. In the case of Wal-Mart, obviously it depends a great deal on how many SKUs and which month the program launches. But, Suku, you can give some sense of the current year.

SUKU RADIA

Sure. Barton, in terms of fiscal '08, between *Better Homes and Gardens* and *Parents*, the growth revenues are about \$15 million in licensing, and that's just the revenue side of this.

BARTON CROCKETT

And so this sounds like...

SUKU RADIA

You're right – that is in the other line.

BARTON CROCKETT

All right. I'll step aside for now. Thanks a lot.

STEVE LACY

Okay, thank you.

CALL OPERATOR

Ladies and gentlemen, if you do have a question, please press the 1 key. Our next question comes from Esther Chang from Merrill Lynch.

HESTER CHANG

Hi, thanks. Just a quick question on paper prices. They seem to be heading up, so I was wondering if you could talk about what happened in the quarter and maybe your expectations for Q2.

STEVE LACY

Paper prices are actually for us down a little bit in the quarter, but we are having those same conversations and, you know, feel a potential for upward pressure as we get into the second half

of the year. And once again, just as a reminder, our paper prices can rest each calendar quarter, and they're based on the five largest purchasers of paper that each one of our paper suppliers have. And so we sort of ride on the average increase or decrease of the five largest paper customers of each of our suppliers. And so we will, of course, continue to provide information about how that actually plays out, but we are hearing the same sort of rumblings about what would be the early goings of calendar '08.

HESTER CHANG

Okay, and on the TV side I was wondering if you could talk a little bit about political. How's that shaping up for Q2 and also TV auto performance in the quarter.

STEVE LACY

Okay. First of all, just as a reminder once again, in the first quarter we recorded about a million in political, and it was about \$9 million a year ago. And in the second quarter, Paul, would you like to give a little color on political?

PAUL KARPOWICZ

Sure. On the political side we really have not seen much presidential primary money to date. The political that we're seeing currently is mostly issue money in very specific markets. So we do have some political already booked for the second quarter, but we are, you know, cautiously optimistic that states like Nevada and South Carolina that have early primaries will start to see more activity as we get closer to the end of the year. The issue money is coming in actually quite nicely, and it's coming into some of our FOX stations in Portland and Las Vegas where we have made a really concentrated push with our FOX stations to make sure that we can get our political share up equal or better to our share of regular business. So, you know, I think the political advertising climate is very much a wildcard at this point. We know there's a lot of money out there. When it's going to come in and where it's going to come in, I think, is still to be determined.

HESTER CHANG

Okay, and about auto performance in the quarter?

PAUL KARPOWICZ

Auto performance is actually better than we would have expected. We are actually looking pretty good on the automotive right now. Our import money, the Toyotas and the Hyundais, looks pretty good, so again we're feeling better about where the automotive advertising outlook is going to be for the full second quarter when it's completed. It's all coming in late, and this is a trend that we've been seeing over the past couple quarters. But the sense is that the networks are very tight, that the networks are filled; and as a result we're seeing more dollars coming in later in the quarter. And that's, again a lot of that is automotive.

STEVE LACY

And Suku has got the actual for you for Q1.

SUKU RADIA

Hester, in any given quarter, as you know, this ranges between 25 and 30 percent of total advertising revenues in broadcasting. On an overall basis, auto revenues were down in the low-single digits for the quarter. However, that being said, as you take a look at it, if you slice it and dice it further, you would see that, as Paul pointed out, the imports are pretty strong, and the local piece was strong at the national level. It's the big three that would have been weaker.

HESTER CHANG

Got'cha. Great, thank you.

STEVE LACY

Thank you.

CALL OPERATOR

Our next question comes from Barton Crockett from JP Morgan.

BARTON CROCKETT

Okay, great. I just, I got back in the queue here. I was wondering if you could talk a little bit, address publicly the question of applicability or non-applicability to you guys of some of the restructuring efforts we've seen at some of the newspaper broadcasting companies – Scripps and Belo separating and trying to unlock value. Do you guys see any potential to do that at your place or not, and, you know, how you kind of evaluate that type of scenario.

STEVE LACY

Well, I think, Barton, one of the big questions is – Will it in fact unlock value? And I guess time will tell. As we really look at our businesses, you know, I think we're in, in all sincerity, such a different place than some of the other companies that you mentioned because our core businesses are performing well, and we see them really as opportunities to build additional businesses around. And our print operation, as an example, is vibrant. And I think these three licensing announcements around Better Homes and Gardens really demonstrate that vibrancy. So we're very interested, and we're studying these transactions. We will be, you know, talking about this in our upcoming board meeting and educating everyone, but my question really is – will there be any value unlocked?

And I think the other thing, in terms of looking at Meredith, if you were to do that between publishing and broadcasting, you would have I think additional expense in two fairly small businesses to try and deal with. And I'm not sure it would work well in our situation.

BARTON CROCKETT

Okay, great. That makes sense. And then just to follow up on the magazine side, I was wondering if you could give us a little more color on the strength in the *Parents* magazine – you know, what’s driving that? You know, because I thought high oil prices had hurt some of the product sales there, and frankly I’d been wondering if, you know, the lead paint stuff on toys might weigh a little bit, and you know, just what’s going to come back there.

STEVE LACY

Jack, why don’t you speak about what’s going on in the parenthood field a little more broadly and then talk about our own business in particular, if you would, please.

JACK GRIFFIN

Sure. Well, I think you see in the results the past performance of *Parents* magazine is very strong, up 40 percent in the quarter, and we turned a corner in our parenthood business about midway through the calendar year with both *Parents* and *American Baby*. And I think if you look at the competitive performance in particular, at this stage through November issues, *Parents* magazine has a 425-page lead on its nearest competitor; and a year ago it was about half that. So *Parents* is taking huge amounts of share out of the parenthood category. It’s clearly the strong brand, it’s got enormous reach, the circulation has tremendous fundamentals underneath it, and it’s a terrific product. I think if you go beyond that and you look at all the things we’ve done with the brand from Parents.tv to the parents portal, and I think it’s a fair statement to say that when our parenthood team goes to market, they’re going multiplatform – blogs and podcasts and videos and every single product extension you can think of packaged together that the competition just can’t provide. So you can see it in the revenue performance, you can see it in the share performance, and the category strength is broad-based. The endemic advertisers that a year ago weren’t spending money are now spending money aggressively; they’re spending money online and offline, and we’re taking it in both places. And we’ve got a terrific editorial product, we’ve got a terrific management team, we’ve got alignment – and it’s all just working.

Does that answer your question?

BARTON CROCKETT

Yeah, it does help, and I think I’ll leave it there. Thanks a lot.

STEVE LACY

Thank you.

CALL OPERATOR

Our next question comes from Catriona Fallon from Citigroup.

KATRINA FALLON

Hi. It's actually Catriona Fallon from Citi. I understand there is limited visibility into the advertising revenue for '08, but I'm wondering if you could just build a little bit on, you know, what sort of meetings you have set up so far with your clients and what type of, you know, longer-term contracts might you have where there is some visibility into, you know, where advertising revenue can go for '08 at this point.

STEVE LACY

Well, I'll ask Jack and Paul to comment. But we need to be, you know, very transparent – there are no long-term advertising contracts with clients in either of our businesses. So in the case of our publishing activity, it is an issue-to-issue sale on the Internet. It's a month-to-month activity. And in our broadcast businesses it is very, very much a very aggressive month-to-month sale. So there aren't any long-term contracts. And Jack and Paul, why don't you each sort of talk about where we are in the cycle. And as we generally say at this time of year, we really get to around Christmastime before we start to get a sense of what the new calendar year will look like. But, Jack, why don't you start, and then we'll ask Paul to just sort of explain the cycle and where we are in the cycle.

JACK GRIFFIN

It's right about now that most of the major advertisers are setting budgets for next year and in particular doing the media mix allocation that determines what money goes to what media. At the same time, I just got back from the Association of National Advertisers Convention last weekend and did have a number of meetings down there.

And I guess I would characterize the marketplace this way: Advertisers are spending money where there's quality, and advertisers and marketers are increasingly looking toward multiplatform-solution providers. And when you look at Meredith, you see the way our brands knit together against women, you see the platforms across which we deliver the content, you see the strong brands, and you see the alignment that we have in the way that we go to market.

And so that's our story in the marketplace, and you can see that it's worked in this calendar year, and we're aggressively telling that story out in the marketplace in general to anybody who will listen. And there are a lot of people who want to listen to that story. So we don't have any quantitative visibility, but we have very aggressive activity, and we're in the marketplace every day, offering value to marketers with our brands and our programs and our products.

PAUL KARPOWICZ

Okay. On the TV side, as I indicated before, our cycle is a little bit later than it has traditionally been. And by no means have we given up on the quarter that we're in. So we're still doing a tremendous amount of business within this quarter. Having said that, to Jack's point, many of the television advertisers are also looking ahead into next year, and we're focusing on our major sports packages and those types of things that will carry us through the Super Bowl, the playoffs,

the Final Four – all those types of things. So we've got a lot of activity. There are a lot of things going on.

There is an expectation that many advertisers will want to get in earlier because they think that political will start to heavy up through the calendar first and second quarters of next year. So we do expect that our pacings, as we start looking ahead to first quarter and second, will probably be in a positive light. But at this point it's just, it's very, very early stages, and there's not a heck a lot of visibility there.

STEVE LACY

I hope you can feel from what both Jack and Paul said that we've got aggressive activities in place to take a disproportionate share of whatever advertising is available really across all of our businesses as we turn the corner into the New Year. And once again, as we continue to have these sorts of discussions, we'll provide updated information about the marketplace and become more quantitative as we get later in the year.

CATRIONA FALLON

Great. And also you'd spoken recently about increases in rating and share and specifically the ad rate in some of your, you know, both morning and late news. And I'm wondering if there's any update on what's going on with the ad rates.

PAUL KARPOWICZ

Relative to the July book, we experienced some very strong ratings growth, particularly in our morning newscasts, and we are very pleased with those. And as a result, you know, we've been able to drive our CPMs and CPPs, ultimately driving the unit rate. Without the heavy pressure of political, it does create a little bit of a problem because we don't have the same degree of pressure that we had a year ago at this time when we had all the political dollars in there. But just nonpolitical dollars against nonpolitical dollars, we have, you know, because we have been able to increase our ratings, we have also been able to drive rate in our news day-parts as well. So we're very happy to see that kind of performance there.

CATRIONA FALLON

Great. I just have one more question. On the draw, back on the magazines, can you just give an update on how... You were trying to work with some of the major distributors on the draw, and is there any change there, or are we seeing a little bit better situation with some of the distributors?

STEVE LACY

I'll start and then ask Jack to add if he would like to. We have been working very, very aggressively to be as efficient at retail as we possibly can. And actually more important than the actual quantity of the draw is having the draw in the right physical locations where the sale actually happens. We have seen improvements in that. I would say they are still industrywide – a

lot of work that could be done to make that more efficient. And, Jack, please add anything to that you would like to.

JACK GRIFFIN

Well, I think as we've talked to you over the past year or so, we've put in place an aggressive program to manage draw and direct draw and in fact have Meredith staffers at key wholesalers working with wholesalers to put our products where consumers want to buy them. And at the same time we have introduced new incentive programs at the wholesaler level. And we have been very pleased to see how those programs have impacted the compliance and getting the product at retail. So our newsstand unit sales for the most part are holding up; we are opening new channels of distribution, as we have talked to you about before.

There's clearly a lot of activity going on in the wholesaler and national distributor arena. We're very pleased with the job that our national distributor, Time Warner, is doing for us in managing the dynamics; and we're in active discussions with both the distributor channel and the wholesalers to make the situation as efficient as it can be for all the parties involved.

CATRIONA FALLON

Wonderful, thank you.

CALL OPERATOR

Our next question comes from Eric Elbell from Fenimore Asset Management.

ERIC ELBELL

Good morning, gentlemen.

STEVE LACY

Hi, Eric – how are you?

ERIC ELBELL

Good. Just a quick question. Did you provide a figure for kind of the estimated revenue for Cornerstones and the other sort of non-pure TV revenue for the quarter?

STEVE LACY

I do not believe we provided that in what we've talked about so far, but we can dig here through our financial information and see if we can't provide that for you.

ERIC ELBELL

Great.

STEVE LACY

So just give us a couple seconds.

JACK GRIFFIN

Steve, I've got our percentage increase on Cornerstones.

SUKU RADIA

They increased 29 percent over the prior-year quarter, Eric.

ERIC ELBELL

Increased 29 percent.

SUKU RADIA

Uh huh.

ERIC ELBELL

Okay, great. Thank you.

CALL OPERATOR

Again, if you do have a question, please press the 1 key at this time. I'm not showing any further questions.

STEVE LACY

Well, thank you all for participating today and for your continued support of Meredith. We'll get back to work on delivering strong results. Thanks.

CALL OPERATOR

Ladies and gentlemen, that does conclude our conference for today. Thank you for your participation and for using AT&T Executive Teleconference. You may now disconnect.