

MEREDITH CORPORATION
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BILL KERR

Thank you, Bill, and you did my first part of introducing my colleagues, so we'll get right on to it. The first slide we're just going to flash up for a second here is the Safe Harbor slide. Obviously, our presentation contains some forward-looking statements. I'm not going to read the text of this, but I want to remind you that there are a number of factors that may affect the business results as we go forward.

Let me start with just a word for any of you who may not be familiar with the company. We've served the needs of American families for 103 years now, largely through service journalism. Each month we reach about 75 million American consumers through our magazines, our books, our custom publishing, our websites and our television stations. I'll give you a brief overview, Steve will discuss both our broadcasting and publishing businesses in greater detail, and then Suku will give you a financial update, including our current outlook, and then we'll take your questions.

Let me briefly review what we've articulated as kind of the three driving strategies for us as a company. First, we're very committed to maintaining and continuing the strong track record of really outstanding organic growth in our existing businesses, that for us as a company requires very little in the way of capital investment.

The second area where we're focused is pursuing some targeted acquisitions to fill in gaps and expand our reach in both of our businesses. When we do this, we believe that our acquisitions will have a very apparent business logic, they'll be manageable in size, and they'll be immediately or very quickly accretive to us as a company.

A couple of examples of that recently were the *American Baby* acquisition, which we acquired two years ago, and the WB affiliates in Chattanooga and Kansas City, which we recently acquired as part of our broadcasting strategy.

And the third element of what we're doing as we grow shareholder value is to return excess cash to our shareholders, either through dividends or share repurchases as appropriate.

Our first objective really is to deliver the strong organic growth. And back in 2001 when we went into the advertising recession that affected all of our industries, we put in place a series of growth initiatives that we thought would lead us in a rebound coming out of that recession. And I think our results today confirm these moves in both of our businesses.

Looking at advertising, I've first got a slide here relating to our broadcasting business. And what these charts are is really the degree to which our performance has exceeded, or in the one case lagged, that of the industry in general. So you'll see in really seven out of the eight past half

years, or fourteen of the last sixteen quarters, we have outperformed the industry in terms of our own advertising growth in the broadcasting arena.

The same pattern has existed in our publishing business, which is on the next slide, and there you'll see that in really sixteen out of the last sixteen quarters, we've been running ahead of the magazine industry in general in terms of our performance.

That has led to strong earnings per share growth. Over the last three years – we are including this year's estimate – we will have compounded at about 27 per cent a year during that period.

We've announced as a company, and are on target towards achieving, certain financial objectives in both of our business groups. In broadcasting we've articulated an objective of a 40 per cent EBITDA level. In our poorer days a few years ago, we were as low as 23 per cent. We finished fiscal 2004 at 32 per cent, and in fiscal 2005 we are making strong gains toward that objective, which we expect to fulfill for fiscal 2006.

We also, for our Publishing Group, articulated objectives of growing from 17 to 20 per cent in profits over a three-year period. We finished 2004, fiscal 2004, well ahead of the 18 per cent level, and we are highly confident that we will also achieve that objective on schedule as announced. That margin improvement should continue to translate into earnings per share growth. We've said as a general rule in political years you should be thinking minimally of high teens earnings per share growth for us and in the nonpolitical years in the low teens. Clearly, in the past few years we have outperformed those objectives and are continuing to do that as we speak.

What I'd like to do now is turn the meeting over to Steve Lacy, who is our president and chief operating officer, and he's going to give you some detail about both of our operating businesses. Steve.

STEVE LACY

Thank you very much, Bill, and good morning, everyone. It's certainly a pleasure to be here, especially for those of us who were in the Midwest last week, where we had 15 inches of snow, and the kids were out of school three of the five days. It was not a pretty week.

I thought I'd start, before I get into a discussion of the individual businesses, with a couple topics that may be at the center of your thinking around our business as you really look forward into the new year.

First and foremost, as a company, how do we keep the momentum going in terms of both top- and bottom-line growth, especially the great momentum we've experienced in recent periods, in the absence of political advertising, as we look at calendar 2005? I'm going to obviously get into that in more detail in the meat of my presentation this morning; but I think really the short version of that is that we've got some really well-defined and proven strategies that we're executing against that I think will help us maintain that momentum as we look to the future.

In addition to that, we have focused over time on creating new revenue streams really in both of our businesses that are not tied to the volatile advertising environment. In publishing, both our book and our custom publishing operation are growing rapidly, and that reduces our dependence on magazine advertising. And as Bill mentioned, we've added three new television stations and a radio outlet in calendar 2004, and that will bode well for us in calendar 2005 as well.

Secondarily, some of you may know that we've had a change in Broadcasting Group leadership in recent months. And clearly we are very focused on sustaining that momentum during this time period. The search for the new Broadcasting Group president is well underway, and Bill and I have been very pleased at the interest that we've received from several very strong and well-known industry leaders for our position. We're in the early stages of the interview process, and we're confident that we'll be announcing a new group president in the relative near term.

Since I took over the day-to-day operations of the Broadcasting Group in late October, I've made a number of station visits and really have a couple key observations, I think, from those exchanges.

First of all, our general management team is really very, very strong and quite experienced. On average, our general managers have about 25 years of broadcasting backgrounds in their day-to-day operating roles. In addition, we've continued in a very aggressive way to execute against those proven growth strategies that I mentioned just a few moments ago. We completed a transaction for a second station in Kansas City. We extended certain of our CBS affiliation agreements, and our 2nd Quarter pacsings have continued to improve since that time period in October.

So with that sort of overview, why don't we take a closer look at both of our business groups. First of all, for those of you who might be a little less familiar with Meredith, this is a map of our broadcast station group. As you can see, we currently own six CBS affiliates, four FOX, one NBC, UPN, and one WB. Eight of our stations are in the country's top 35 markets, and Las Vegas, which is really market 51, behaves as market 28 in terms of broadcasting revenue. In total, our group reaches nearly 10 percent of the TV households across the country. We also now own and operate an AM radio station out of our Saginaw television operation. Additionally, we're now operating KSMO, the WB affiliate in Kansas City, through a joint sales agreement, which is our most recent transaction, and we'll take a look at that in greater detail in a moment or two.

This next chart illustrates our broadcasting growth strategies around four main themes: First of all, to continue the momentum around the turnaround in our existing station group by increasing our news ratings and converting those rating gains into revenue and profit growth over time; continuing to add new and diverse revenue streams to the broadcasting group; forming more regional and duopoly-like arrangements across the country; along with acquiring stations that expand our footprint or our reach, with a particular target on mid-size and growing markets. These growth strategies are not only well targeted, but we've been executing against them really quite successfully over quite a period of time.

Improving our news ratings has clearly led to audience share gains. This slide highlights the results for our late news, comparing the November 2004 book with the November 2001 book in our eight largest markets. As you can see, we've improved in a number of places and really have some very impressive gains in certain of these particular stations. Our late news in Kansas City, as an example, has led the market now for the first time since 1991, in both households and in the key adult demographic 25 to 54. The late newscast was also ranked ninth amongst all CBS affiliates in metered markets across the country. I think we're really creating a winning news culture and news products that resonate well in the marketplace, and we look forward to continuing to build on this success.

Obviously, improving ratings is only important if we're able to convert those gains into revenue growth. And I think we've done a very impressive job of top-line growth, and this simply shows how Meredith compares to the industry and some of our key competitors. This is for the 12-month period ended September of 2004 compared with the prior year.

Part of that revenue growth is tied to new revenue streams other than traditional advertising. Our Cornerstone programs leverage our publishing brands and assets by packaging that content along with print ads for local advertisers in the individual television markets. This results in a customized marketing program that really can't be duplicated by our competitors in these particular marketplaces. Revenues from these Cornerstones, along with additional programs that are focused on local interests and our Internet sales at the individual stations, have grown from around \$3 million in our fiscal 2001 to \$22 million last year. And we anticipate to generate somewhere in the range of \$25-30 million from these nontraditional broadcasting revenue streams in our fiscal 2005.

As Bill mentioned earlier, we continue to focus on expanding our growing and significant presence in some of these television markets. And I thought I'd highlight our recent transaction in Kansas City. As some of you probably know, we have owned and operated KCTV, the CBS affiliate in Kansas City, for over 50 years now. Given its very strong programming and our local knowledge of the market, we were interested in a very unique way to expand our presence in that marketplace. In November of 2004, we entered into a joint sales agreement where we began operating KSMO, which is a WB affiliate, in Kansas City. This transaction allows us to not only serve the younger Warner Brothers audience, along with the continued strong presence of the CBS audience in Kansas City. We have now moved the majority of the KSMO staff into our facility in Kansas City and started to integrate those operations in the areas such as engineering, traffic, accounting, to gain cost efficiencies as we look into the future. We anticipate that this transaction will be earnings neutral in its first year and accretive thereafter.

The KSMO transaction then marks the third time that we have executed against our strategy of expanding our market presence in calendar 2004. In January, we launched a low-powered station in Springfield, Massachusetts, operated by our CBS powerhouse in Hartford. In August we acquired the WB affiliate in Chattanooga, which added to our Southeastern cluster, which includes Atlanta, Nashville and Greenville.

The Broadcasting Group is really in very strong shape. Our strategies are on target, our stations are in wonderful growth markets, and we've got experienced leadership in place to move this

business forward. We've got a track record of strong results, and I look forward to continuing that as we move to the future.

So with that, let's turn our attention to the publishing business. Many of you know that the publishing operation really has been a core strength of the Meredith Corporation now for well over a hundred years.

Today we publish 18 subscription magazines, led by *Better Homes and Gardens*, along with *Ladies' Home Journal*. Our mid-size group of titles, including *MORE* magazine, *Country Home*, *Traditional Home* and *Midwest Living*, are quite successful as well. And the American Baby Group extends our magazine portfolio to reach younger women and the rapidly growing Hispanic marketplace. In addition, we publish a lineup of about 150 special interest publications sold primarily at retail, we have over 350 books in print, and major marketing relationships with some of the country's leading companies, including the Home Depot, DIRECTV and Chrysler. We also have a significant Internet presence where we operate 26 websites.

This next slide is a quick look at our publishing strategies where we continue to grow our existing businesses. This is by increasing advertising market share, expanding into nontraditional advertising categories, and expanding the rate base and the frequency of our mid-size titles as appropriate, along with growing our circulation profits over time. We'll continue to broaden this magazine portfolio through acquisition or launch, extend our brand franchises, and in this business, as well as broadcasting, look for nontraditional sources of revenue not tied to the advertising marketplace. In terms of ad pages, our magazines have outpaced the industry in most of the 12 months in the period that ends with the November issue of 2004 compared with 2003.

Looking once again at PIB data, you can see on the next chart that *Better Homes and Gardens* and *Ladies' Home Journal* have continued to increase their combined market share of the women's service field, and it's increased about a point a year in each year over the past decade.

Questionable circulation practices of some magazine and some certainly some newspaper publishers have become quite a concern in the industry taken as a whole. Our long-term, direct-to-publisher strategy really continues to differentiate Meredith in the marketplace and drive circulation profitability over time. For those of you who might be a little less familiar, there are really three key principles to our subscription model.

First of all, we generate better-than-industry-average response rates from our direct mail, due primarily to our consumer database and our in-house circulation expertise in the direct mail area.

Second, we derive the majority of our subscriptions from direct mail, insert cards and the Internet, rather than agent sources such as sweepstakes. This direct-to-publisher model results in higher renewal rates and delivers a more responsive audience for our advertising and marketing partners.

And third, our subscription model is focused on long-term offers, generally in the range of two to three years. As a result, we generate higher renewal rates and spend less time, money and effort

acquiring replacement subscribers for those who don't renew. This direct-to-publisher model continues to deliver strong circulation profit in our current fiscal 2005.

In publishing as in broadcasting, we're also focused on broadening our portfolio, in this particular case, through launches or acquisitions. I think both *MORE* magazine and *American Baby* demonstrate very strong, successful execution against this particular strategy.

MORE is our lifestyle title directed at affluent women age 40 and above. Since it was launched, it has really provided our advertisers with an outstanding vehicle to reach this important and once-again affluent audience. In this past September, we increased *MORE*'s rate base to a million, and that now allows us in a more aggressive way to attract nonendemic advertisers to the portfolio.

The American Baby Group has been an outstanding acquisition for Meredith. It extends our magazine reach in two important audiences – younger women, and also, as I mentioned earlier, the growing Hispanic marketplace. At this point in time we're continuing to look for good acquisition and launch opportunities, really focused around reaching the 20 million or so women in the age of 30 to 40. Health, parenting and fitness are key and interesting topics to this particular audience.

This coming fall, the fall of 2005, you'll see us launch a new product and actually a new business directed at serving the rapidly growing Hispanic marketplace. At this point it's a little premature to discuss further details, but we believe this market holds really significant growth potential for Meredith as we look into the future. Consumer research that we have done really tells us that this group of women has a strong desire to own homes, and our particular core competencies in the area of home design, home décor, family and child advice are highly relevant to this Hispanic marketplace, taken as a whole.

In addition to our powerful subscription and newsstand magazine operation, we also generate and operate other businesses where revenue comes from sources other than advertising or circulation. Integrated marketing is our custom publishing business and has produced just tremendous results in our fiscal 2004. The larger programs today include the guide for DIRECTV and customer loyalty activities for Chrysler and Carnival Cruise Lines, to name just a few. We continue to deliver very strong results in our second quarter of 2005 as well.

Additionally, we're finding new and exciting ways to leverage our consumer database and provide more comprehensive services to these marketing arrangements. For Hyundai we're providing not only traditional customer and dealer loyalty programs for the brand, but we're also Hyundai's consumer database on Meredith's systems, supplementing their information about the consumer with data from our database to help them target, retain and find new customers more effectively. We expect to add these types of traditional services to our existing relationships as we look into the future.

In our book area, we experienced very strong sales of the 75th Edition of the *Better Homes and Gardens New Cook Book* in our second quarter. In fact, at retail it was a sellout. Recently, we signed a number of new licensing agreements – examples include Discovery Communication,

Marvel Enterprises, and DC Comics – and those will continue to strengthen our pipeline as we look into the future. Based on the books that we have in the pipeline to publish during our fiscal 2005 taken as a whole, we anticipate that our book business will deliver strong revenue and profit growth for the full fiscal year ended this coming June 30.

Along with broadcasting, our publishing business is also in very strong shape. We continue to grow our existing businesses, focus on broadening our magazine portfolio, once again to serve younger women and the Hispanic marketplace, while expanding our franchises and creating new revenue and profit streams to grow the business as we look into the future.

With that, I'm going to turn the program over to Suku for a financial update, and then we'd be certainly happy to answer any questions you might have about our business operations. Thank you very much.

SUKU RADIA

Thank you, Steve. I'll provide you a quick overview of certain key financial matters. Currently we have \$300 million of debt outstanding, all of which is our private placement debt, and will be repaid in tranches through 2008. Our debt agreements require our debt-to-trailing 12-month EBITDA ratio to be less than 3.5, and as of September 30th, this ratio was at 1.2.

We also have access to \$400 million of additional capital, which certainly allows us to be opportunistic with respect to strategic acquisitions. And as you just heard from Steve, in publishing we are targeting opportunities aimed at younger women and the Hispanic markets. In broadcasting, we are concentrating on duopolies and clusters, mostly in the mid-tier markets.

As Bill stated earlier, we will grow shareholder value and return excess cash to our shareholders. We view our share repurchase program as an intelligent means to do so and also recognize the value in our stock. In fiscal 2005, we have already repurchased more than one million shares, which is nearly 130 per cent of the total we repurchased in all of fiscal 2004.

With that review of our businesses and financial position, let me remind you that we are in a quiet period. We will update our outlook when we release second quarter earnings on January 25th. For now, let me reiterate the outlook we provided last month at the two media conferences in New York.

For the second quarter, we expect earnings per share to grow between 40 and 45 per cent from the 38 cents per share we earned in the prior-year quarter. This percentage growth equates to earnings per share in the range of 53 to 55 cents per share. For all of fiscal 2005, earnings per share of \$2.63 are achievable. And, as you know, the FASB recently finalized its option expensing standard, and we are in the midst of considering whether we early adopt. We will provide more details during our January 25th call.

And with that, I'll turn it back to Bill Kerr for some concluding remarks. Thank you.

BILL KERR

Thanks, Suku. And before we get to the Q&A, let me just reiterate what I think Steve said in his comments. We think our businesses are in really very sound shape. We have strong leadership throughout the Publishing Group and at our broadcasting stations, and we're producing outstanding products. And I think we've got a lot of financial momentum to the business that has been reflected and seen in the data we've presented here.

With that, Bill, we're open for whatever questions anyone may have.

Q&A SESSION

QUESTION – [inaudible]

BILL KERR

The question, which I'll turn really to Steve on, is the issue on advertising direction in the current quarter. Steve, do you want to pick up on that?

STEVE LACY

Bill, as Suku mentioned a few minutes ago, we'll obviously provide updated guidance on that in more detail when we have our earnings release. But on an overall basis, I think what we're really seeing right now is, you know, solid but not a robust environment really in both of our businesses. And especially on the magazine side we really continue to see very, very late decision-making and a lot of volatility issue to issue and magazine to magazine in a particular month. That's not a new phenomena – it's a continuation of what we've seen in the past but maybe a little bit more aggressive than maybe we would have felt a year ago at this point in time.

QUESTION

First, I should ask – what is the accordion feature in the dry powder? Because I'm not familiar with that term. And then after that, just talk about your interest in doing acquisitions. You've got a couple hundred million dollars of the dry powder, as you say, and talked in broadcasting about interest in doing acquisitions. You did some in '03, and it's been about five years since you did your big slug of transactions. You know, what magnitude of transactions would you entertain?

BILL KERR

Sure. First, Suku, do you want to deal with the debt situation?

SUKU RADIA

Sure. With respect to the accordion, basically what happens – as far as our revolving debt, we were able to get a feature included in that which does not require any renegotiation of all of the covenants of the debt. So we don't have to go through all of that. The banks that participate in that syndicated debt have an option of participating; if they don't, others can enter into it. But the point being that there is not a reopening of all of the covenants. It's a fairly straightforward process. Does that...? Okay.

BILL KERR

Let me go to your acquisition question. I will also ask Steve to be part of that. You know, in a perfectly ideal world, which we know does not exist, what we'd love to do is sort of annually a transaction about the size of the *American Baby* transaction, which was about \$120 million all in. But we know perfectly well there will not be a neat step functionability to do that as we go forward. I would say right now – and again I'm asking Steve to participate on this – you know, there's a paucity of interesting properties around in terms of being able to do transactions, either on the publishing side or on the broadcasting side. We've been working assiduously to try to find some, but it's very spotty and has been for some period of time. And my own guess, which may be wrong, but my guess is on the broadcasting side, until the whole ownership environment gets settled, I don't think we're going to see a lot of transactions out there.

We're not looking particularly for broken properties. We're looking for mid-size markets like those that we participate in with most of our television stations. And probably we would like on the television side a little more network balance to what we have. As wonderful as CBS is today, and we expect it to be for quite some time, there is an ebb and flow that takes place among the networks. I don't know. Steve, would you like to add to that?

STEVE LACY

I guess the only thing I would add from a process standpoint is – We do have a very small team of business development people led by our general counsel, and we have been very aggressively reaching out to likely candidates for each of our businesses. We have a very well-targeted hit list of properties that we're interested in. You know, the challenge is getting the timing right between the buyer and the seller. But we know what fits in best in our footprint, and the owners of those businesses know that we're interested.

QUESTION

Thank you. I'm interested in some of these initiatives to leverage off your database, because years ago you had something with obstetricians that was very interesting with the advertisers. Have any of those been instituted since then or currently?

BILL KERR

Yeah. Steve, do you want to talk on the database?

STEVE LACY

Let me give you two or three examples of things that we have done. And, you know, the challenge has always been getting really a marketing partner who had the desire and then the ability to execute against these programs, because they're more complicated.

On the television side, we have an ability through our consumer database to target people, as an example, for a direct-mail campaign that will bring them into a local dealership to test drive a car, and they have the opportunity to win something. Those work very well, and we can, you know, execute those very, very aggressively.

It's a little more complicated sometimes when you go over into the publishing side, because it might be a multi-platform operation – as an example, what we're doing Hyundai. We provide not only a very, very aggressive stream of customer loyalty communications in the early stages, affirming your decision to buy the car, in the mid-stages couponing you and doing a variety of things to get you to take it in for service, and in the later stages enticing you to trade up and buy another vehicle. We also do all of their dealer communications. In that particular case, we even house the individual consumer information inside of our database, and it's an installed base of a little over 800,000 vehicles. And so that's probably our most aggressive program, and then from there, you know, they range.

But we have the technology and the capability, and we think this is a growing opportunity for us as even the mass-reach customers of ours want to find a way to segment that and reach out to individual audiences. As an example, recently, Proctor & Gamble has really divided all their advertising and marketing into what they call "cohorts." And we were, in fact, awarded the Hispanic cohort, and it's like, the Hyundai program, a whole variety of touchpoints but around a very targeted demographic audience. And we use our database to do that on their behalf.

BILL KERR

Bill, the clock says we're out of time here. I guess we are going to be in Salon H, which is to the left when you exit this room. If anyone has any other questions, we'll be there for the next twenty minutes or so and be happy to answer anymore questions that any of you may have.

Thank you.