

MEREDITH CORPORATION
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LISA MONACO

I'm here with Bill Kerr, Chairman and CEO of Meredith, and Suku Radia, CFO. And we're going to open up with a few comments from Bill, and then we'll have some Q&A.

BILL KERR

Okay, thank you, Lisa. We're delighted to be here. We have had a series of one-on-ones this morning, and I think that we've probably covered some of the folks during those, but anyway, our group here, let me just chat a little bit with you upfront about the company.

I think for those of you who know us, you know we've been around for over a hundred years, and the prime thrust of our business is really publishing to the home and family marketplace, which we do through our magazine, book and integrated marketing businesses. And we also have a substantial television broadcasting business with 14 stations around the country.

Just in terms of a few upfront comments to get us started, the first thing I would indicate is I think we are very much on track to achieve the long-term financial targets we've been enunciating over the past few years. We've stated that you should expect generally earnings per share growth in political years that would be in the mid-to-high double digits and in non-political years probably to be in the low double digits. That's an objective and a target we have significantly outperformed over the last two or three years. And as we reaffirmed on our earnings call about ten days ago, this year we expect to earn \$2.50 a share, which will be up from the \$2.00 we earned last year, which is obviously a nice increase.

If you look at our two operating groups in regard to that, we had enunciated a few years ago an objective to move the operating margins of our Publishing Group up from the 16 percent level where it had been to 20 percent over a four-year period, and this year we're running at the rate of 19+, and we'll very comfortably make that 20 percent target in our next fiscal year. At the time when we did this, we were having a quite underperforming Broadcasting Group. We had an EBITDA margin error of about 23 percent. We said over about a four- or five-year period we wanted to get that up to 40 percent. This year we're running at a rate of about 35 percent, and we expect over the next 18 or 24 months to be at that 40 percent target.

The second point I guess I would emphasize as we get started is that we are very upbeat with respect to where we are with our Publishing Group and where it's headed. As I think those of you who follow the industry know, the prior two quarters in the magazine space were relatively soft quarters in terms of advertising growth. Again, on our conference call we indicated that our magazine ad revenues in this quarter are running up in the strong mid-single digits. That seems to be broad-based; it is across virtually all of our advertising categories and is also across

virtually all our magazines. I would not yet say that we ought to convert that into a long-term trend, but that is what we are seeing at this particular point in time.

Something that's become very important for us as well is the degree of our revenue that comes from non-traditional sources in the Publishing Group, and those would be other than advertising, other than circulation. They come from integrated marketing, our book programs, our custom marketing programs, our database marketing programs. They're now running at about 26 percent of our revenue in the Publishing Group, and they're growing at rates that are significantly above what we would expect out of the advertising arena.

I would also stress that I think our Broadcasting Group is making very significant and positive strides from where we were a few years ago. Even though our fiscal 2006 is a non-political year, we expect, as we have been, to be at or near the top of performance in terms of advertising growth across the industry. Paul Karpowicz, the new head of our group, has settled in. He's making a significant and immediate impact on the group, and we think we have a leader there who is going to be outstanding.

By way of reference now in terms of our ad performance, 15 of the last 17 quarters we've been running well ahead of the TVB data; we expect to continue that. A big part of the turnaround in our Broadcasting Group has been based on the expansion and the improvement of the quality of news. Over the last five or so years, we've gone from about 90 hours of local news a week to 250 hours. It takes a few years for that to cycle itself into effective revenue growth, but we are seeing that happening, and we think that is a very positive trend for us going forward.

I'm sure you hear this from others, but we frankly think right now with our stock selling at historically low multiples, we're undervalued. We have been very active this year at taking advantage of that situation. In a typical year like last year, we bought back about three-quarters of a million shares. So far this year in the ten months to date, we've bought back 1.9 million shares, and we are still actively in the marketplace acting on that belief.

So with that as a little upfront on the business, I know you really want to focus this on Q&A, and we'll turn it back to you, Lisa, and we'll get on with the questions.

Lisa You mentioned on your conference call and again this morning about the strengthening in the ad market for your magazines and that it's broad-based across titles. Could you just elaborate on, you know, we've had some false starts over the last couple years' recovery. What do you see different in the numbers? Any particular categories or titles that are seeing better numbers than others?

Bill Well, no. I mean, that was the point I was trying to make really. All of our titles are showing that strength, and Suku, correct me on this if you've got it, but I think virtually all the categories are showing strength, you know, this has been a recovery that's been a spottier one in the advertising space. I've been through five of these recessions over my business career, and this has been kind of the slowest and spottiest in terms of advertising recovery. I would caution, though – I would not take what we're seeing in this quarter and try to necessarily extrapolate it into a five-year trend or anything of that nature. I

think that the thing that we've all learned over the last few years is that our vision and our ability to see where advertising trends are going is much more reduced. There used to be a time when people really bought schedules of advertising that ran a whole year. Those days disappeared quite a while ago. So, while it feels very good, I'm not ready to say we now have a trend line that I'm going to predict. I would say this, though, that in the feedback we get from advertisers as we interact with them, the conversation is not one suggesting problems for the future; it's suggesting a higher degree of confidence. But that's less hard data than real numbers.

Lisa And turning to circulation, can you talk about how the magazine industry is dealing with questions just in general in publishing on circulation integrity? Any pushback on ad rate?

Bill Yeah, I would say the magazine industry has not acted as forcefully as I think it should have acted in terms of some of the circulation caused by some of the players in the industry. We have taken a very different viewpoint. I think we as a company have argued very much for even greater transparency on the part of where the magazine industry is. I will say that, one, I think that's right, but, two, I think we also benefit from it because we happen to have a very high-quality circulation that is not dependent on some of the questionable sources that some players in the industry have pursued, as indeed was the case in the newspaper industry. So we have found that the openness about our own circulation and the open articulation of our circulation strategy probably has been an advertising advantage for us. Now, I think the misperformance on the part of some players, sure, has encouraged some advertisers to use that as a stick to try to beat out the prices on terms of advertising. But it's a tough negotiated market, it has been for years, and we would expect that to continue to be in the future. And if it wasn't the circulation issue, it would be some other issue.

Suku Let me just add one more just as an example. When we take a look at *Better Homes and Gardens* and *Ladies' Home Journal*, three percent of *Better Homes and Gardens* is dependent on the newsstand; the rest is all subscription based. And, of course, we've always had a very strong direct-to-publisher model. And at *Ladies Home Journal*, about 93.5 percent is subscription based, 6.5 percent on newsstand. My point being that so much of it is subscription based, and we're just very pristine about our circulation practices.

Bill You know, I think where a part of the problem was, a certain part of the industry did not invest in direct-to-publisher circulation over a period of time. It depended on sweepstakes and other some quite questionable sources of circulation. And as those became more difficult, I think they became more desperate to maintain their circulation level. And that was unfortunate to the industry, and it was unfortunate, in my judgment, that there was some denial of that on the part of some of the players in that real estate.

Lisa So would that imply for you that you're seeing circulation revenue growth, excluding some of these startup titles, the volume in revenues?

Bill Yeah.

- Suku Last quarter... our circulation number in the financials comes from two sources, the subscription and the newsstand, and we had an increase in the last quarter.
- Bill Yeah, and we have found if you take particularly our mid-size titles, we've been able to grow their rate bases, four or five of them, on a combined basis about a million in circulation over the last few years. And we've also been able to increase the profitability of the circulation of our large books. So we feel very good about our circulation dynamic.
- Lisa Can you talk about the ten new titles that you've recently launched, kind of what the rate bases are, where you expect them to go, kind of what ad revenue trends have been there?
- Bill I'm sorry, which?
- Lisa The ten new titles that you've recently launched.
- Bill I don't think we've launched ten new titles. Are you thinking about the special interest...?
- Lisa Special interest, yes.
- Bill All right. Suku, do you want to talk about those, Suku? And those are not rate-based driven titles.
- Suku At the newsstand we are, after *People Magazine*, the second largest, and the special interest publications do extremely well for us predominantly at the newsstand, and there is a subscription-driven model, but it's a small piece of it. But we do about 150 special interest publications on an annual basis. And, for example, last quarter when we look at the circulation number, the increase came from newsstand. We are very encouraged at what we are seeing at the newsstand, because newsstand has been on a very long-term decline, and up until a couple of years ago we really hadn't felt that decline, but then we did. And as we reexamined that whole special interest publication business, we concluded that perhaps reducing some numbers, doing a few things different was probably the right thing to do. But one of the things, you know, if you have a kitchen-type magazine and you have it every so many weeks, we had to take a look at what was selling, what was not selling, what could we do without, etc. So basically reexamined that business and concluded that we probably needed to go down from 160 to 150 but within that 150 there is a certain change in mix also. And I think we're pretty encouraged by where we are, frankly.
- Lisa And how are you progressing on your titles, your Hispanic title? And there's also been some efforts with *American Baby* to get more into that demo.
- Bill Sure. Since *Siempre Mujer*, which is the Spanish language magazine that we will be launching in the fall, we're in early circulation work on that now. We will be dropping mail in this quarter. We are in the marketplace on an advertising front on that at this point in time, and we've pretty well staffed up in terms of the editorial staff. You know, as we said before, we think probably the advertising side of that will be the easiest part of the

equation. I think the real trick will be over time to make sure we can identify and reach the audience in an economically intelligent fashion, which we think we can at this point in time. It's really too early to say much more than that, but at this stage we feel very good about where that's going.

Lisa And in the past you've talked about reaching further into younger women. *American Baby* has helped you to do that, and I think you've even hinted at maybe getting more into the fitness or nutritional area. And where do you stand on that, and what are your thoughts on starting a new title versus an acquisition...?

Bill Yeah, we think where we do exceptionally well is... And women are the prime readers of our magazines, and typically they are into serious home ownership and probably mid-thirties on is where we tend to attract the readers. Part of our intended strategy is try to get more people who might be in their late twenties to early thirties. *American Baby* was the first acquisition in attempting to do that, and that's turned out to be an exceptionally fine acquisition for us. It makes a lot of money, and it's also one that adds about two million names a year to our database and the younger names, which is exactly what we were hoping for. We are actively looking at some potential acquisition opportunities in that space, and we are also, we have a plan B or A..., whichever you want to look at, which would be to potentially launch a magazine into that space. And so we're in the kind of classic make-or-buy decision-making process at this point in time. And I think over the course of this year we'll have a much better frame of how we're going to do that.

Lisa What is your response to those that say the home decorating market, lifestyle market, has become, you know, the appetite for that area has become satiated?

Bill Well, I think when you sell more circulation, then you can grow your rate base on your circulation, and sell more ads and you grow those ads, presumably we think we still have a pretty good opportunity. There have been a lot more players come into it, no question, but I think there's a reason there are a lot more players into it. This is a very healthy, dynamic part of the economy. Our home and family focus, which was very important prior to 9/11 became even more important after that, and I think as the demography... And the wonderful thing about demography is you can kind of predict where things are going, unless you have a really systemic change in society. And this in our judgment will remain a very active and attractive marketplace for quite a period of time to come. And given that's the fact, I assume it's going to continue to attract new participants.

Suku And speaking to Bill's point, if you take a look at our four mid-size titles, *Country Home*, *MORE*, *Traditional Home* and *Midwest Living*, and you look at the rate base increase over the last five years, it's been slightly over a million, and you try to put that in a little better perspective, in the last ten years, of the 8,800+ magazine launches, only 12 have managed to make it to a rate base of a million. So that puts that in perspective. And all four of those are at a million, one side or the other or very close, the two that are not quite there. So they do keep selling – so Bill's point, there certainly seems to be an appetite out there.

Bill I must say, I have a lot of respect for Time Inc. as a magazine publisher, and the fact that they've targeted this as an area of expansion suggests to me that they've reached the conclusion it's a pretty good area to expand in. We feel the same way.

Lisa And can you touch upon how you've been able to utilize your customer database and your integrated marketing efforts, which I'm sure have become a real contributor...

Bill Sure. Suku, do you want to handle that one?

Suku Sure. The integrated marketing business has continued to grow extremely well, up in the low thirties this year in terms of revenue. It's a good margin business, and those dollars usually come out of a different pocket than advertising, and it's a longer-term relationship. And the Hyundai program is the one that we have talked about the most recently, because it's truly an end-to-end relationship, not just the loyalty magazines for the Hyundai customers but also managing Hyundai's database. And with 80 million names in our database and having been in the business for a long time, we think we have a pretty good knowledge of how to run the database. And being able to manage somebody else's database, I think, just results in really a very comprehensive, longer-term relationship. And I think that model is something we really intend on replicating. So I think we're pretty pleased overall with where that business is going.

Bill Just to add to that, if you take a five- or ten-year view, I think an increasing number of major marketers or advertisers are beginning to develop the capabilities to really do intelligent database marketing. Many today do not have that skill in-house; they've not made the investment in doing that. But as they continue to do that, I think that suggests to us that the opportunity in this area just gets to be a bigger and bigger opportunity over time. And I think it's one where the substantial investment over the years we've made in the depth and quality of our database gives us a real competitive edge in terms of dealing with this business. Because, you know, you take the... names, and you've got about 300 data points on each name, which is a very, very rich database to be able to interact with data from a third party. To date we have used the database mostly to drive our own circulation activities. And I think it is one of the reasons we believe we have a substantially greater profit contribution from circulation than many of our players in the industry. But I think the next great step is, as more and more advertisers can take advantage of it, it seems to us a huge marketing opportunity.

Lisa And just to focus on the publishing segment, you mentioned that roughly 26percent of that segment is nonadvertising and non... circulation. Is that a ratio you feel will remain constant? Because that's up quite a bit from several years ago. And where do you see that going?

Bill I would expect that to grow. You know, we love circulation, we love advertising; we really go after that, and we go after it aggressively. But I think in this area, which covers the database, the books, the custom publishing, integrated marketing, I think we should be able to grow that revenue stream at least at twice the rate that you can expect out of the advertising marketplaces and maybe at a higher rate than that on a long-term sustained basis. So I think you'd see a continued shift in that direction.

Lisa And you mentioned the expansion in margins in the publishing segment. What is going to get you there, because you're doing a fair amount of investment on the magazine and book and special interest side, that revenues, you know, taking some costs out?

Bill All of the above.

Suku All of the above.

Bill Yeah, there's no silver bullet. It's just a very systematic approach. You know, we take the view, correctly or incorrectly, that, in aggregate, advertising across the economy probably is going to grow GDP or GDP-plus a little in terms of performance. We think of ourselves just like you ought to think about a manufacturing business – you ought to be at cost all of the time in terms of a continuous cost improvement program. And, of course, you've got to get the revenue moving in regard to that, so you've got to do all the above. It's not a single bullet or anything that's going to do it for us. I do think, just to give you an example here, one of the things that's been very helpful has been the ability to strengthen the circulation margin and the circulation contribution. And as we've been able to move out of the mail and into the generation of a lot of traditional circulation via the Internet, that's had a significant impact in terms of cost. And it's also created a base of circulation which seems to have very attractive renewal characteristics, which again has both a cost and a revenue play for us in the future. And while the industry clearly is facing upward pressure on the paper side, and we'll all face a postal increase probably in January of '06, I think we've also been very successful in grinding down our production costs, production and distribution costs, and that becomes part of the continuous cost improvement program.

Lisa And just on the book side, revenues were down in the March quarter, you talked about some new titles coming out in the children's category. What do you expect to drive growth over the next couple quarters for the book business?

Suku The fourth fiscal quarter has a very heavy release schedule, first of all, so there is some variance between quarters. And in the book business, we've found over the course of time that we have our own product, which is the evergreen content; and of course the *Better Homes and Gardens* red plaid *Cook Book*, which was first launched in 1930, has done extremely well for us. But then as we continue to try and grow all of those relationships, such as the Home Depot, there's also this other piece on the license-branded books, and the books that we had with Trading Spaces did extremely well for us. We've continued to develop relationships, Discovery, Marvel, now the Madagascar, etc., so that whole business has been a growth business for us, and we certainly look at that as a business with a lot of promise for us as we look out.

Bill Yeah. You know, one of the things with the book business is you do get a certain degree of volatility based on the release schedules. And last quarter was basically flat in terms of year-over-year releases. The fourth fiscal quarter is going to be up about fourfold in terms of book releases. It's the heavy release quarter for us, and therefore we expect that to be a very strong quarter.

Lisa And just turning to broadcasting now, you were able to produce a topline growth of 1 percent, which appears to be among the best in the industry. And you're seeing positive pascings for the June quarter. Is that just from your sales driving the efforts there where categories are strong?

Bill Well, I think, Suku, you may speak to categories, but let me just sort of give you my broad take on that. I think two or three things are going on. One, I think we clearly have increased the quality and nature of our sales force in the field. There's no doubt about that, and I think that's paid off. But if you look at our markets in aggregate, they are growing about at about twice the rate of the country on average. And you've got market surge, above-average growth characteristics that are taking place. We have, as I referenced earlier, the large introduction of local news into those marketplaces. And in virtually every market we're seeing on a sustained basis increases in the ratings of those news products and also on the sign-on to sign-off. So you combine a growing markets with increased shares with better quality sales and marketing, and I think that explains why 15 out of the last 17 quarters we've outperformed the industry average

Q Just a follow-up question on that about how you see that going forward, say over the next five years, because it does seem like you've done a nice job relative to your peers, but that may fly in the face of secular trends with audience fragmentation and an effective CPM that's growing far faster than even your cost increases as a result. How do you see that and think about the growth possibility in the future?

Bill Well, you know, your question is the gut question about broadcasting. And, you know, I grew up in the publishing side of the business, so I guess I have an inherent DNA that's more focused on publishing. And I can sometimes sit in a certain degree of frustration if I'm with P&G or someplace and they tell me they have to spend more on TV this year to make up for the fact that the audiences went down, but they begrudge me a price increase on the print side of my business. It's a logic I've had trouble with. But, you know, we've had a 25-year trend where we've seen the audiences decline dramatically and the prices rise dramatically in the face of that. And I think every year there is... This is the year when the advertisers are going to be payback time and upfront time and they're not going to pay the rates and they're going to punish the industry. And so far that's not really happened in a large fashion. I can't tell you five years out, but I'll give you a little maybe shorter-term perspective on that. I'll give you both. I think for the long term I have concerns in my own mind about what does... And when you get to the point that you've had maybe a generation of viewers who have learned that they don't have to watch advertising, I think that's a five- to ten-year issue. I don't think it's a two- to three-year issue, is my own view on things. I do think that television still provides, if you want to reach a large number of people in a mass fashion and at roughly the same time, it is the coin of the realm for doing that. And as we've seen that great shrinkage in network or traditional over-the-air broadcasting audiences, the reality is, those audiences, when you compare them to even the best of the cable channels, are still gargantuan in size in terms of the comparison, though the tree may be only ten feet instead of twenty feet, but it's maybe selling against a one-foot tree. So I think I have yet to see that shift that may take place. And I see reasons why one could argue that the shift might take place, but it hasn't happened yet at least. And I think it's going to be some time coming before that happens,

if it happens. Now, there are others who will argue much more forcefully that it's going to happen and it's going to happen more quickly, and I can't say that people are wrong. I think it's a real question, and I don't think we know the answer to it.

It's certainly my own personal bias in terms of where I put my investment dollars, as we are focused as a company very much more on, for example, in the acquisition... – we'd rather do magazine acquisitions if we can find the right acquisitions to do. And I like the fact very, very much there, you've got three revenue streams. You know, you've got the advertising, you've got the circulation, and you've got the other things that you can take advantage of, versus the single revenue stream from the television. But at this stage, as I look at our own markets and I take a two- or three-year timeframe, which I think I can take reasonably, I think in our markets and given where we're going, there's a lot of value to be achieved that we haven't achieved yet, certainly have not been rewarded for yet, and I want to make sure we get that and translate that for our shareholders. So that's a long-winded answer to your question, but I don't think it's a question where there's a definitive right and wrong answer at this point.

Suku Let me come back to the second part of your question.

Bill Part 2.

Suku Part 2. First of all, just for those of you who may not be as familiar with us, we've got eight stations in the top 35 markets, and then we've got Las Vegas, which is market 51 but behaves like a top 30 market because it's a 24-hour market; it's market 28 in terms of revenues. Looking at categories, Lisa talked about the growth we had. Auto continues to be a pretty good category for us, it was down slightly in the quarter; but it's still north of 29 percent, so it hovers between 29 and 30 percent. What were the other strong categories – the strongest one was professional services, quite strong; restaurants was also quite strong. And retail and furnishings were also quite strong. And overall it's really the growth is coming from local business as opposed to national businesses, which is I think pretty much what you're hearing across the industry.

Lisa Can you touch upon Paul's thoughts as new head of the Broadcasting Group and how he looks to, what changes he plans to make and then how you will make your target, because you're pretty confident the 40percent EBITDA margin, the Broadcasting Group, because a lot of the cost-cutting has been pretty much behind you.

Bill I would say in the aggregate picture, I think Paul thinks the group is on the right direction. Obviously, there's always a constant tinkering that's got to go on, but I think he likes very much the direction of the group. He has now had a chance to spend serious time at all of the stations and with all of the general managers. I think he believes at this point in time that there are still some areas at some of the stations where we need to have a further upgrading of our marketing capabilities. And I think that's probably correct. There are a couple of the stations which are not delivering what they should be delivering for the audiences that they've been able to produce. And I think that's a high priority for him. He feels very comfortable with what he's seeing today in most of the news operations. We've got some that obviously can and should be better. He thinks we have

improved dramatically how we've handled the purchasing of programming, but he also has some thoughts on how that can be better as well. But I do not think he at this stage views a need for radical change. I think he feels what we've put in place over the last three or four years is the right direction. We've got to execute, and execution will be very key. And right now with the good ratings movement, and you know it's great to have a good ratings movement, but if you don't convert that into dollars and you don't put it into revenue, then it doesn't matter that you've had good ratings. And that's what we've got to drive. And I would say one of the big changes that's happened with our Broadcasting Group is we have on average increased the quality and strength of that group in terms of on a people point of view over the last few years. I think our Publishing Group has appropriately been viewed as one of the strong players at the top of performance in the publishing industry. Our Broadcasting Group was never in that category. I don't think we're at the top of the broadcasting industry today. We would aspire to be at or near the top in terms of the quality of our staffing, but that's going to take a number of years to get there. We've made some good steps, and we'll continue to make those steps.

- Suku Just on the news front, for example, we were doing 90 hours of news five years ago and up to 250 hours a week now. And this is again on a comparable station basis. That whole news buildout has been completed. And of course that also allows you to be less reliant on syndicated programming. There is tremendous competition, and if we look at our syndicated programming costs and the amortization, they seem to fairly well run in tandem. Five years ago that was at \$41 million, and we've been able to get the amortization down to about \$30 million; and, as Bill mentioned, we expect further reductions, just because of the experience Paul brings to the table. So it's largely a fixed-cost business, but we really, with the news buildout complete and nothing further to add to the digital buildout, etc., we don't see any massive increase on the cost side. And on the news side, as you look at the ratings, Hartford is a solid one. The others, the ... line has been very, very good, but certainly they're second or third in the market, so there is still some opportunity – my point being that the 40 percent EBITDA margin we have articulated we believe we can get there just with continued improvement in ratings and better ability to sell.
- Bill One of the things that Paul has been most excited about is what we call our Cornerstone programs, which is our ability to bundle our magazine content with local advertising sales in our television markets, often with a print product that will go with an ad schedule that will be distributed locally, either poly-bagged with the distribution of the magazine or through the mail as it may be. And, you know, five years ago that business was zero; this year those kinds of marketing programs are \$30 to 35 million worth of our revenue stream, about 12 percent of the total advertising consisting of the Broadcasting Group. And Paul sees the opportunity for that to expand even more. I think if we were sitting here... at your meetings... five years ago, it would have been hard to say... there was much interplay and much benefit that the two groups got from each other, but today there's much more of that. We've been quite effective at that.
- Lisa And just turning to the balance sheet, by our calculations, you will be debt free by the end of your fiscal '07, assuming no acquisitions.

Bill Hopefully, we find some reasons not to be debt free.

Lisa What other priorities...?

Bill Go ahead, Suku.

Suku Really the goal is not to be debt free, but in the meanwhile we have, as Bill mentioned earlier, certainly ramped up the share repurchase program. We think at these prices our shares are pretty cheap, and so we have ramped that up. We increased the dividend by 26 percent a year ago, 17 percent this year, so we look at ways to get the money efficiently to our shareholders. But clearly the priority is, on the acquisition front and the capex, you know, the bulk of that is consumed by the TV business, but \$25 to 30 million is a decent run rate, and the only thing we really have that is unusual there is the construction of a new station facility in Hartford. The rest are in really good shape. So that will take up about \$20 million spread out over the next two fiscal years.

Bill The great thing with the magazine business is you operate on net negative working capital because of all that cash you collect upfront. But from an operational point of view, if you look at our priorities, we would love to acquire more magazines that are in or near the space that we occupy for our editorial skills to bring something to the table and where our significant circulation and database skills would bring something to the table. That would be our number one priority. I think secondly if we couldn't do that, we would like to use some targeted acquisitions in the broadcasting area. I say targeted – very specifically what we're very interested in is more duopolies if we can. We now have Portland, Oregon, and Kansas City, which are in the duopoly mode, what are generally referred to as clusters, i.e., stations that are quite close to other stations where we could operate them, get a lot of back-office efficiency. That's where the Chattanooga acquisition fit in with Nashville. I'll give you two hypotheticals, and I would hope no one in the room would rush off thinking that I'm suggesting these are real at this point in time, because they're not. But in Las Vegas if you could pick up Reno, they would tie together very well. And if in Phoenix you could pick up Tucson, that would tie together very well. So that would be a second level of acquisition. I think, though, you should all expect... I am one of those who believe that much of the time, if not most of the time, acquisitions don't create shareholder value but they diminish shareholder value, because a lot of them are not done intelligently and they are not executed well. So we are very cautious about that issue. And anything we would do is something I think you would immediately say, "Boy, that makes an awful lot of sense for what these people are good at, and, boy, they seemed to pay a price that seems to make a lot of sense, and I see how they can create value out of it." So that's the kind of thinking we have about that. And as we've demonstrated over time, if we can't put the money to work in the business, the money belongs to the shareholder, and we'll get it back to the shareholder, either in stock repurchase or in dividend payments.

Lisa Great. Thank you.

Bill Thank you.

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Statements considered forward-looking within the meaning of federal securities laws were included in the Company's remarks. These statements were based on management's current knowledge and estimates of factors affecting the Company's operations. Forward-looking statements included, but were not limited to, the statements regarding broadcast pacings, publishing advertising revenues, and earnings per share for the fourth quarter of fiscal 2005, along with the Company's earnings per share outlook for fiscal 2005.

Actual results may differ materially from those currently anticipated. A comprehensive description of the risk factors can be found in Meredith's earnings release dated April 26, 2005 and in most of its SEC filings. The Company undertakes no obligation to update any forward-looking statement.