

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2009**

Commission file number **1-5128**

**MEREDITH CORPORATION**

(Exact name of registrant as specified in its charter)

**Iowa**

(State or other jurisdiction of incorporation or organization)

**42-0410230**

(I.R.S. Employer Identification No.)

**1716 Locust Street, Des Moines, Iowa**

(Address of principal executive offices)

**50309-3023**

(Zip Code)

Registrant's telephone number, including area code: **(515) 284-3000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| <b>Shares of stock outstanding at March 31, 2009</b> |            |
|--|------------|
| Common shares  | 35,850,144 |
| Class B shares                                       | 9,149,354  |
| Total common and Class B shares                      | 44,999,498 |

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**PART I FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Meredith Corporation and Subsidiaries  
Condensed Consolidated Balance Sheets**

|   | (Unaudited)<br>March 31,<br>2009 | June 30,<br>2008 |
|---|----------------------------------|------------------|
| <b>Assets</b>                                     |                                  |                  |
| <i>(In thousands)</i>                             |                                  |                  |
| <b>Current assets</b>                             |                                  |                  |
| Cash and cash equivalents                         | \$ 74,396                        | \$ 37,644        |
| Accounts receivable, net                          | 210,539                          | 230,978          |
| Inventories                                       | 31,629                           | 44,085           |
| Current portion of subscription acquisition costs | 60,611                           | 59,939           |
| Current portion of broadcast rights               | 12,692                           | 10,779           |
| Other current assets                              | 17,280                           | 19,665           |
| <b>Total current assets</b>                       | <b>407,147</b>                   | <b>403,090</b>   |
| Property, plant, and equipment                    | 453,568                          | 446,935          |
| Less accumulated depreciation                     | (259,304)                        | (247,147)        |
| Net property, plant, and equipment                | 194,264                          | 199,788          |
| Subscription acquisition costs                    | 59,234                           | 60,958           |
| Broadcast rights                                  | 5,614                            | 7,826            |
| Other assets                                      | 73,080                           | 74,472           |
| Intangible assets, net                            | 774,913                          | 781,154          |
| Goodwill  | 531,191                          | 532,332          |

|   |    |           |    |           |
|---|----|-----------|----|-----------|
| <b>Total assets</b>                                   | \$ | 2,045,443 | \$ | 2,059,620 |
| <b>Liabilities and Shareholders' Equity</b>           |    |           |    |           |
| <b>Current liabilities</b>                            |    |           |    |           |
| Current portion of long-term debt                     | \$ | 130,000   | \$ | 75,000    |
| Current portion of long-term broadcast rights payable |    | 14,635    |    | 11,141    |
| Accounts payable                                      |    | 63,940    |    | 79,028    |
| Accrued expenses and other liabilities                |    | 91,968    |    | 102,707   |
| Current portion of unearned subscription revenues     |    | 173,522   |    | 175,261   |
| <b>Total current liabilities</b>                      |    | 474,065   |    | 443,137   |
| Long-term debt  |    | 325,000   |    | 410,000   |
| Long-term broadcast rights payable                    |    | 13,709    |    | 17,186    |
| Unearned subscription revenues                        |    | 153,384   |    | 157,872   |
| Deferred income taxes                                 |    | 174,469   |    | 139,598   |
| Other noncurrent liabilities                          |    | 103,626   |    | 103,972   |
| <b>Total liabilities</b>                              |    | 1,244,253 |    | 1,271,765 |
| <b>Shareholders' equity</b>                           |    |           |    |           |
| Series preferred stock                                |    | -         |    | -         |
| Common stock  |    | 35,850    |    | 36,295    |
| Class B stock   |    | 9,149     |    | 9,181     |
| Additional paid-in capital                            |    | 52,522    |    | 52,693    |
| Retained earnings                                     |    | 715,546   |    | 701,205   |
| Accumulated other comprehensive loss                  |    | (11,877)  |    | (11,519)  |
| <b>Total shareholders' equity</b>                     |    | 801,190   |    | 787,855   |
| <b>Total liabilities and shareholders' equity</b>     | \$ | 2,045,443 | \$ | 2,059,620 |

See accompanying Notes to Condensed Consolidated Financial Statements.

**Meredith Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Earnings (Unaudited)**

| <b>Periods Ended March 31,</b>                           | <b>Three Months</b> |                  | <b>Nine Months</b> |                   |
|--|---------------------|------------------|--------------------|-------------------|
|  | <b>2009</b>         | <b>2008</b>      | <b>2009</b>        | <b>2008</b>       |
| <i>(In thousands except per share data)</i>              |                     |                  |                    |                   |
| <b>Revenues</b>  |                     |                  |                    |                   |
| Advertising  | \$ 184,182          | \$ 225,367       | \$ 597,808         | \$ 708,082        |
| Circulation  | 72,869              | 83,236           | 211,086            | 231,105           |
| All other  | 80,543              | 83,675           | 254,054            | 236,986           |
| Total revenues   | 337,594             | 392,278          | 1,062,948          | 1,176,173         |
| <b>Operating expenses</b>                                |                     |                  |                    |                   |
| Production, distribution, and editorial                  | 159,197             | 166,822          | 491,618            | 501,271           |
| Selling, general, and administrative                     | 124,323             | 135,638          | 421,523            | 435,962           |
| Depreciation and amortization                            | 10,714              | 11,852           | 32,346             | 35,986            |
| Total operating expenses                                 | 294,234             | 314,312          | 945,487            | 973,219           |
| <b>Income from operations</b>                            | <b>43,360</b>       | <b>77,966</b>    | <b>117,461</b>     | <b>202,954</b>    |
| Interest income  | 121                 | 250              | 348                | 898               |
| Interest expense   | (4,911)             | (5,387)          | (15,698)           | (17,284)          |
| Earnings from continuing operations before income taxes  | 38,570              | 72,829           | 102,111            | 186,568           |
| Income taxes   | 13,696              | 26,647           | 40,766             | 72,157            |
| <b>Earnings from continuing operations</b>               | <b>24,874</b>       | <b>46,182</b>    | <b>61,345</b>      | <b>114,411</b>    |
| Income (loss) from discontinued operations, net of taxes | 554                 | (98)             | (4,737)            | 1,102             |
| <b>Net earnings</b>                                      | <b>\$ 25,428</b>    | <b>\$ 46,084</b> | <b>\$ 56,608</b>   | <b>\$ 115,513</b> |
| <b>Basic earnings per share</b>                          |                     |                  |                    |                   |
| Earnings from continuing operations                      | \$ 0.55             | \$ 0.99          | \$ 1.36            | \$ 2.42           |
| Discontinued operations                                  | 0.01                | –                | (0.11)             | 0.02              |
| <b>Basic earnings per share</b>                          | <b>\$ 0.56</b>      | <b>\$ 0.99</b>   | <b>\$ 1.25</b>     | <b>\$ 2.44</b>    |
| Basic average shares outstanding                         | 44,961              | 46,672           | 45,051             | 47,251            |
| <b>Diluted earnings per share</b>                        |                     |                  |                    |                   |
| Earnings from continuing operations                      | \$ 0.55             | \$ 0.97          | \$ 1.36            | \$ 2.38           |
| Discontinued operations                                  | 0.01                | –                | (0.11)             | 0.02              |
| <b>Diluted earnings per share</b>                        | <b>\$ 0.56</b>      | <b>\$ 0.97</b>   | <b>\$ 1.25</b>     | <b>\$ 2.40</b>    |
| Diluted average shares outstanding                       | 45,092              | 47,420           | 45,177             | 48,175            |
| Dividends paid per share                                 | \$ 0.225            | \$ 0.215         | \$ 0.655           | \$ 0.585          |

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**Meredith Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Shareholders' Equity (Unaudited)**

| <i>(In thousands except per share data)</i>                         | <b>Common<br/>Stock - \$1<br/>par value</b> | <b>Class B<br/>Stock - \$1<br/>par value</b> | <b>Additional<br/>Paid-in<br/>Capital</b> | <b>Retained<br/>Earnings</b> | <b>Accumulated<br/>Other<br/>Comprehensive<br/>Loss</b> | <b>Total</b>     |
|---|---|--|---|------------------------------|---|------------------|
| <b>Balance at June 30, 2008</b>                                     | \$ 36,295                                   | \$ 9,181                                     | \$ 52,693                                 | \$ 701,205                   | \$ (11,519)   | \$ 787,855       |
| Net earnings Net earnings   | –   | –  | –   | 56,608                       | –   | 56,608           |
| Other comprehensive loss, net                                       | –   | –  | –   | –                            | (358)   | (358)            |
| <i>Total comprehensive income</i>                                   |   |  |   |                              |   | 56,250           |
| Share-based incentive plan transactionsplans, net<br>of forfeitures | 403   | –  | 2,775                                     | –                            | –   | 3,178            |
| Purchases of Company stock  | (878)                                       | (2)  | (10,826)                                  | (10,057)                     | –   | (21,763)         |
| Share-based compensation  | –   | –  | 8,600                                     | –                            | –   | 8,600            |
| Conversion of Class B to common stock                               | 30  | (30)   | –   | –                            | –   | –                |
| Dividends paid, 65.5 cents per share                                |   |  |   |                              |   |                  |
| Common stock  | –   | –  | –   | (23,573)                     | –   | (23,573)         |
| Class B stock   | –   | –  | –   | (6,000)                      | –   | (6,000)          |
| Tax benefit from incentive plans                                    | –   | –  | (720)                                     | –                            | –   | (720)            |
| Adoption of EITF 06-10, net of tax                                  | –   | –  | –   | (2,637)                      | –   | (2,637)          |
| <b>Balance at March 31, 2009</b>                                    | <b>\$ 35,850</b>                            | <b>\$ 9,149</b>                              | <b>\$ 52,522</b>                          | <b>\$ 715,546</b>            | <b>\$ (11,877)</b>                                      | <b>\$801,190</b> |

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**Meredith Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**

| <b>Nine Months Ended March 31,</b>  | <b>2009</b>      | <b>2008</b>      |
|---|------------------|------------------|
| <i>(In thousands)</i>   |                  |                  |
| <b>Cash flows from operating activities</b>   |                  |                  |
| Net earnings  | \$ 56,608        | \$ 115,513       |
| Adjustments to reconcile net earnings to net cash provided<br>by operating activities |                  |                  |
| Depreciation  | 25,102           | 25,709           |
| Amortization  | 7,251            | 10,680           |
| Share-based compensation  | 8,600            | 8,912            |
| Deferred income taxes   | 37,409           | 21,971           |
| Amortization of broadcast rights  | 19,123           | 20,128           |
| Payments for broadcast rights   | (18,807)         | (20,336)         |
| Net loss (gain) from dispositions of assets   | (1,758)          | 214              |
| Provision for write-down of assets of discontinued operations                         | 5,602            | -                |
| Excess tax benefits from share-based payments   | (673)            | (205)            |
| Changes in assets and liabilities   | 154              | 23,785           |
| <b>Net cash provided by operating activities</b>                                      | <b>138,611</b>   | <b>206,371</b>   |
| <b>Cash flows from investing activities</b>   |                  |                  |
| Acquisitions of businesses  | (6,118)          | (16,525)         |
| Additions to property, plant, and equipment   | (18,642)         | (15,412)         |
| Proceeds from dispositions of assets  | 636              | -                |
| <b>Net cash used in investing activities</b>  | <b>(24,124)</b>  | <b>(31,937)</b>  |
| <b>Cash flows from financing activities</b>   |                  |                  |
| Proceeds from issuance of long-term debt  | 120,000          | 120,000          |
| Repayments of long-term debt  | (150,000)        | (150,000)        |
| Purchases of Company stock  | (21,763)         | (123,827)        |
| Dividends paid  | (29,573)         | (27,659)         |
| Proceeds from common stock issued   | 3,178            | 13,218           |
| Excess tax benefits from share-based payments   | 673              | 205              |
| Other   | (250)            | (113)            |
| <b>Net cash used in financing activities</b>  | <b>(77,735)</b>  | <b>(168,176)</b> |
| Net increase in cash and cash equivalents   | 36,752           | 6,258            |
| Cash and cash equivalents at beginning of period                                      | 37,644           | 39,220           |
| <b>Cash and cash equivalents at end of period</b>                                     | <b>\$ 74,396</b> | <b>\$ 45,478</b> |

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**Meredith Corporation and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**1. Basis of Presentation**

The condensed consolidated financial statements include the accounts of Meredith Corporation and its wholly owned subsidiaries (Meredith or the Company), after eliminating all significant intercompany balances and transactions. Meredith does not have any off-balance sheet arrangements. The Company's use of special-purpose entities is limited to Meredith Funding Corporation, whose activities are fully consolidated in Meredith's condensed consolidated financial statements.

The condensed consolidated financial statements as of March 31, 2009, and for the three and nine months ended March 31, 2009 and 2008, are unaudited but, in management's opinion, include all normal, recurring adjustments necessary for a fair presentation of the results of interim periods. The results of operations for interim periods are not necessarily indicative of the results to be expected for the entire year.

These consolidated financial statements, including the related notes, are condensed and presented in accordance with accounting principles generally accepted in the United States of America (GAAP). These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements, which are included in Meredith's Annual Report on Form 10-K for the year ended June 30, 2008, filed with the United States Securities and Exchange Commission.

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157), which establishes a common definition for fair value in accordance with GAAP, and establishes a framework for measuring fair value and expands disclosure requirements about such fair value measurements. Specifically, SFAS 157 sets forth a definition of fair value, and establishes a hierarchy prioritizing the use of inputs in valuation techniques. SFAS 157 defines levels within the hierarchy as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;
- Level 3 Assets or liabilities for which fair value is based on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

In February 2008, the FASB issued FASB Staff Position (FSP) FAS 157-2, *Effective Date of FASB Statement No. 157* (FSP 157-2). FSP 157-2 delayed the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The partial delay is intended to provide all relevant parties additional time to consider the effect of various implementation issues that have arisen, or that may arise, from the application of SFAS 157.

The Company adopted the provisions of SFAS 157 for financial assets and liabilities as of July 1, 2008. The adoption of these provisions did not have any impact on the Company's condensed consolidated financial statements, because the Company's existing fair value measurements are consistent with the guidance of SFAS 157. We are currently evaluating the impact of the provisions of SFAS 157 that relate to nonfinancial assets and liabilities, which are effective for the Company as of July 1, 2009.

As of March 31, 2009, Meredith had interest rate swap agreements that converted \$100 million of its variable-rate debt to fixed-rate debt. These agreements are required to be measured at fair value on a recurring basis. The Company determined that these interest rate swap agreements are defined as Level 2 in the fair value hierarchy. As of March 31, 2009, the fair value of these interest rate swap agreements was a liability of \$2.7 million based on significant other observable inputs (London Interbank Offered Rate (LIBOR)) within the fair value hierarchy. Fair value of the interest rate swaps is based on a discounted cash flow analysis, predicated on forward LIBOR prices, of the estimated amounts the Company would have paid to terminate the swaps.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of FASB Statement No. 115* (SFAS 159). SFAS 159 was effective for the Company at the beginning of fiscal 2009. This statement permitted a choice to measure many financial instruments and certain other items at fair value. Upon the Company's adoption of SFAS 159 on July 1, 2008, we did not elect the fair value option for any financial instrument that was not already reported at fair value.

Emerging Issues Task Force (EITF) Issue No. 06-10, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements* (EITF 06-10), requires that a company recognize a liability for the postretirement benefits associated with collateral assignment split-dollar life insurance arrangements. The provisions of EITF 06-10 are applicable in instances where the Company has contractually agreed to maintain a life insurance policy (i.e., the Company pays the premiums) for an employee in periods in which the employee is no longer providing services. We adopted EITF 06-10 on July 1, 2008, at which time we recorded a liability and a cumulative effect adjustment to the opening balance of retained earnings for \$2.9 million (\$2.6 million, net of tax). Future compensation charges and adjustments to the liability will be charged to earnings in the period incurred.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities – an Amendment of FASB Statement 133* (SFAS 161). SFAS 161 enhances required disclosures regarding derivatives and hedging activities, including enhanced disclosures regarding how: (a) an entity uses derivative instruments; (b) derivative instruments and related hedged items are accounted for under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133); and (c) derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. We adopted the provisions of this statement effective March 31, 2009. As a result, we have expanded our disclosures regarding derivative instruments and hedging activities within Note 5.

In April 2008, the FASB issued FSP 142-3, *Determination of the Useful Lives of Intangible Assets*, which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of an intangible asset. This interpretation is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company will adopt this interpretation as of the beginning of fiscal 2010 and is still evaluating the potential impact of adoption.

## **2. Restructuring and Discontinued Operations**

### ***Restructuring***

In December 2008, in response to a weakening economy and a widespread advertising downturn, management committed to additional actions against our previously announced performance improvement plan that included a companywide workforce reduction, the closing of *Country Home* magazine, and relocation of certain creative functions. In connection with this plan, the Company recorded a restructuring charge of \$15.8 million, including severance costs of \$10.0 million, the write-down of various assets of *Country Home* magazine of \$5.6 million, and other accruals of \$0.2 million. The majority of the asset write-down charge relates to the write-off of deferred subscription acquisition costs. Severance costs relate to the involuntary termination of employees. The plan affected approximately 275 employees. The majority of severance costs will be paid out over the next 9 months.



Details of changes in the Company's restructuring accrual since June 30, 2008, are as follows:

| <b>Nine Months Ended March 31,</b> | <b>2009</b> |         |
|------------------------------------|-------------|---------|
| <i>(In thousands)</i>              |             |         |
| Balance at June 30, 2008           | \$          | 1,877   |
| Severance accrual                  |             | 10,010  |
| Other accruals                     |             | 182     |
| Cash payments                      |             | (4,379) |
| Balance at March 31, 2009          | \$          | 7,690   |

***Discontinued Operations***

In December 2008, the Company announced the closing of *Country Home* magazine, effective with the March 2009 issue. Of the \$15.8 million in restructuring charges discussed above, \$6.8 million related to *Country Home* magazine. These fiscal 2009 charges are reflected in the special items line in the following table of discontinued operations.

In April 2008, the Company completed the sale of WFLI, the CW affiliate serving the Chattanooga, Tennessee market. In addition, in fiscal 2008, a portion of the restructuring charge recorded in fiscal 2007 related to the discontinuation of the print operations of *Child* magazine was reversed. This reversal was a result of changes in the estimated net costs for vacated leased space and employee severance. It is reflected in the special items line in the following table.

The results of *Country Home* magazine and WFLI as well as the reversal of restructuring charge related to *Child* magazine have been segregated from continuing operations and reported as discontinued operations for all periods presented. Amounts applicable to discontinued operations that have been reclassified in the Condensed Consolidated Statements of Earnings were as follows:

| <b>Periods Ended March 31,</b>                       | <b>Three Months</b> |             | <b>Nine Months</b> |             |
|--|---------------------|-------------|--------------------|-------------|
|  | <b>2009</b>         | <b>2008</b> | <b>2009</b>        | <b>2008</b> |
| <i>(In thousands except per share data)</i>          |                     |             |                    |             |
| Revenues   | \$ 5,260            | \$ 9,126    | \$ 16,584          | \$ 26,413   |
| Costs and expenses                                   | (4,351)             | (9,287)     | (17,587)           | (26,196)    |
| Special items  | -                   | -           | (6,761)            | 1,588       |
| Income (loss) before income taxes                    | 909                 | (161)       | (7,764)            | 1,805       |
| Income taxes   | (355)               | 63          | 3,027              | (703)       |
| Income (loss) from discontinued operations           | \$ 554              | \$ (98)     | \$ (4,737)         | \$ 1,102    |
| Income (loss) per share from discontinued operations |                     |             |                    |             |
| Basic  | \$ 0.01             | \$ -        | \$ (0.11)          | \$ 0.02     |
| Diluted  | 0.01                | -           | (0.11)             | 0.02        |

### 3. Inventories

Major components of inventories are summarized below. Of total net inventory values shown, approximately 62 percent and 44 percent are under the last-in first-out (LIFO) method at March 31, 2009, and June 30, 2008, respectively.

| <i>(In thousands)</i>           | March 31,<br>2009 | June 30,<br>2008 |
|---------------------------------|-------------------|------------------|
| Raw materials                   | \$ 21,538         | \$ 24,837        |
| Work in process                 | 17,435            | 19,890           |
| Finished goods                  | 1,727             | 8,388            |
|                                 | 40,700            | 53,115           |
| Reserve for LIFO cost valuation | (9,071)           | (9,030)          |
| Inventories                     | \$ 31,629         | \$ 44,085        |

### 4. Intangible Assets and Goodwill

Intangible assets consist of the following:

| <i>(In thousands)</i>                                | March 31, 2009  |                             |               | June 30, 2008   |                             |               |
|--|-----------------|-----------------------------|---------------|-----------------|-----------------------------|---------------|
|  | Gross<br>Amount | Accumulated<br>Amortization | Net<br>Amount | Gross<br>Amount | Accumulated<br>Amortization | Net<br>Amount |
| <b>Intangible assets subject to amortization</b>     |                 |                             |               |                 |                             |               |
| Publishing segment                                   |                 |                             |               |                 |                             |               |
| Noncompete agreements                                | \$ 480          | \$ (191)                    | \$ 289        | \$ 3,134        | \$ (2,621)                  | \$ 513        |
| Advertiser relationships                             | 18,400          | (9,857)                     | 8,543         | 18,400          | (7,886)                     | 10,514        |
| Customer lists                                       | 9,230           | (1,922)                     | 7,308         | 24,530          | (16,783)                    | 7,747         |
| Other  | 3,544           | (2,023)                     | 1,521         | 3,014           | (1,555)                     | 1,459         |
| Broadcasting segment                                 |                 |                             |               |                 |                             |               |
| Network affiliation agreements                       | 218,559         | (96,745)                    | 121,814       | 218,559         | (93,076)                    | 125,483       |
| Total  | \$ 250,213      | \$ (110,738)                | 139,475       | \$ 267,637      | \$ (121,921)                | 145,716       |
| <b>Intangible assets not subject to amortization</b> |                 |                             |               |                 |                             |               |
| Publishing segment                                   |                 |                             |               |                 |                             |               |
| Trademarks   |                 |                             | 124,431       |                 |                             | 124,431       |
| Broadcasting segment                                 |                 |                             |               |                 |                             |               |
| FCC licenses   |                 |                             | 511,007       |                 |                             | 511,007       |
| Total  |                 |                             | 635,438       |                 |                             | 635,438       |
| Intangible assets, net                               |                 |                             | \$ 774,913    |                 |                             | \$ 781,154    |

Amortization expense was \$7.3 million for the nine months ended March 31, 2009. Annual amortization expense for intangible assets is expected to be as follows: \$9.6 million in fiscal 2009, \$9.4 million in fiscal 2010, \$9.3 million in fiscal 2011, \$9.0 million in fiscal 2012, and \$6.3 million in fiscal 2013.

For certain acquisitions consummated during fiscal years 2006 through 2008, the sellers are entitled to contingent payments should the acquired operations achieve certain financial targets generally based on earnings before interest and taxes, as defined in the respective acquisition agreements. None of the contingent consideration is dependent on the continued employment of the sellers. As of March 31, 2009, the Company estimates that aggregate actual contingent payments will range from approximately \$21.7 million to \$89.1 million; the most likely estimate being approximately \$52.7 million. However, the sellers may receive a total of up to \$252.9 million over the next three years in future contingent payments as additional consideration. The additional purchase consideration, if any, will be recorded as additional goodwill on our Consolidated Balance Sheet when the contingency is resolved. For the nine months ended March 31, 2008, the Company recognized additional consideration of \$46.4 million, which increased goodwill. No additional consideration was recognized in the nine-month period ended March 31, 2009.

Changes in the carrying amount of goodwill were as follows:

| Nine Months Ended March 31,<br>(In thousands) | 2009       |              |            | 2008       |              |            |
|---|------------|--------------|------------|------------|--------------|------------|
|   | Publishing | Broadcasting | Total      | Publishing | Broadcasting | Total      |
| Balance at beginning of period                | \$ 449,734 | \$ 82,598    | \$ 532,332 | \$ 376,895 | \$ 82,598    | \$ 459,493 |
| Acquisitions                                  | 16         | –            | 16         | 48,122     | –            | 48,122     |
| Adjustments                                   | (1,157)    | –            | (1,157)    | 1,036      | –            | 1,036      |
| Balance at end of period                      | \$ 448,593 | \$ 82,598    | \$ 531,191 | \$ 426,053 | \$ 82,598    | \$ 508,651 |

In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*, and SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company is required to evaluate the carrying value of goodwill and long-lived assets for potential impairment on an annual basis or an interim basis if there are indicators of potential impairment. Due to the current economic environment, indicators emerged that led the Company to conclude that impairment testing was required during the third quarter of fiscal 2009. Accordingly, the Company performed interim tests of impairment and, based on the results of this testing, concluded that no impairment existed as of March 31, 2009. The Company will perform its annual tests for impairment during the fourth quarter of fiscal 2009.

## 5. Long-term Debt

Long-term debt consists of the following:

| (In thousands)  | March 31,<br>2009 | June 30,<br>2008 |
|---|-------------------|------------------|
| <b>Variable-rate credit facilities</b>                                |                   |                  |
| Asset-backed commercial paper facility of \$125 million, due 4/2/2011 | \$ 80,000         | \$ 35,000        |
| Revolving credit facility of \$150 million, due 10/7/2010             | 100,000           | 100,000          |
| <b>Private placement notes</b>  |                   |                  |
| 4.50% senior notes, due 7/1/2008                                      | –                 | 75,000           |
| 4.57% senior notes, due 7/1/2009                                      | 100,000           | 100,000          |
| 4.70% senior notes, due 7/1/2010                                      | 75,000            | 75,000           |
| 4.70% senior notes, due 6/16/2011                                     | 50,000            | 50,000           |
| 5.04% senior notes, due 6/16/2012                                     | 50,000            | 50,000           |
| Total long-term debt  | 455,000           | 485,000          |
| Current portion of long-term debt                                     | (130,000)         | (75,000)         |
| Long-term debt  | \$ 325,000        | \$ 410,000       |

In connection with the asset-backed commercial paper facility, Meredith entered into a revolving agreement to sell all of its rights, title, and interest in the majority of its accounts receivable related to advertising, book, and miscellaneous revenues to Meredith Funding Corporation, a special purpose entity established to purchase accounts receivable from Meredith. At March 31, 2009, \$161.7 million of accounts receivable net of reserves was outstanding under the agreement. Meredith Funding Corporation in turn sells receivable interests to an asset-backed commercial paper conduit administered by a major national bank. In consideration of the sale, Meredith receives cash and a subordinated note, bearing interest at the prime rate, 3.25 percent at March 31, 2009, from Meredith Funding Corporation. The agreement is structured as a true sale under which the creditors of Meredith Funding Corporation will be entitled to be satisfied out of the assets of Meredith Funding Corporation prior to any value being returned to Meredith or its creditors. The accounts of Meredith Funding Corporation are fully consolidated in Meredith's condensed consolidated financial statements. The asset-backed commercial paper facility renews annually (most recently renewed March 31, 2009) until April 2, 2011, the facility termination date.

Meredith generally does not engage in derivative or hedging activities, except to hedge interest rate risk on debt. Fundamental to our approach to risk management is the desire to minimize exposure to volatility in interest costs of variable rate debt, which can impact our earnings and cash flows. In fiscal 2007, we entered into interest rate swap agreements with counterparties that are major financial institutions. These agreements effectively fix the variable rate cash flow on \$100 million of our revolving credit facility. We designated and accounted for the interest rate swaps as cash flow hedges in accordance with SFAS 133. The effective portion of the change in the fair value of interest rate swaps is reported in other comprehensive income (loss). The gain or loss included in other comprehensive income (loss) is subsequently reclassified into net earnings on the same line in the Consolidated Statements of Earnings as the hedged item in the same period that the hedge transaction affects net earnings. The ineffective portion of a change in fair value of the interest rate swaps would be reported in interest expense.

Under the swaps the Company pays, on a quarterly basis, fixed rates of interest (average 4.69 percent) and receives variable rates of interest based on the three-month LIBOR rate (average of 1.22 percent at March 31, 2009) on \$100 million notional amount of indebtedness. The Company evaluates the effectiveness of the hedging relationships on an ongoing basis by recalculating changes in fair value of the derivatives and related hedged items independently (the long-haul method). No material ineffectiveness existed at March 31, 2009. The fair value of the interest rate swap agreements is the estimated amount that the Company would pay or receive to terminate the swap agreements. At March 31, 2009, the swaps had a fair value to the Company of a liability of \$2.7 million. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to the swap agreements. Management does not expect any counterparties to fail to meet their obligations.

## 6. Pension and Postretirement Benefit Plans

The following table presents the components of net periodic benefit costs:

| Periods Ended March 31,<br>(In thousands) | Three Months |          | Nine Months |          |
|---|--------------|----------|-------------|----------|
|   | 2009         | 2008     | 2009        | 2008     |
| <b>Pension benefits</b>                   |              |          |             |          |
| Service cost                              | \$ 2,181     | \$ 1,929 | \$ 6,543    | \$ 5,787 |
| Interest cost                             | 1,436        | 1,241    | 4,308       | 3,722    |
| Expected return on plan assets            | (2,331)      | (2,464)  | (6,993)     | (7,391)  |
| Prior service cost amortization           | 210          | 148      | 630         | 444      |
| Actuarial loss amortization               | 155          | 44       | 465         | 132      |
| Net periodic pension expense              | \$ 1,651     | \$ 898   | \$ 4,953    | \$ 2,694 |
| <b>Postretirement benefits</b>            |              |          |             |          |
| Service cost                              | \$ 115       | \$ 116   | \$ 345      | \$ 348   |
| Interest cost                             | 245          | 236      | 735         | 708      |
| Prior service cost amortization           | (184)        | (184)    | (552)       | (552)    |
| Actuarial loss amortization               | –            | 6        | –           | 17       |
| Net periodic postretirement expense       | \$ 176       | \$ 174   | \$ 528      | \$ 521   |

## 7. Comprehensive Income

Comprehensive income is defined as the change in equity during a period from transactions and other events and circumstances from nonowner sources. The Company's comprehensive income includes net earnings, changes in the fair value of interest rate swap agreements, and changes in prior service cost and net actuarial losses from pension and postretirement benefit plans. Total comprehensive income for the three months ended March 31, 2009 and 2008, was \$25.9 million and \$44.7 million, respectively. Total comprehensive income for the nine months ended March 31, 2009 and 2008, was \$56.3 million and \$112.2 million, respectively.

## 8. Earnings per Share

The following table presents the calculations of earnings per share:

| Periods Ended March 31,<br>(In thousands except per share data) | Three Months |           | Nine Months |            |
|---|--------------|-----------|-------------|------------|
|   | 2009         | 2008      | 2009        | 2008       |
| Earnings from continuing operations                             | \$ 24,874    | \$ 46,182 | \$ 61,345   | \$ 114,411 |
| Basic average shares outstanding                                | 44,961       | 46,672    | 45,051      | 47,251     |
| Dilutive effect of stock options and equivalents                | 131          | 748       | 126         | 924        |
| Diluted average shares outstanding                              | 45,092       | 47,420    | 45,177      | 48,175     |
| Earnings per share from continuing operations                   |              |           |             |            |
| Basic   | \$ 0.55      | \$ 0.99   | \$ 1.36     | \$ 2.42    |
| Diluted   | 0.55         | 0.97      | 1.36        | 2.38       |

For the three months ended March 31, antidilutive options excluded from the above calculations totaled 5,184,000 options in 2009 (with a weighted average exercise price of \$41.22) and 3,136,000 options in 2008 (with a weighted average exercise price of \$49.15). For the nine months ended March 31, antidilutive options excluded from the above calculations totaled 5,077,000 options in 2009 (with a weighted average exercise price of \$41.83) and 473,000 options in 2008 (with a weighted average exercise price of \$54.26).

In the nine months ended March 31, 2008, options were exercised to purchase 263,000 shares. No options were exercised in the nine months ended March 31, 2009.

## 9. Segment Information

Meredith is a diversified media company focused primarily on the home and family marketplace. On the basis of products and services, the Company has established two reportable segments: publishing and broadcasting. The publishing segment includes magazine and book publishing, integrated marketing, interactive media, database-related activities, brand licensing, and other related operations. The broadcasting segment consists primarily of the operations of network-affiliated television stations. There are no material intersegment transactions. There have been no changes in the basis of segmentation since June 30, 2008.

There are two principal financial measures reported to the chief executive officer for use in assessing segment performance and allocating resources. Those measures are operating profit and earnings from continuing operations before interest, taxes, depreciation, and amortization (EBITDA). Operating profit for segment reporting, disclosed below, is revenues less operating costs excluding unallocated corporate expenses. Segment operating expenses include allocations of certain centrally incurred costs such as employee benefits, occupancy, information systems, accounting services, internal legal staff, and human resources administration. These costs are allocated based on actual usage or other appropriate methods, primarily number of employees. Unallocated corporate expenses are corporate overhead expenses not attributable to the operating groups. In accordance with SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, EBITDA is not presented below.

The following table presents financial information by segment:

| Periods Ended Marh 31,<br>(In thousands) | Three Months |            | Nine Months  |              |
|--|--------------|------------|--------------|--------------|
|  | 2009         | 2008       | 2009         | 2008         |
| <b>Revenues</b>                          |              |            |              |              |
| Publishing                               | \$ 280,320   | \$ 314,732 | \$ 850,895   | \$ 936,439   |
| Broadcasting                             | 57,274       | 77,546     | 212,053      | 239,734      |
| Total revenues                           | \$ 337,594   | \$ 392,278 | \$ 1,062,948 | \$ 1,176,173 |
| <b>Operating profit</b>                  |              |            |              |              |
| Publishing                               | \$ 47,971    | \$ 64,309  | \$ 105,069   | \$ 163,513   |
| Broadcasting                             | 1,348        | 18,689     | 34,373       | 59,830       |
| Unallocated corporate                    | (5,959)      | (5,032)    | (21,981)     | (20,389)     |
| Income from operations                   | \$ 43,360    | \$ 77,966  | \$ 117,461   | \$ 202,954   |
| <b>Depreciation and amortization</b>     |              |            |              |              |
| Publishing                               | \$ 3,789     | \$ 5,088   | \$ 11,843    | \$ 15,584    |
| Broadcasting                             | 6,471        | 6,262      | 18,988       | 18,969       |
| Unallocated corporate                    | 454          | 502        | 1,515        | 1,433        |
| Total depreciation and amortization      | \$ 10,714    | \$ 11,852  | \$ 32,346    | \$ 35,986    |

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### EXECUTIVE OVERVIEW

Meredith Corporation (Meredith or the Company) is the leading media and marketing company serving American women. The Company also has television stations in top markets such as Atlanta, Phoenix, and Portland. Each month we reach more than 85 million American consumers through our magazines, books, custom publications, websites, and television stations.

Meredith operates two business segments. Publishing consists of magazine and book publishing, integrated marketing, interactive media, database-related activities, brand licensing, and other related operations. Broadcasting consists of 12 network-affiliated television stations, one radio station, related interactive media operations, and video related operations. Both segments operate primarily in the United States and compete against similar media and other types of media on both a local and national basis. Publishing accounted for 80 percent of the Company's \$1.1 billion in revenues in the first nine months of fiscal 2009 while broadcasting revenues totaled 20 percent.

### PUBLISHING

Advertising revenues made up 47 percent of publishing's first nine months' revenues. These revenues were generated from the sale of advertising space in the Company's magazines and on websites to clients interested in promoting their brands, products, and services to consumers. Circulation revenues accounted for 25 percent of publishing's fiscal 2009 first nine months' revenues. Circulation revenues result from the sale of magazines to consumers through subscriptions and by single copy sales on newsstands, primarily at major retailers and grocery/drug stores. The remaining 28 percent of publishing revenues came from a variety of activities that included integrated marketing services and the sale of books as well as brand licensing, and other related activities. Publishing's major expense categories are production and delivery of publications and promotional mailings and employee compensation costs.

### BROADCASTING

Broadcasting derives almost all of its revenues—95 percent in the first nine months of fiscal 2009—from the sale of advertising, both on the air and on our stations' websites. The remainder comes from television retransmission fees, television production services, and other services. Political advertising revenues are cyclical in that they are significantly greater during biennial election campaigns (which take place primarily in odd-numbered fiscal years) than at other times. Broadcasting's major expense categories are employee compensation and programming costs.

### FIRST NINE MONTHS FISCAL 2009 FINANCIAL OVERVIEW

- Both magazine and broadcasting advertising revenues were affected by a nationwide slowdown in the demand for advertising. As a result, publishing revenues and operating profit decreased 9 percent and 36 percent, respectively. Broadcasting revenues and operating profit declined 12 percent and 43 percent, respectively.
- In December 2008, management committed to a performance improvement plan that included a companywide workforce reduction and the closing of *Country Home* magazine. In connection with this plan, the Company recorded a pre-tax restructuring charge in the second quarter of fiscal 2009 of \$15.8 million including severance and benefit costs of \$10.0 million, the write-down of various assets of *Country Home* magazine of \$5.6 million, and other accruals of \$0.2 million. Of the \$15.8 million charge, \$6.8 million is recorded in discontinued operations on the Condensed Consolidated Statement of Earnings.

- Diluted earnings per share declined 48 percent to \$1.25 from prior-year first nine months' earnings of \$2.40.
- We generated \$138.6 million in operating cash flow. We spent \$21.8 million to repurchase 880,000 shares of our common stock.
- The quarterly dividend was increased 5 percent from 21.5 cents per share to 22.5 cents per share effective with the March 2009 payment.

## DISCONTINUED OPERATIONS

Unless stated otherwise, as in the section titled Discontinued Operations, all of the information contained in Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) relates to continuing operations. Therefore, results of *Country Home* magazine, *Child* magazine, and WFLI are excluded for all periods covered by this report.

## USE OF NON-GAAP FINANCIAL MEASURES

These condensed consolidated financial statements, including the related notes, are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). Our analysis of broadcasting segment results includes references to earnings from continuing operations before interest, taxes, depreciation, and amortization (EBITDA). EBITDA and EBITDA margin are non-GAAP measures. We use EBITDA along with operating profit and other GAAP measures to evaluate the financial performance of our broadcasting segment. EBITDA is a common measure of performance in the broadcasting industry and is used by investors and financial analysts, but its calculation may vary among companies. Broadcasting segment EBITDA is not used as a measure of liquidity, nor is it necessarily indicative of funds available for our discretionary use.

We believe the non-GAAP measures used in MD&A contribute to an understanding of our financial performance and provide an additional analytic tool to understand our results from core operations and to reveal underlying trends. These measures should not, however, be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

## RESULTS OF OPERATIONS

| <b>Three Months Ended March 31,</b>         | <b>2009</b> | <b>2008</b> | <b>Change</b> |
|---|-------------|-------------|---------------|
| <i>(In thousands except per share data)</i> |             |             |               |
| Total revenues                              | \$ 337,594  | \$ 392,278  | (14)%         |
| Operating expenses                          | 294,234     | 314,312     | (6)%          |
| Income from operations                      | \$ 43,360   | \$ 77,966   | (44)%         |
| Earnings from continuing operations         | \$ 24,874   | \$ 46,182   | (46)%         |
| Net earnings                                | 25,428      | 46,084      | (45)%         |
| Diluted earnings per share from             |             |             |               |
| continuing operations                       | 0.55        | 0.97        | (43)%         |
| Diluted earnings per share                  | 0.56        | 0.97        | (42)%         |



| <b>Nine Months Ended March 31,</b>          | <b>2009</b>  | <b>2008</b>  | <b>Change</b> |
|---|--------------|--------------|---------------|
| <i>(In thousands except per share data)</i> |              |              |               |
| Total revenues                              | \$ 1,062,948 | \$ 1,176,173 | (10)%         |
| Operating expenses                          | 945,487      | 973,219      | (3)%          |
| Income from operations                      | \$ 117,461   | \$ 202,954   | (42)%         |
| Earnings from continuing operations         | \$ 61,345    | \$ 114,411   | (46)%         |
| Net earnings                                | 56,608       | 115,513      | (51)%         |
| Diluted earnings per share from             |              |              |               |
| continuing operations                       | 1.36         | 2.38         | (43)%         |
| Diluted earnings per share                  | 1.25         | 2.40         | (48)%         |

The following sections provide an analysis of the results of operations for the publishing and broadcasting segments and an analysis of the consolidated results of operations for the quarter and nine months ended March 31, 2009, compared with the prior-year periods. This commentary should be read in conjunction with the interim condensed consolidated financial statements presented elsewhere in this report and with the Company's Annual Report on Form 10-K for the year ended June 30, 2008.

## **PUBLISHING**

Publishing operating results were as follows:

| <b>Three Months Ended March 31,</b> | <b>2009</b> | <b>2008</b> | <b>Change</b> |
|-------------------------------------|-------------|-------------|---------------|
| <i>(In thousands)</i>               |             |             |               |
| Advertising revenues                | \$ 132,159  | \$ 149,919  | (12)%         |
| Circulation revenues                | 72,869      | 83,236      | (12)%         |
| Other revenues                      | 75,292      | 81,577      | (8)%          |
| Total revenues                      | 280,320     | 314,732     | (11)%         |
| Operating expenses                  | 232,349     | 250,423     | (7)%          |
| Operating profit                    | \$ 47,971   | \$ 64,309   | (25)%         |
| Operating profit margin             | 17.1 %      | 20.4 %      |               |

| <b>Nine Months Ended March 31,</b> | <b>2009</b> | <b>2008</b> | <b>Change</b> |
|------------------------------------|-------------|-------------|---------------|
| <i>(In thousands)</i>              |             |             |               |
| Advertising revenues               | \$ 396,544  | \$ 472,466  | (16)%         |
| Circulation revenues               | 211,086     | 231,105     | (9)%          |
| Other revenues                     | 243,265     | 232,868     | 4 %           |
| Total revenues                     | 850,895     | 936,439     | (9)%          |
| Operating expenses                 | 745,826     | 772,926     | (4)%          |
| Operating profit                   | \$ 105,069  | \$ 163,513  | (36)%         |
| Operating profit margin            | 12.3 %      | 17.5%       |               |

### **Revenues**

For the third quarter of fiscal 2009, advertising and circulation revenues both declined 12 percent and other revenues were down 8 percent. For the nine-month period, declines in advertising and circulation revenues of 16 percent and 9 percent, respectively, more than offset a 4 percent increase in other revenues.

Both magazine advertising pages and revenues were down approximately 13 percent for the third quarter and approximately 16 percent for the nine months as average net revenue per page was approximately flat. Among our advertising categories, non-prescription drugs, household supplies, pets, and consumer electronics showed strength, while demand continued to be weaker for most other categories. While declining 12 percent for the nine-month period, online advertising revenues in our interactive media operations increased 7 percent in the third quarter.

Magazine circulation revenues decreased 12 percent in the third quarter and 9 percent in the first nine months of fiscal 2009, reflecting primarily declines in newsstand revenues. While subscription revenues were down in the low single digits on a percentage basis for both the three and nine months, the percentage increase in subscription contribution was in the double digits for both periods. The decrease in newsstand revenues was primarily due to a weaker retail market that affected most of our magazines' newsstand revenues and a change in the mix of and a reduction in the number of special interest publications and craft titles.

Integrated marketing revenues increased 7 percent in the third quarter and more than 25 percent for the first nine months of fiscal 2009. For the nine months, the acquisition of Big Communications in June 2008, and growth in the traditional and on-line integrated marketing operations from expanding certain relationships fueled the increased revenues. For the third quarter, the acquisition of Big Communications more than offset a reduction in revenues at some of Integrated Marketing's on-line businesses. Revenues from magazine royalties and licensing decreased 1 percent in the third quarter primarily due to real estate related licensing activities, but were up over 20 percent in the first nine months of fiscal 2009. The introduction of the Better Homes and Gardens line of home products, available now exclusively at Wal-Mart, fueled this growth. These increases were partially offset by decreases in book revenues. Book revenues declined 35 percent in the third quarter and the nine-month period, primarily due to a significant reduction in the number of new book releases. In December 2008, Meredith announced a licensing agreement granting John Wiley & Sons, Inc. (Wiley) exclusive global rights to publish and distribute books based on Meredith's consumer-leading brands, including the powerful Better Homes and Gardens imprint. Under the agreement, which was effective March 1, 2009, Meredith continues to create book content and retain all approval and content rights. Wiley is responsible for book layout and design, printing, sales and marketing, distribution, and inventory management. Wiley pays Meredith royalties based on net sales. The aggregate effect of the changes in integrated marketing, brand licensing, and book operations was that other publishing revenues decreased 8 percent for the third quarter, but increased 4 percent for the first nine months of fiscal 2009.

#### **Operating Expenses**

Publishing operating costs decreased 7 percent in the third quarter; they declined 4 percent in the first nine months of fiscal 2009. Affecting the nine-month period were severance and related benefit costs of \$6.0 million recorded on the publishing segment in the second quarter of fiscal 2009 related to the companywide reduction in workforce. With regard to on-going operating expenses, processing, postage and other delivery expenses, amortization expense, advertising and promotion, and travel and entertainment expenses declined. Book manufacturing, art, and separations expense decreased due to the changes made in the book business. Subscription and newsstand expenses also declined. Employee compensation costs increased for the nine-month period, but decreased for the third quarter due to staff reductions and expense control efforts. While performance-based incentive expense was higher for the quarter, it was down for the nine-month period. Paper expense rose for both the three- and nine-month periods as increases in paper costs of approximately 7 percent and 14 percent, respectively, more than offset decreases in paper consumption due to a decline in advertising pages sold.

#### **Operating Profit**

Publishing operating profit decreased 25 percent in the third quarter and 36 percent in the first nine months of fiscal 2009 compared with the respective prior-year periods. The declines primarily reflected the weak demand for advertising partially offset by increased operating profits in our book and integrated marketing operations. In addition, the severance charges discussed above accounted for 4 percent of the decline in publishing operating profit in the first nine months of fiscal 2009.

## BROADCASTING

Broadcasting operating results were as follows:

| <b>Three Months Ended March 31,</b> | <b>2009</b> | <b>2008</b> | <b>Change</b> |
|-------------------------------------|-------------|-------------|---------------|
| <i>(In thousands)</i>               |             |             |               |
| Non-political advertising revenues  | \$ 51,778   | \$ 74,016   | (30)%         |
| Political advertising revenues      | 245         | 1,432       | (83)%         |
| Other revenues                      | 5,251       | 2,098       | 150 %         |
| Total revenues                      | 57,274      | 77,546      | (26)%         |
| Operating expenses                  | 55,926      | 58,857      | (5)%          |
| Operating profit                    | \$ 1,348    | \$ 18,689   | (93)%         |

| <b>Nine Months Ended March 31,</b> | <b>2009</b> | <b>2008</b> | <b>Change</b> |
|------------------------------------|-------------|-------------|---------------|
| <i>(In thousands)</i>              |             |             |               |
| Non-political advertising revenues | \$ 178,143  | \$ 231,676  | (23)%         |
| Political advertising revenues     | 23,121      | 3,940       | 487 %         |
| Other revenues                     | 10,789      | 4,118       | 162 %         |
| Total revenues                     | 212,053     | 239,734     | (12)%         |
| Operating expenses                 | 177,680     | 179,904     | (1)%          |
| Operating profit                   | \$ 34,373   | \$ 59,830   | (43)%         |

### Revenues

Broadcasting revenues decreased 26 percent in the third quarter and 12 percent in the first nine months of fiscal 2009 compared with the respective prior-year periods. Net political advertising revenues related to the November 2008 elections totaled \$23.1 million in the nine-month period compared with \$3.9 million in the first nine months of the prior year. The fluctuations in political advertising revenues at our stations, and in the broadcasting industry, generally follow the biennial cycle of election campaigns. Political advertising may displace a certain amount of non-political advertising; therefore, the revenues may not be entirely incremental. The recessionary economy continues to impact non-political broadcasting advertising. Non-political advertising revenues decreased 30 percent in the third quarter and 23 percent for the nine-month period. For the third quarter and the first nine months of fiscal 2009, local non-political advertising revenues declined 31 percent and 23 percent, respectively, while national non-political advertising revenues decreased 29 percent in the third quarter and 23 percent in the nine-month period. Online advertising declined 12 percent in the third quarter and were flat as compared to the prior-year nine-month period.

### Operating Expenses

Broadcasting operating expenses decreased 5 percent in the third quarter and 1 percent in the first nine months of fiscal 2009. Affecting the nine-month period were severance and related benefit costs of \$2.0 million recorded on the broadcasting segment in the second quarter of fiscal 2009 related to the companywide reduction in workforce. For the three and nine-month periods, performance-based incentive accruals, advertising and promotion expenses, and film amortization declined. While lower for the three months, legal expenses and bad debt expense increased as compared to the nine-month period in the prior year. For the nine-month period, a credit to expenses for a gain on the Sprint Nextel Corporation equipment exchange contributed to the decrease. This gain represents the difference between the fair value of the digital equipment we received and the book value of the analog equipment we exchanged.

### Operating Profit

Broadcasting operating profit declined 93 percent in the third quarter and 43 percent in the first nine months of fiscal 2009 as compared to the same periods in fiscal 2008. The decline reflected weakened economic conditions and their effect on non-political advertising revenues, which more than offset the strength of political advertising revenues in the second quarter of fiscal 2009.

### Supplemental Disclosure of Broadcasting EBITDA

Meredith's broadcasting EBITDA is defined as broadcasting segment operating profit plus depreciation and amortization expense. EBITDA is not a GAAP financial measure and should not be considered in isolation or as a substitute for GAAP financial measures. See the discussion of management's rationale for the use of EBITDA in the preceding Executive Overview section. Broadcasting EBITDA and EBITDA margin were as follows:

| <b>Three Months Ended March 31,</b> | <b>2009</b> |        | <b>2008</b> |        |
|-------------------------------------|-------------|--------|-------------|--------|
| <i>(In thousands)</i>               |             |        |             |        |
| Revenues                            | \$          | 57,274 | \$          | 77,546 |
| Operating profit                    | \$          | 1,348  | \$          | 18,689 |
| Depreciation and amortization       |             | 6,471  |             | 6,262  |
| EBITDA                              | \$          | 7,819  | \$          | 24,951 |
| EBITDA margin                       |             | 13.7 % |             | 32.2 % |

| <b>Nine Months Ended March 31,</b> | <b>2009</b> |         | <b>2008</b> |         |
|------------------------------------|-------------|---------|-------------|---------|
| <i>(In thousands)</i>              |             |         |             |         |
| Revenues                           | \$          | 212,053 | \$          | 239,734 |
| Operating profit                   | \$          | 34,373  | \$          | 59,830  |
| Depreciation and amortization      |             | 18,988  |             | 18,969  |
| EBITDA                             | \$          | 53,361  | \$          | 78,799  |
| EBITDA margin                      |             | 25.2 %  |             | 32.9 %  |

### UNALLOCATED CORPORATE EXPENSES

Unallocated corporate expenses are general corporate overhead expenses not attributable to the operating groups. These expenses were as follows:

|                              | <b>2009</b> |        | <b>2008</b> |        | <b>Change</b> |
|------------------------------|-------------|--------|-------------|--------|---------------|
| <i>(In thousands)</i>        |             |        |             |        |               |
| Three months ended March 31, | \$          | 5,959  | \$          | 5,032  | 18 %          |
| Nine months ended March 31,  |             | 21,981 |             | 20,389 | 8 %           |

Unallocated corporate expenses increased 18 percent in the third quarter and 8 percent in the first nine months of fiscal 2009. In the second quarter of fiscal 2009, severance and related benefit costs of \$1.0 million were recorded in unallocated corporate expenses related to the companywide reduction in workforce. Increases in pension costs, consulting fees, share-based compensation, and legal services expenses approximately offset decreases in travel and entertainment and depreciation expense. While lower for the nine-month period, performance-based incentive expenses increased in the third quarter. The increase in share-based compensation is due to certain employees becoming retirement eligible in the current fiscal year and thus their share-based compensation expense is being fully expensed during the current fiscal year.

## CONSOLIDATED

### Consolidated Operating Expenses

Consolidated operating expenses were as follows:

| <b>Three Months Ended March 31,</b>     | <b>2009</b> | <b>2008</b> | <b>Change</b> |
|---|-------------|-------------|---------------|
| <i>(In thousands)</i>                   |             |             |               |
| Production, distribution, and editorial | \$ 159,197  | \$ 166,822  | (5)%          |
| Selling, general, and administrative    | 124,323     | 135,638     | (8)%          |
| Depreciation and amortization           | 10,714      | 11,852      | (10)%         |
| Operating expenses                      | \$ 294,234  | \$ 314,312  | (6)%          |

  

| <b>Nine Months Ended March 31,</b>      | <b>2009</b> | <b>2008</b> | <b>Change</b> |
|---|-------------|-------------|---------------|
| <i>(In thousands)</i>                   |             |             |               |
| Production, distribution, and editorial | \$ 491,618  | \$ 501,271  | (2)%          |
| Selling, general, and administrative    | 421,523     | 435,962     | (3)%          |
| Depreciation and amortization           | 32,346      | 35,986      | (10)%         |
| Operating expenses                      | \$ 945,487  | \$ 973,219  | (3)%          |

Fiscal 2009 production, distribution, and editorial costs decreased 5 percent in the third quarter and 2 percent in the first nine months of fiscal 2009. Book manufacturing, art, and separation expense decreased due to changes in our book operations discussed above. In addition, declines in processing, postage and other delivery expenses, and film amortization more than offset increases in paper costs.

Selling, general, and administrative expenses declined 8 percent in the third quarter and 3 percent in the nine-month period. In the second quarter of fiscal 2009, severance and related benefit costs of \$9.0 million related to the companywide reduction in workforce were recorded in selling, general, and administrative expenses. With regard to other on-going operating expenses, declines in performance-based incentive accruals, advertising and promotion expenses, and travel and entertainment were partially offset by increases in pension costs, consulting fees, bad debt expenses, and legal expenses. Subscription and newsstand expenses also decreased.

Depreciation and amortization expenses decreased 10 percent in both the third quarter and in the nine-month period, primarily due to the customer list intangibles acquired in fiscal 2006 being fully amortized in fiscal 2008.

### Income from Operations

Income from operations declined 44 percent in the third quarter; it decreased 42 percent in the first nine months of fiscal 2009. The declines reflect recessionary economic conditions and their effect on advertising revenues. In addition, the severance charges accounted for 4 percent of the decline in income from operations in the first nine months of fiscal 2009.

### Net Interest Expense

Net interest expense was \$4.8 million in the fiscal 2009 third quarter compared with \$5.1 million in the prior-year quarter. For the nine months ended March 31, 2009, net interest expense was \$15.4 million versus \$16.4 million in the comparable prior-year period. The decline for both periods was primarily due to lower average interest rates. Average long-term debt outstanding was \$455 million in the third quarter of fiscal 2009 and \$462 million for the nine-month period compared with \$424 million in the prior year third quarter and \$442 million in the prior year nine-month period.

### Income Taxes

Our effective tax rate was 35.5 percent in the third quarter and 39.9 percent in the first nine months of fiscal 2009 as compared to 36.6 percent in the third quarter and 38.7 percent in the first nine months of fiscal 2008. While the effective rate is expected to fluctuate quarter to quarter, on a full year basis the Company estimates its fiscal 2009 annual effective tax rate will be approximately 40 percent. The Company projects the effective tax rate for the year and then, based upon projected operating income for each quarter, raises or lowers the tax expense recorded in that quarter to reflect the projected tax rate.

### Earnings from Continuing Operations and Earnings per Share from Continuing Operations

Earnings from continuing operations were \$24.9 million (\$0.55 per diluted share) for the third quarter, a decrease of 46 percent from fiscal 2008 third quarter earnings from continuing operations of \$46.2 million (\$0.97 per diluted share). For the nine months ended March 31, 2009, earnings were \$61.3 million (\$1.36 per diluted share), a decrease of 46 percent from prior-year nine month earnings of \$114.4 million (\$2.38 per diluted share). The declines reflect the economic recession and its effect on advertising revenues. In addition, the severance charges contributed to the nine month decline.

### Discontinued Operations

Income (loss) from discontinued operations represents the combined operating results, net of taxes, of *Country Home* magazine and WFLI, the CW affiliate serving the Chattanooga, Tennessee market. Revenues and expenses for both of these properties have, along with associated taxes, been reclassified from continuing operations into a single line item amount on the Condensed Consolidated Statements of Earnings titled income (loss) from discontinued operations, net of taxes. In connection with the closing of *Country Home* magazine, the Company recorded a restructuring charge of \$6.8 million in the second quarter of fiscal 2009 which included the write down of various assets of *Country Home* magazine of \$5.8 million and severance and outplacement costs of \$1.0 million. Most of the asset write-down charge related to the write-off of deferred subscription acquisition costs. These fiscal 2009 charges are reflected in the special items line in the following table of discontinued operations. In addition, income from discontinued operations in fiscal 2008 includes the effect of the reversal of a portion of the restructuring charge recorded in fiscal 2007 related to the discontinuation of the print operations of *Child* magazine. This reversal was a result of changes in the estimated net costs for vacated leased space and employee severance. It is reflected in the special items line in the following table.

Revenues and expenses related to discontinued operations were as follows:

| Periods Ended March 31,                              | Three Months |          | Nine Months |           |
|--|--------------|----------|-------------|-----------|
|  | 2009         | 2008     | 2009        | 2008      |
| <i>(In thousands except per share data)</i>          |              |          |             |           |
| Revenues   | \$ 5,260     | \$ 9,126 | \$ 16,584   | \$ 26,413 |
| Costs and expenses                                   | (4,351)      | (9,287)  | (17,587)    | (26,196)  |
| Special items  | –            | –        | (6,761)     | 1,588     |
| Income (loss) before income taxes                    | 909          | (161)    | (7,764)     | 1,805     |
| Income taxes   | (355)        | 63       | 3,027       | (703)     |
| Income (loss) from discontinued operations           | \$ 554       | \$ (98)  | \$ (4,737)  | \$ 1,102  |
| Income (loss) per share from discontinued operations |              |          |             |           |
| Basic  | \$ 0.01      | \$ –     | \$ (0.11)   | \$ 0.02   |
| Diluted  | 0.01         | –        | (0.11)      | 0.02      |

### Net Earnings and Earnings per Share

Net earnings were \$25.4 million (\$0.56 per diluted share) in the quarter ended March 31, 2009, down 45 percent from \$46.1 million (\$0.97 per diluted share) in the comparable prior-year quarter. For the nine months ended March 31, 2009, earnings were \$56.6 million (\$1.25 per diluted share), a decrease of 51 percent from prior-year nine month earnings of \$115.5 million (\$2.40 per diluted share). The declines reflect the economic recession and its effect on advertising revenues. In addition, the severance charges and the write-down related to the closing of *Country Home* magazine accounted for 8 percent of the decline in net earnings in the first nine months of fiscal 2009. Lower net earnings were partially offset by the accretive effect of the reduction in Meredith's average diluted shares outstanding. Average basic shares outstanding decreased approximately 4 percent as a result of our ongoing share repurchase program and average diluted shares outstanding decreased approximately 5 percent as a result of our share repurchase program and a lower dilutive effect from potential common stock equivalents.

## LIQUIDITY AND CAPITAL RESOURCES

| <b>Nine Months Ended March 31,</b>        | <b>2009</b> | <b>2008</b> | <b>Change</b> |
|---|-------------|-------------|---------------|
| <i>(In thousands)</i>                     |             |             |               |
| Net earnings                              | \$ 56,608   | \$ 115,513  | (51)%         |
| Cash flows from operating activities      | \$ 138,611  | \$ 206,371  | (33)%         |
| Cash flows used in investing activities   | (24,124)    | (31,937)    | (24)%         |
| Cash flows used in financing activities   | (77,735)    | (168,176)   | (54)%         |
| Net increase in cash and cash equivalents | \$ 36,752   | \$ 6,258    | 487 %         |

### OVERVIEW

Meredith's primary source of liquidity is cash generated by operating activities. Debt financing is typically used for significant acquisitions. We expect cash on hand, internally generated cash flow, and available credit from financing agreements will provide adequate funds for operating and recurring cash needs (e.g., working capital, capital expenditures, debt repayments, and cash dividends) into the foreseeable future. As of March 31, 2009, we have up to \$50 million available under our revolving credit facility and up to \$45 million available under our asset-backed commercial paper facility (depending on levels of accounts receivable). While there are no guarantees that we will be able to replace current credit agreements when they expire, we expect to be able to do so.

### SOURCES AND USES OF CASH

Cash and cash equivalents increased \$36.8 million in the first nine months of fiscal 2009; they increased \$6.3 million in the comparable period of fiscal 2008. In both periods, net cash provided by operating activities was used for common stock repurchases, capital investments, debt repayments, and dividends.

#### Operating Activities

The largest single component of operating cash inflows is cash received from advertising customers. Other sources of operating cash inflows include cash received from magazine circulation sales and other revenue transactions such as integrated marketing, book sales, and brand licensing. Operating cash outflows include payments to vendors and employees and interest, pension, and income tax payments. Our most significant vendor payments are for production and delivery of publications and promotional mailings, broadcasting programming rights, employee compensation costs and benefits, and other services and supplies.

Cash provided by operating activities totaled \$138.6 million in the first nine months of fiscal 2009 compared with \$206.4 million in the first nine months of fiscal 2008. The decrease in cash provided by operating activities was due primarily to lower net earnings.

#### Investing Activities

Investing cash inflows generally include proceeds from the sale of assets or a business. Investing cash outflows generally include payments for the acquisition of new businesses; investments; and additions to property, plant, and equipment.

Net cash used in investing activities decreased to \$24.1 million in the first nine months of fiscal 2009 from \$31.9 million in the prior-year period. The decrease primarily reflected a decline in the current year in the payments of earned contingent consideration on prior years' acquisitions.

## **Financing Activities**

Financing cash inflows generally include borrowings under debt agreements and proceeds from the exercise of common stock options issued under share-based compensation plans. Financing cash outflows generally include the repayment of long-term debt, repurchases of Company stock, and the payment of dividends.

Net cash used in financing activities totaled \$77.7 million in the nine months ended March 31, 2009, compared with \$168.2 million for the nine months ended March 31, 2008. In the first nine months of fiscal 2009, \$21.8 million was used to purchase common stock whereas in the first nine months of fiscal 2008, \$123.8 million was used to purchase common stock.

## **Long-term Debt**

At March 31, 2009, long-term debt outstanding totaled \$455 million (\$275 million in fixed-rate unsecured senior notes, \$100 million outstanding under a revolving credit facility, and \$80 million under an asset-backed commercial paper facility). Of the senior notes, \$100 million is due in the next 12 months. We expect to repay these senior notes with cash from operations and credit available under existing credit agreements. The weighted average effective interest rate for the fixed-rate notes was 4.71 percent at March 31, 2009. The interest rate on the asset-backed commercial paper facility changes monthly and is based on the average commercial paper cost to the lender plus a fixed spread. The asset-backed commercial paper facility has a capacity of up to \$125 million and renews annually (most recently renewed March 31, 2009) until April 2, 2011, the facility termination date. The interest rate on the revolving credit facility is variable based on LIBOR and Meredith's debt to trailing 12 month EBITDA ratio. The weighted average effective interest rate for the revolving credit facility was 5.09 percent at March 31, 2009, after taking into account the effect of outstanding interest rate swap agreements. Under the swaps, the Company will, on a quarterly basis, pay fixed rates of interest (average 4.69 percent) and receive variable rates of interest based on the three-month LIBOR rate (average of 1.22 percent at March 31, 2009) on \$100 million notional amount of indebtedness. This facility has capacity for up to \$150 million outstanding with an option to request up to another \$150 million. The revolving credit facility expires on October 7, 2010.

All of our debt agreements include financial covenants, and failure to comply with any such covenants could result in the debt becoming payable on demand. The Company was in compliance with all debt covenants at March 31, 2009, and expects to remain so in the future.

## **Contractual Obligations**

As of March 31, 2009, there had been no material changes to our contractual obligations from those disclosed in our Annual Report on Form 10-K for the year ended June 30, 2008.

## **Share Repurchase Program**

As part of our ongoing share repurchase program, we spent \$21.8 million in the first nine months of fiscal 2009 to repurchase 880,000 shares of common stock at then current market prices. We spent \$123.8 million to repurchase 2.4 million shares in the first nine months of fiscal 2008. We expect to continue repurchasing shares from time to time subject to market conditions. As of March 31, 2009, approximately 1.5 million shares were authorized for future repurchase. The status of the repurchase program is reviewed at each quarterly Board of Directors meeting. See Part II, Item 2 (c), *Issuer Repurchases of Equity Securities*, of this Quarterly Report on Form 10-Q for detailed information on share repurchases during the quarter ended March 31, 2009.

## **Dividends**

Dividends paid in the first nine months of fiscal 2009 totaled \$29.6 million, or 65.5 cents per share, compared with dividend payments of \$27.7 million, or 58.5 cents per share, in the first nine months of fiscal 2008.

## **Capital Expenditures**

Spending for property, plant, and equipment totaled \$18.6 million in the first nine months of fiscal 2009 compared with prior-year spending of \$15.4 million. Current year spending primarily relates to digital and high definition conversions being completed at all of the Company's broadcast stations and the construction of a new data server room. Prior year spending primarily related to replacements of and investments in information technology and digital broadcasting equipment. We have no material commitments for capital expenditures. We expect funds for future capital expenditures to come from operating activities or, if necessary, borrowings under credit agreements.



## OTHER MATTERS

### CRITICAL ACCOUNTING POLICIES

Meredith's critical accounting policies are summarized in our Annual Report on Form 10-K for the year ended June 30, 2008. As of March 31, 2009, the Company's critical accounting policies had not changed from June 30, 2008.

### IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSETS

As discussed in more detail in Note 1 to the Company's consolidated financial statements in its Annual Report on Form 10-K for the year ended June 30, 2008, goodwill and indefinite-lived intangible assets, primarily certain FCC licenses and trademarks, are tested annually for impairment during the fourth quarter or earlier upon the occurrence of certain events or substantive changes in circumstances.

Due to the current economic environment, we concluded that events had occurred and circumstances had changed that required us to perform interim impairment testing as of March 31, 2009, in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*, and SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*.

The Company's interim impairment analysis did not result in any impairment charges during the third quarter of fiscal 2009. However, future changes in economic conditions or actual results varying from our expectations may cause fair values to fall below book values, thus resulting in an impairment charge in a future period.

The fair values of certain of the broadcasting segment's FCC licenses at March 31, 2009, were only modestly in excess of its carrying value. Accordingly, modest declines in the estimated fair values of certain of the broadcasting segment's FCC licenses could result in noncash impairment charges.

### ACCOUNTING AND REPORTING DEVELOPMENTS

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, *Fair Value Measurements* (SFAS 157), which establishes a common definition for fair value in accordance with GAAP, and establishes a framework for measuring fair value and expands disclosure requirements about such fair value measurements. Specifically, SFAS 157 sets forth a definition of fair value, and establishes a hierarchy prioritizing the use of inputs in valuation techniques. SFAS 157 defines levels within the hierarchy as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;
- Level 3 Assets or liabilities for which fair value is based on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

In February 2008, the FASB issued FASB Staff Position (FSP) FAS 157-2, *Effective Date of FASB Statement No. 157* (FSP 157-2). FSP 157-2 delayed the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The partial delay is intended to provide all relevant parties additional time to consider the effect of various implementation issues that have arisen, or that may arise, from the application of SFAS 157.

The Company adopted the provisions of SFAS 157 for financial assets and liabilities as of July 1, 2008. The adoption of these provisions did not have any impact on the Company's condensed consolidated financial statements, because the Company's existing fair value measurements are consistent with the guidance of SFAS 157. We are currently evaluating the impact of the provisions of SFAS 157 that relate to our nonfinancial assets and liabilities, which are effective for the Company as of July 1, 2009.

As of March 31, 2009, Meredith had interest rate swap agreements that converted \$100 million of its variable-rate debt to fixed-rate debt. These agreements are required to be measured at fair value on a recurring basis. The Company determined that these interest rate swap agreements are defined as Level 2 in the fair value hierarchy. As of March 31, 2009, the fair value of these interest rate swap agreements was a liability of \$2.7 million based on significant other observable inputs (London Interbank Offered Rate (LIBOR)) within the fair value hierarchy. Fair value of interest rate swaps is based on a discounted cash flow analysis, predicated on forward LIBOR prices, of the estimated amounts the Company would have paid to terminate the swaps.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of FASB Statement No. 115* (SFAS 159). SFAS 159 was effective for the Company at the beginning of fiscal 2009. This statement permitted a choice to measure many financial instruments and certain other items at fair value. Upon the Company's adoption of SFAS 159 on July 1, 2008, we did not elect the fair value option for any financial instrument that was not already reported at fair value.

Emerging Issues Task Force (EITF) Issue No. 06-10, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements* (EITF 06-10), requires that a company recognize a liability for the postretirement benefits associated with collateral assignment split-dollar life insurance arrangements. The provisions of EITF 06-10 are applicable in instances where the Company has contractually agreed to maintain a life insurance policy (i.e., the Company pays the premiums) for an employee in periods in which the employee is no longer providing services. We adopted EITF 06-10 on July 1, 2008, at which time we recorded a liability and a cumulative effect adjustment to the opening balance of retained earnings for \$2.9 million (\$2.6 million, net of tax). Future compensation charges and adjustments to the liability will be charged to earnings in the period incurred.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities – an Amendment of FASB Statement 133* (SFAS 161). SFAS 161 enhances required disclosures regarding derivatives and hedging activities, including enhanced disclosures regarding how: (a) an entity uses derivative instruments; (b) derivative instruments and related hedged items are accounted for under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*; and (c) derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. We adopted the provisions of this statement effective March 31, 2009. As a result of the adoption of this statement, we have expanded our disclosures regarding derivative instruments and hedging activities within Note 5 to the condensed consolidated financial statements.

In April 2008, the FASB issued FSP 142-3, *Determination of the Useful Lives of Intangible Assets*, which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of an intangible asset. This interpretation is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company will adopt this interpretation as of the beginning of fiscal 2010 and is still evaluating the potential impact of adoption.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Meredith is exposed to certain market risks as a result of its use of financial instruments, in particular the potential market value loss arising from adverse changes in interest rates. The Company does not utilize financial instruments for trading purposes and does not hold any derivative financial instruments that could expose the Company to significant market risk. Readers are referred to Item 7A, *Quantitative and Qualitative Disclosures about Market Risk*, in the Company's Annual Report on Form 10-K for the year ended June 30, 2008, for a more complete discussion of these risks.

#### **Interest Rates**

We generally manage our risk associated with interest rate movements through the use of a combination of variable and fixed-rate debt. At March 31, 2009, Meredith had outstanding \$275 million in fixed-rate long-term debt. In addition, Meredith has effectively converted \$100 million of its variable-rate debt under the revolving credit facility to fixed-rate debt through the use of interest rate swaps. Since the interest rate swaps hedge the variability of interest payments on variable-rate debt with the same terms, they qualify for cash flow hedge accounting treatment. There are no earnings or liquidity risks associated with the Company's fixed-rate debt. The fair value of the fixed-rate debt (based on discounted cash flows reflecting borrowing rates currently available for debt with similar terms and maturities) varies with fluctuations in interest rates. A 10 percent decrease in interest rates would have changed the fair value of the fixed-rate debt to \$271.7 million from \$269.3 million at March 31, 2009.

At March 31, 2009, \$180 million of our debt was variable-rate debt before consideration of the impact of the swaps. The Company is subject to earnings and liquidity risks for changes in the interest rate on this debt. A 10 percent increase in interest rates would increase annual interest expense by \$0.7 million.

The fair value of the interest rate swaps is the estimated amount, based on discounted cash flows, the Company would pay or receive to terminate the swap agreements. A 10 percent decrease in interest rates would result in a fair value of a loss of \$2.8 million compared to the current fair value of a loss of \$2.7 million at March 31, 2009. We intend to continue to meet the conditions for hedge accounting. However, if hedges were not to be highly effective in offsetting cash flows attributable to the hedged risk, the changes in the fair value of the derivatives used as hedges could have an impact on our consolidated net earnings. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to the swap agreements. Management does not expect any counterparties to fail to meet their obligations.

#### **Broadcast Rights Payable**

There has been no material change in the market risk associated with broadcast rights payable since June 30, 2008.

### **Item 4. Controls and Procedures**

Meredith's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed in the reports that Meredith files or submits under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized, and reported within the time periods specified in the United States Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to Meredith's management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. There have been no significant changes in the Company's internal control over financial reporting in the quarter ended March 31, 2009, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II****OTHER INFORMATION****Item 1A. Risk Factors**

There have been no material changes to the Company's risk factors as disclosed in Item 1A, *Risk Factors*, in the Company's Annual Report on Form 10-K for the year ended June 30, 2008.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds****(c) Issuer Repurchases of Equity Securities**

The following table sets forth information with respect to the Company's repurchases of common stock during the quarter ended March 31, 2009.

| <b>Period</b>                      | <b>(a)<br/>Total number of<br/>shares purchased</b> | <b>(b)<br/>Average price<br/>paid<br/>per share</b> | <b>(c)<br/>Total number of shares<br/>purchased as part of publicly<br/>announced programs</b> | <b>(d)<br/>Maximum number of shares<br/>that may yet be purchased<br/>under programs</b> |
|------------------------------------|---|---|--|--|
| January 1 to<br>January 31, 2009   | 1,161   | \$ 17.47  | 1,161  | 1,511,383  |
| February 1 to<br>February 28, 2009 | 12,499  | 13.09   | 12,499   | 1,498,884  |
| March 1 to<br>March 31, 2009       | 1,056   | 16.43   | 1,056  | 1,497,828  |
| <b>Total</b>                       | <b>14,716</b>                                       | <b>13.68</b>  | <b>14,716</b>  | <b>1,497,828</b>   |

No Class B shares were purchased during the quarter ended March 31, 2009.

In May 2008, Meredith announced the Board of Directors had authorized the repurchase of up to 2.0 million additional shares of the Company's stock through public and private transactions.

For more information on the Company's share repurchase program, see Part I, Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, under the heading "Share Repurchase Program."

**Item 6. Exhibits**

- 10.1 Amendment No. 8 to Receivables Purchase Agreement dated as of April 1, 2008, among Meredith Funding Corporation, as Seller; Meredith Corporation, as Servicer; JPMorgan Chase Bank, N.A., as Financial Institution and Agent; and Falcon Asset Securitization Company LLC, as Purchaser.
- 10.2 Amendment No. 9 to Receivables Purchase Agreement dated as of March 31, 2009, among Meredith Funding Corporation, as Seller; Meredith Corporation, as Servicer; JPMorgan Chase Bank, N.A., as Financial Institution and Agent; and Falcon Asset Securitization Company LLC, as Purchaser.
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 32 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEREDITH CORPORATION  
Registrant

/s/ Joseph H. Ceryanec

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Joseph H. Ceryanec  
Vice President - Chief Financial Officer  
(Principal Financial and Accounting Officer)

Date: April 29, 2009

## INDEX TO ATTACHED EXHIBITS

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| <b>Exhibit<br/>Number</b> | <b>Item</b>   |
|---------------------------|---|
| 10.1                      | Amendment No. 8 to Receivables Purchase Agreement dated as of April 1, 2008, among Meredith Funding Corporation, as Seller; Meredith Corporation, as Servicer; JPMorgan Chase Bank, N.A., as Financial Institution and Agent; and Falcon Asset Securitization Company LLC, as Purchaser.  |
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| 31.1                      | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.  |
| 31.2                      | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.  |
| 32                        | Certification of Chief Executive and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  |

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## OMNIBUS AMENDMENT

**[AMENDMENT NO. 8 TO RECEIVABLES PURCHASE AGREEMENT,  
AMENDMENT NO. 2 TO RECEIVABLES SALE AGREEMENT AND  
AMENDMENT NO. 2 TO AMENDED AND RESTATED FEE LETTER]**

**THIS OMNIBUS AMENDMENT** is entered into as of April 1, 2008, by and among Meredith Funding Corporation, a Delaware corporation, (the “**Seller**”), Meredith Corporation, an Iowa corporation ( “**Meredith**”), as Originator and as initial Servicer (the Servicer, together with Seller, the “**Seller Parties**” and each, a “**Seller Party**”), JPMorgan Chase Bank, N.A., successor by merger to Bank One, NA, in its individual capacity as the sole “**Financial Institution**”, Falcon Asset Securitization Company LLC, formerly known as Falcon Asset Securitization Corporation (the “**Conduit**” and, together with the sole Financial Institution, the “**Purchasers**”), and JPMorgan Chase Bank, N.A., successor by merger to Bank One, NA, as agent (together with its successors and assigns hereunder, the “**Agent**”), with respect to (a) that certain Receivables Purchase Agreement among the parties hereto dated as of April 9, 2002, as heretofore amended (the “**Existing RPA**”), and (b) that certain Receivables Sale Agreement between the Seller and Meredith dated as of April 9, 2002, as heretofore amended (the “**Existing RSA**” and, together with the Existing RPA, the “**Existing Agreements**”), and (c) that certain Amended and Restated Fee Letter dated April 4, 2006 by and among Seller, the Conduit and the Agent (the “**Existing Fee Letter**”).

**WITNESSETH:**

**WHEREAS**, Meredith and the Seller are parties to the Existing RSA;

**WHEREAS**, the Seller Parties, the Purchasers and the Agent are parties to the Existing RPA;

**WHEREAS**, the Seller, the Conduit and the Agent are parties to the Existing Fee Letter; and

**WHEREAS**, the parties desire to amend the Existing Agreements and Existing Fee Letter as hereinafter set forth;

**NOW, THEREFORE**, in consideration of the premises herein contained, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

**1. Defined Terms**. Capitalized terms used herein and not otherwise defined shall have their meanings as attributed to such terms in the Existing Agreements.

**2. Amendments**.

**2.1. Amendment to the Existing RSA**. The table in Exhibit III to the Existing RSA is hereby deleted in its entirety and replaced with “See Exhibit IV to the Purchase Agreement.”

**2.2. Amendments to the Existing RPA**.

**2.2.1.** The definition of “**Commitment Availability**” in Exhibit I to the Existing RPA is hereby amended and restated in its entirety to read as follows:

“**Commitment Availability**” means at any time (a) an amount equal to the aggregate amount of the Commitments, *minus* (b) \$2,500,000, *minus* (c) the Aggregate Capital at such time.

**2.2.2.** The definition of “**Concentration Limit**” in Exhibit I to the Existing RPA is hereby amended and restated in its entirety to read as follows:

“**Concentration Limit**” means, at any time, for any Obligor, 5.837% of the Outstanding Balance of all Eligible Receivables, or such other amount (a “**Special Concentration Limit**”) for such Obligor designated by the Agent and set forth on Schedule C, as such schedule may be modified from time to time by the Agent to add Special Concentration Limits or to cancel any Special Concentration Limit in accordance with the proviso of this definition; provided, that in the case of an Obligor and any Affiliate of such Obligor, the Concentration Limit shall be calculated as if such Obligor and such Affiliate are one Obligor; and provided, further, that Conduit or the Required Financial Institutions may, upon not less than three Business Days’ notice to Seller, cancel any Special Concentration Limit.

**2.2.3.** The definition of “**Liquidity Termination Date**” in Exhibit I to the Existing RPA is hereby amended and restated in its entirety to read as follows:

“**Liquidity Termination Date**” means March 31, 2009.

**2.2.4.** The definition of “**Loss Percentage**” in Exhibit I to the Existing RPA is hereby amended and restated in its entirety to read as follows:



**“Loss Percentage”** means, as of the last day of any calendar month, the greater of (i) 17.50% and (ii)(A) two (2), times (B) the Loss Ratio as of such date, times (C) the Loss Horizon Ratio as of such date.

**2.2.5.** The definition of **“Purchase Limit”** in Exhibit I to the Existing RPA is hereby amended and restated in its entirety to read as follows:

**“Purchase Limit”** means \$125,000,000.

**2.2.6.** Exhibit IV to the Existing RPA is hereby amended and restated in its entirety to read as set forth in Annex A hereto.

**2.2.7.** Schedule A of the Existing RPA is hereby amended and restated in its entirety to read as follows:

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## SCHEDULE A

### COMMITMENTS OF FINANCIAL INSTITUTIONS

| FINANCIAL INSTITUTION     | COMMITMENT    |
|---------------------------|---------------|
| JPMorgan Chase Bank, N.A. | \$127,500,000 |

2.2.8. Schedule C of the Existing RPA is hereby amended and restated in its entirety to read as follows:

## SCHEDULE C

### SPECIAL CONCENTRATION LIMITS

| OBLIGOR          | SPECIAL CONCENTRATION LIMIT                                 |
|------------------|---|
| Omnicom Group    | 10% of the Outstanding Balance of all Eligible Receivables  |
| WPP Group PLC    | 10% of the Outstanding Balance of all Eligible Receivables  |
| Home Depot, Inc. | 7.5% of the Outstanding Balance of all Eligible Receivables |

2.3. **Amendment to the Existing Fee Letter.** The definition of “*Applicable Percentage*” set forth in the Existing Fee Letter is hereby amended and restated in its entirety to read as follows:

As used herein, “*Applicable Percentage*” means, on any date of determination, 0.10% for the Unused Fee and 0.35% for the Used Fee.

3. **Representations and Warranties.** In order to induce the Agent and the Purchasers to enter into this Amendment, each of Meredith and the Seller hereby represents and warrants to the Agent and the Purchasers that after giving effect to the amendments contained in Section 2 above, (a) no Termination Event, Amortization Event, Potential Termination Event or Potential Amortization Event exists and is continuing as of the Effective Date (as defined in Section 4 below), (b) each of Meredith’s representations and warranties contained in Section 2.1 of the Existing RSA is true and correct as of the Effective Date, and (c) each of such Person’s representations and warranties contained in Section 5.1 of the Existing RPA is true and correct as of the Effective Date.

4. **Effective Date.** This Amendment shall become effective as of the date first above written (the “*Effective Date*”) when the Agent has received (a) counterparts of this Amendment, duly executed by the Seller Parties, the Agent and the Purchasers, and (b) a renewal fee of \$112,500 in immediately available funds.

5. **Ratification.** The Existing Agreements and the Existing Fee Letter, as modified hereby, are hereby ratified, approved and confirmed in all respects.

6. **Reference to Agreements.** From and after the Effective Date hereof, each reference in the Existing RSA, Existing RPA or Existing Fee Letter to “this Agreement”, “hereof”, or “hereunder” or words of like import, and all references to the Existing RSA, Existing RPA or Existing Fee Letter in any and all agreements, instruments, documents, notes, certificates and other writings of every kind and nature shall be deemed to mean the Existing RSA, Existing RPA or Existing Fee Letter, as the case may be, as modified by this Amendment.

7. **Costs and Expenses.** The Seller agrees to pay all costs, fees, and out-of-pocket expenses (including reasonable attorneys’ fees and disbursements) incurred by the Agent in connection with the preparation, execution and enforcement of this Amendment.

8. **CHOICE OF LAW.** THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS.

9. **Execution in Counterparts.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

<signature pages follow>



*IN WITNESS WHEREOF*, the Seller Parties, the Purchasers and the Agent have executed this Amendment as of the date first above written.

MEREDITH FUNDING CORPORATION

By: /s/ Kevin M. Wagner  
Name: Kevin M. Wagner  
Title: Vice President, Finance

MEREDITH CORPORATION

By: /s/ Steven M. Cappaert  
Name: Steven M. Cappaert  
Title: Corporate Controller

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FALCON ASSET SECURITIZATION COMPANY LLC

BY: JPMORGAN CHASE BANK, N.A., ITS ATTORNEY IN FACT

By: /s/ Ronald Atkins

Name: Ronald Atkins

Title: Executive Director

JPMORGAN CHASE BANK, N.A., successor by merger to BANK ONE, NA, AS A  
*FINANCIAL INSTITUTION AND AS AGENT*

By: /s/ Ronald Atkins

Name: Ronald Atkins

Title: Executive Director

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## OMNIBUS AMENDMENT

[AMENDMENT NO. 9 TO RECEIVABLES PURCHASE AGREEMENT AND  
AMENDMENT NO. 4 TO RECEIVABLES SALE AGREEMENT]

**THIS OMNIBUS AMENDMENT** (this "**Amendment**") is entered into as of March 31, 2009, by and among Meredith Funding Corporation, a Delaware corporation, (the "**Seller**"), Meredith Corporation, an Iowa corporation ( "**Meredith**"), as Originator and as initial Servicer (the Servicer, together with Seller, the "**Seller Parties**" and each, a "**Seller Party**"), JPMorgan Chase Bank, N.A., successor by merger to Bank One, NA, in its individual capacity as the sole "**Financial Institution**", Falcon Asset Securitization Company LLC, formerly known as Falcon Asset Securitization Corporation (the "**Conduit**" and, together with the sole Financial Institution, the "**Purchasers**"), and JPMorgan Chase Bank, N.A., successor by merger to Bank One, NA, as agent (together with its successors and assigns hereunder, the "**Agent**"), with respect to (a) that certain Receivables Purchase Agreement among the parties hereto dated as of April 9, 2002, as heretofore amended (the "**Existing RPA**"), and (b) that certain Receivables Sale Agreement between the Seller and Meredith dated as of April 9, 2002, as heretofore amended (the "**Existing RSA**" and, together with the Existing RPA, the "**Existing Agreements**").

## WITNESSETH:

**WHEREAS**, Meredith and the Seller are parties to the Existing RSA;

**WHEREAS**, the Seller Parties, the Purchasers and the Agent are parties to the Existing RPA; and

**WHEREAS**, the parties desire to amend the Existing Agreements as hereinafter set forth;

**NOW, THEREFORE**, in consideration of the premises herein contained, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

**1. Defined Terms.** Capitalized terms used herein and not otherwise defined shall have their meanings as attributed to such terms in the Existing Agreements.

**2. Amendments.**

**2.1. Amendments to the Existing RSA.**

**2.1.1.** The definitions of "**Excluded Receivables**" in Exhibit I to the Existing RSA is hereby amended and restated in its entirety to read as follows:

"**Excluded Receivables**" means indebtedness and other obligations owed to an Originator in connection with the sales of goods or services described on Schedule B, as such Schedule may be modified from time to time by such Originator upon delivery of such revised Schedule to the Buyer and the Agent; **provided that** the Buyer's and the Agent's consent shall be required prior to giving effect to a modification to Schedule B if such modification would exclude an incremental aggregate amount of Receivables representing more than 10% of the Receivables originated by all Originators in the calendar year most recently ended.

**2.1.2.** Schedule B of the Existing RSA is hereby amended and restated in its entirety to read as set forth in Annex

A hereto

**2.2. Amendments to the Existing RPA.**

**2.2.1.** Section 9.1(f) of the Existing RPA is hereby amended and restated in its entirety to read as follows:

"(f) (i) As at the end of the month of November, December or January of any calendar year, the average of the Delinquency Ratios as at the end of such month and the two preceding months shall exceed 25%, (ii) as at the end of any other calendar month, the average of the Delinquency Ratios as at the end of such month and the two preceding months shall exceed 22%, (iii) as at the end of any calendar month, the average of the Default Ratios as at the end of such month and the two preceding months shall exceed 12%, (iv) as at the end of any calendar month, the average of the Dilution Ratios as at the end of such month and the two preceding months shall exceed 3.00%, or (v) as at the end of any calendar month, the average of the Day Sales Outstanding as at the end of such month and the two preceding months shall exceed 80.0."

**2.2.2.** Section 9.1(k) of the Existing RPA is hereby amended and restated in its entirety to read as follows:

"(k) (i) The Consolidated Leverage Ratio (as defined in the Credit Agreement) as of the last day of any Fiscal Quarter (as defined in the Credit Agreement) exceeds 3.75 to 1.00 or (ii) the Consolidated Interest Coverage Ratio (as defined in the Credit Agreement) as of the last day of any Fiscal Quarter (as defined in the Credit Agreement) is less than 2.75 to 1.00."

**2.2.3.** The following two new Sections are hereby added to the Existing RPA:

Section 10.4. Accounting Based Consolidation Event. If an Accounting Based Consolidation Event shall at any time occur then, upon demand by the Agent, Seller shall pay to the Agent, for the benefit of the relevant Affected Entity, such amounts as such Affected Entity reasonably determines will compensate or reimburse such Affected Entity for any resulting (i) fee, expense or increased cost charged to, incurred or otherwise suffered by such Affected Entity, (ii) reduction in the rate of return on such Affected Entity's capital or reduction in the amount of any sum received or receivable by such Affected Entity or (iii) internal capital charge or other imputed cost determined by such Affected Entity to be allocable to Seller or the transactions contemplated in this Agreement in connection therewith; **provided, however**, that in no event may any Affected Entity (or the Agent on its behalf) claim or receive reimbursement or compensation for amounts under this Section 10.4 that would result in its total compensation (inclusive of Yield and fees) exceeding the total compensation that would be payable to a Financial Institution that had purchased Purchaser Interests in the amount of the Purchase Limit from the date such Accounting Based Consolidation Event occurs. Subject to the limitation above, amounts under this Section 10.4 may be demanded at any time without regard to the timing of issuance of any financial statement by any Conduit or by any Affected Entity.

Section 12.3. Federal Reserve. Notwithstanding any other provision of this Agreement to the contrary, any Purchaser may at any time pledge or grant a security interest in all or any portion of its rights (including, without limitation, any Purchaser Interest and any rights to payment of Capital and Yield) under this Agreement to secure obligations of such Purchaser to a Federal Reserve Bank, without notice to or consent of the Seller, any other Purchaser or the Agent; **provided that** no such pledge or grant of a security interest shall release a Purchaser from any of its obligations hereunder, or substitute any such pledgee or grantee for such Purchaser as a party hereto.

**2.2.4.** All references in the Existing RPA to the "Prime Rate" (other than the definition of such term in Exhibit I to the Existing RPA and the use of the term in the definition of "Alternate Base Rate") are hereby replaced with "Alternate Base Rate."

**2.2.5.** Clause (xiv) of the definition of "**Eligible Receivable**" in the Existing RPA is hereby amended and restated in its entirety to read as follows:

(xiv) which is not subject to any right of rescission, set-off, counterclaim, any other defense (other than potential discharge in bankruptcy, but including defenses arising out of violations of usury laws) (it being understood that only a portion of a Receivable equal to the amount of such set-off, counterclaim or defense shall be deemed not to be an Eligible Receivable) of the applicable Obligor against the applicable Originator or any other Adverse Claim, and the Obligor thereon holds no right as against the applicable Originator to cause such Originator to repurchase the goods or merchandise the sale of which shall have given rise to such Receivable (except with respect to sale discounts effected pursuant to the Contract, or defective goods returned in accordance with the terms of the Contract),

**2.2.6.** Each of the following new defined terms is hereby inserted into Exhibit I to the Existing RPA in its appropriate alphabetical order:

"**Accounting Based Consolidation Event**" means the consolidation, for financial and/or regulatory accounting purposes, of all or any portion of the assets and liabilities of the Conduit that are subject to this Agreement or any other Transaction Document with all or any portion of the assets and liabilities of an Affected Entity. An Accounting Based Consolidation Event shall be deemed to occur on the date any Affected Entity shall acknowledge in writing that any such consolidation of the assets and liabilities of the Conduit shall occur.

"**Affected Entity**" means (i) any Funding Source, (ii) any agent, administrator or manager of the Conduit, or (iii) any bank holding company in respect of any of the foregoing.

"**Alternate Base Rate**" means, for any day, a rate *per annum* equal to the sum of (a) the greatest of (i) the Prime Rate in effect for such day, (ii) the sum of (A) the Federal Funds Effective Rate in effect on such day plus (B) 0.50%, and, if available, (iii) the sum of (A) the Base LIBO Rate for a Tranche Period of one month at approximately 11:00 a.m. London time on such day plus (B) 1.00%, **plus** (b) 2.50%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Base LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Base LIBO Rate, respectively.

"**Base LIBO Rate**" means the rate *per annum* equal to (a) the applicable British Bankers' Association Interest Settlement Rate for deposits in U.S. dollars appearing on Reuters BBA Libor Rates Page 3750 (or on any successor or substitute page of such page providing rate quotations comparable to those currently provided on such page, as determined by the Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) as of 11:00 a.m. (London time) two Business Days prior to the first day of the relevant Tranche Period, and having a maturity equal to such Tranche Period, **provided** that (i) if Reuters BBA Libor Rates Page 3750 (or on any successor or substitute page of such page providing rate quotations comparable to those currently provided on such page, as determined by the Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) is not available to the Agent for any reason, the applicable LIBO Rate for the relevant Tranche Period shall instead be the applicable British Bankers' Association Interest Settlement Rate for deposits in U.S. dollars as reported by any other generally recognized financial information service as of 11:00 a.m. (London time) two Business Days

prior to the first day of such Tranche Period, and having a maturity equal to such Tranche Period, and (ii) if no such British Bankers' Association Interest Settlement Rate is available to the Agent, the applicable LIBO Rate for the relevant Tranche Period shall instead be the rate determined by the Agent to be the rate at which JPMorgan Chase offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Tranche Period, in the approximate amount to be funded at the LIBO Rate and having a maturity equal to such Tranche Period, divided by (b) one minus the maximum aggregate reserve requirement (including all basic, supplemental, marginal or other reserves) which is imposed against the Agent in respect of Eurocurrency liabilities, as defined in Regulation D of the Board of Governors of the Federal Reserve System as in effect from time to time (expressed as a decimal), applicable to such Tranche Period. The Base LIBO Rate shall be rounded, if necessary, to the next higher 1/16 of 1%.

“**Commingling Reserve**” means:

(a) at any time during which the calculations below are based on Meredith's quarterly financial statements for the quarter ending June 30, 2009, if either (i) the sum of (A) the cash balance as represented on Meredith's quarterly financial statements for the quarter ending June 30, 2009, plus (B) the aggregate availability of the Total Commitment (as defined in the Credit Agreement) as of June 30, 2009 as represented in such quarterly financial statements is less than \$25,000,000, or (ii) the Consolidated Leverage Ratio (as defined in the Credit Agreement) for the quarter ending June 30, 2009 as represented in such quarterly financial statements is higher than 2.50 to 1.00, 10% of the Net Receivables Balance;

(b) at any other times if either (i) the sum of (A) the cash balance as of the end of the applicable quarter as represented on Meredith's most recent quarterly financial statements plus (B) the aggregate availability of the Total Commitment (as defined in the Credit Agreement) as of the end of such quarter as represented in such quarterly financial statements is less than \$50,000,000, or (ii) the Consolidated Leverage Ratio (as defined in the Credit Agreement) as of the end of such quarter as represented in such quarterly financial statements is higher than 2.50 to 1.00, 10% of the Net Receivables Balance; and

(c) at all times when the 10% reserve is not applicable under the foregoing clause (a) or clause (b), 0% of the Net Receivables Balance.

The applicability of clauses (a), (b) or (c) above shall be determined on March 31, 2009 (based on Meredith's financial statements for the quarter ended December 31, 2008) and subsequently determined on each date on which Meredith's financial statements are delivered pursuant to Section 7.1(a), and such clause shall apply on and from such date of determination until the subsequent date of determination. Notwithstanding the foregoing, if at any time during which clauses (a) or (b) apply, the Monthly Report indicates, in a manner reasonably satisfactory to the Agent, that less than 5% of total Collections from the previous calendar month were submitted by Obligor directly to Seller or Servicer (rather than being submitted directly by such Obligor to a Lock-Box or Collection Account), then the Commingling Reserve shall be 0% for the following reporting period.

“**Days Sales Outstanding**” means, for any Accrual Period, (i) the aggregate Outstanding Balance of all Receivables as of the last day of the Accrual Period ending one Accrual Period prior to such Accrual Period, divided by (ii) the aggregate amount of Collections received during such Accrual Period, multiplied by (iii) 30.

**2.2.7.** The definitions in Exhibit I to the Existing RPA of the terms set forth below are hereby amended and restated in their entirety to read as follows:

“**Aggregate Reserves**” means, on any date of determination, the sum of the Commingling Reserve, the Loss Reserve, the Yield & Servicing Reserve and the Dilution Reserve.

“**Concentration Limit**” means, at any time, for any Obligor, 4.00% of the Eligible Receivables Balance, or such other amount (a “**Special Concentration Limit**”) for such Obligor designated by the Agent and set forth on Schedule C, as such schedule may be modified from time to time by the Agent to add Special Concentration Limits or to cancel any Special Concentration Limit in accordance with the proviso of this definition; **provided** that in the case of an Obligor and any Affiliate of such Obligor, the Concentration Limit shall be calculated as if such Obligor and such Affiliate are one Obligor; and **provided, further**, that Conduit or the Required Financial Institutions may, upon not less than three Business Days' notice to Seller, cancel any Special Concentration Limit.

“**Credit Agreement**” means that certain Credit Agreement dated as of April 5, 2002 among Meredith, as borrower, the lenders listed therein, Bank of America, N.A. (as successor by merger to Fleet National Bank), as Administrative Agent and Issuing Lender, JPMorgan Chase Bank, N.A. (as successor by merger to Bank One, N.A.) and Wells Fargo Bank, National Association, each as Co-Syndication Agent, and SunTrust Bank, Central Florida, National Association, as Documentation Agent, as in effect on March 31, 2009 and as thereafter amended, restated or otherwise modified from time to time with the consent of JPMorgan Chase as the Agent hereunder (it being understood that any amendment, waiver or restatement entered into after March 31, 2009 to which JPMorgan Chase in such capacity is not a consenting party shall be disregarded for purposes of this Agreement).

“**Default Fee**” means with respect to any amount due and payable by Seller in respect of any Aggregate Unpaid, an amount equal to interest on any such unpaid Aggregate Unpaid at a rate *per annum* equal to the sum of the Alternate Base Rate plus 1.00%.



**“Default Proxy”** means as of the last day of any calendar month:

(a) on and prior to March 31, 2009, either (i) the sum of (A) the aggregate Outstanding Balance of all Receivables as to which any payment, or part thereof, remains unpaid for 61-90 days from the original due date for such payments at such time minus 3.0% of the aggregate Outstanding Balance of all Receivables at such time, and (B) the aggregate Outstanding Balance of all Receivables which were written off during such month, or (ii) if such result as computed in clause (i) above is negative, then the last positive calculation of the Default Proxy shall be used; and

(b) beginning on April 1, 2009, the sum of (i) the aggregate Outstanding Balance of all Receivables as to which any payment, or part thereof, remains unpaid for 91-120 days from the original due date for such payments at such time, and (ii) the aggregate Outstanding Balance of all Receivables that were written off during such month.

For purposes of the calculations in clauses (a) and (b) above, all Receivables which are due and payable within less than 30 days from the original billing date shall be deemed to have an original due date of 30 days from the original billing date

**“Dilution Horizon Ratio”** means, as of the last day of any calendar month, a percentage equal to (i) the aggregate Originator Sales during the three (3) most recently ended calendar months divided by (ii) the Net Receivables Balance as of such date.

**“Dilution Percentage”** means as of the last day of any calendar month, a percentage equal to the greater of (i) 5.00% and (ii) the following calculation:

$$[(2.5 \times ED) + ((DS - ED) \times DS / ED)] \times DHR$$

where:

ED = the Expected Dilution Ratio at such time.

DS = the Dilution Spike Ratio at such time

DHR = the Dilution Horizon Ratio at such time.

**“Eligible Receivables Balance”** means, on any date of determination, the aggregate Outstanding Balance of all Eligible Receivables.

**“LIBO Rate”** means, for any Tranche Period, a rate *per annum* equal to the sum of the Base LIBO Rate plus 3.50%.

**“Liquidity Termination Date”** means March 30, 2010.

**“Loss Percentage”** means, as of the last day of any calendar month, the greater of (i) 20.00% and (ii)(A) 2.5 times (B) the Loss Ratio as of such date, times (C) the Loss Horizon Ratio as of such date.

**“Loss Horizon Ratio”** means, as of the last day of any calendar month, a percentage equal to (i) the aggregate Originator Sales during the three-month period ended on such date, divided by (ii) the Net Receivables Balance as of such date.

**“Net Receivables Balance”** means, at any time, the Eligible Receivables Balance at such time reduced by the sum of (a) the aggregate amount by which the Eligible Receivables Balance of each Obligor and its Affiliates exceeds the Concentration Limit for such Obligor, (b) the amount, if any, by which the Eligible Receivables Balance which are due and payable 31 or more days and less than 60 days after their original billing dates exceeds 20% of the Eligible Receivables Balance, (c) the aggregate amount by which the Eligible Receivables Balance of all Governmental Obligors exceeds the Governmental Concentration Limit, (d) the aggregate amount by which the Eligible Receivables Balance of all Canadian Obligors exceeds the Canadian Concentration Limit, and (e) the aggregate amount by which the Eligible Receivables Balance which arise from an obligation of the Obligor to make progress payments exceeds 1% of the Eligible Receivables Balance.

**“Tranche Period”** means, with respect to any Purchaser Interest held by a Financial Institution:

(a) if Yield for such Purchaser Interest is calculated on the basis of the LIBO Rate (other than as a component of the definition of “Alternate Base Rate”), a period of one, two, three or six months, or such other period as may be selected by Seller, commencing on a Business Day selected by Seller pursuant to this Agreement. Such Tranche Period shall end on the day in the applicable succeeding calendar month which corresponds numerically to the beginning day of such Tranche Period, **provided, however**, that if there is no such numerically corresponding day in such succeeding month, such Tranche Period shall end on the last Business Day of such succeeding month; or

(b) if Yield for such Purchaser Interest is calculated on the basis of the Alternate Base Rate, a period commencing on a Business Day selected by Seller, provided no such period shall exceed one month.

If any Tranche Period would end on a day which is not a Business Day, such Tranche Period shall end on the next succeeding Business Day, provided, however, that in the case of Tranche Periods corresponding to the LIBO Rate, if such next succeeding Business Day falls in a new month, such Tranche Period shall end on the immediately preceding Business Day. In the case of any Tranche Period for any Purchaser Interest which commences before the Amortization Date and would otherwise end on a date occurring after the Amortization Date, such Tranche Period shall end on the Amortization Date. The duration of each Tranche Period which commences after the Amortization Date shall be of such duration as selected by the Agent.

2.2.8. Schedule C of the Existing RPA is hereby amended and restated in its entirety to read as follows:

**SCHEDULE C**

**SPECIAL CONCENTRATION LIMITS**

| <b>OBLIGOR</b>      | <b>SPECIAL CONCENTRATION LIMIT</b>        |
|---------------------|---|
| Omnicom Group       | 10.0% of the Eligible Receivables Balance |
| WPP Group PLC       | 10.0% of the Eligible Receivables Balance |
| Home Depot, Inc.    | 7.5% of the Eligible Receivables Balance  |
| Kraft Foods Company | 10.0% of the Eligible Receivables Balance |
| All other Obligor   | 4.0% of the Eligible Receivables Balance  |

2.2.9. Exhibit IV to the Existing RPA is hereby amended and restated in its entirety to read as set forth in Annex B hereto.

2.2.10. Effective for all Monthly Reports due on or after May 15, 2009, Exhibit X to the Existing RPA is hereby amended and restated in its entirety to read as set forth in Annex C hereto.

3. **Representations and Warranties.** In order to induce the Agent and the Purchasers to enter into this Amendment, each of Meredith and the Seller hereby represents and warrants to the Agent and the Purchasers that after giving effect to the amendments contained in Section 2 above, (a) no Termination Event, Amortization Event, Potential Termination Event or Potential Amortization Event exists and is continuing as of the Effective Date (as defined in Section 4 below), (b) each of Meredith’s representations and warranties contained in Section 2.1 of the Existing RSA is true and correct as of the Effective Date, and (c) each of such Person’s representations and warranties contained in Section 5.1 of the Existing RPA is true and correct as of the Effective Date.

4. **Effective Date.** This Amendment shall become effective as of the date first above written (the “*Effective Date*”) when the Agent has received (a) counterparts of this Amendment, duly executed by the Seller Parties, the Agent and the Purchasers, (b) counterparts of a second amendment and restatement of the Fee Letter, duly executed by the parties thereto, and (c) payment in immediately available funds of the renewal fee specified in such Fee Letter. Notwithstanding the foregoing, the parties hereto agree that the amendments set forth in Sections 2.1, 2.2.1, 2.2.7 with respect to the definitions of “*Aggregate Reserves*”, “*Concentration Limit*”, “*Net Receivables Balance*” and the other defined terms used to determine the Aggregate Reserves or compliance with Section 9.1(f), and 2.2.8 shall not become effective until April 1, 2009.

5. **Ratification.** The Existing Agreements, as modified hereby, are hereby ratified, approved and confirmed in all respects.

6. **Reference to Agreements.** From and after the Effective Date hereof, each reference in the Existing RSA or Existing RPA or to “this Agreement”, “hereof”, or “hereunder” or words of like import, and all references to the Existing RSA or Existing RPA in any and all agreements, instruments, documents, notes, certificates and other writings of every kind and nature shall be deemed to mean the Existing RSA or Existing RPA as modified by this Amendment.

7. **Costs and Expenses.** The Seller agrees to pay all costs, fees, and out-of-pocket expenses (including reasonable attorneys’ fees and disbursements) incurred by the Agent in connection with the preparation, execution and enforcement of this Amendment.

8. **CHOICE OF LAW.** THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS.

9. **Execution in Counterparts.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

<signature pages follow>

***IN WITNESS WHEREOF***, the Seller Parties, the Purchasers and the Agent have executed this Amendment as of the date first above written.

MEREDITH FUNDING CORPORATION

By: /s/ Kevin M. Wagner  
Name: Kevin M. Wagner  
Title: President

MEREDITH CORPORATION

By: /s/ Steven M. Cappaert  
Name: Steven M. Cappaert  
Title: Corporate Controller

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FALCON ASSET SECURITIZATION COMPANY LLC

BY: JPMORGAN CHASE BANK, N.A., ITS ATTORNEY IN FACT

By: /s/ Joel C. Gedroic

Name: Joel C. Gedroic

Title: Executive Director

JPMORGAN CHASE BANK, N.A., successor by merger to BANK ONE, NA, AS A  
*FINANCIAL INSTITUTION AND AS AGENT*

By: /s/ Joel C. Gedroic

Name: Joel C. Gedroic

Title: Executive Director

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**CERTIFICATION**

I, Stephen M. Lacy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Meredith Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report fairly present, in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2009

/s/ Stephen M. Lacy

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Stephen M. Lacy, President and  
Chief Executive Officer and Director  
(Principal Executive Officer)

*A signed original of this written statement required by Section 302 has been provided to Meredith and will be retained by Meredith and furnished to the Securities and Exchange Commission or its staff upon request.*

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**CERTIFICATION**

I, Joseph H. Ceryanec, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Meredith Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report fairly present, in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2009

/s/ Joseph H. Ceryanec

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Joseph H. Ceryanec  
 Vice President - Chief Financial Officer  
 (Principal Financial and Accounting Officer)

*A signed original of this written statement required by Section 302 has been provided to Meredith and will be retained by Meredith and furnished to the Securities and Exchange Commission or its staff upon request.*

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Meredith Corporation (the Company) for the period ended March 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the Report), we the undersigned certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stephen M. Lacy

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Stephen M. Lacy  
President and  
Chief Executive Officer and Director  
(Principal Executive Officer)

Dated: April 29, 2009

/s/ Joseph H. Ceryanec

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Joseph H. Ceryanec  
Vice President-Chief Financial Officer  
(Principal Financial and Accounting Officer)

Dated: April 29, 2009

*A signed original of this written statement required by Section 906 has been provided to Meredith and will be retained by Meredith and furnished to the Securities and Exchange Commission or its staff upon request.*

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