

— MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Meredith Corporation Report Fiscal 2012 fourth quarter and full year results conference call. [Operator Instructions] Later we will conduct a question-and-answer session. [Operator Instructions] As a reminder this conference will be recorded. I will now turn the conference over to the director of Investor Relations, Mike Lovell. Please go ahead.

Mike Lovell, Director of Investor Relations

Good morning and thanks everyone for joining us. We'll start this morning with comments from Chairman and Chief Executive Officer, Steve Lacy, and Chief Financial Officer, Joe Ceryanec, then we'll turn the call over to questions. Also on the line this morning are Paul Karpowicz, President of our Local Media Group and Tom Harty, President of our National Media Group. An archive of today's discussion will be available later this afternoon on our IR website and a transcript will follow that.

Our remarks today will include forward-looking statements and actual results may differ from our forecasts. Some of the reasons why are described at the end of our news release issued earlier today and in some of our SEC filings and with that Steve will begin.

Stephen M. Lacy, President and Chief Executive Officer

Thank you very much, Mike, and good morning, everyone. I hope you've seen our news release issued earlier today that detailed our fiscal 2012 fourth quarter and full year results. I'll start this morning with a review of the business highlights and strategic accomplishments we've delivered in both the fourth quarter and the full fiscal year.

Then Joe Ceryanec will discuss progress on our Total Shareholder Return strategy and our outlook for the first quarter and fiscal 2013 and then we'll be happy to answer any questions that you might have.

Looking briefly at our business highlights in the fourth quarter of fiscal 2012, total company revenues increased 6% and earnings per share grew by 2%. Local Media Group revenues increased 9%. Nonpolitical advertising revenues rose by 6% and EBITDA margin grew to 40% in the quarter.

National Media Group revenues increased by 5% as our recent acquisitions boosted both advertising and circulation revenue. Digital advertising revenues nearly doubled to a record high. Total digital related revenues accounted for about 10% of our total company revenues in the quarter.

And finally, our connection to the individual consumer continued to strengthen. Meredith television stations delivered strong ratings during the May sweets period. In addition, our magazine readership and unique visitors to our websites both reached record highs.

Now stepping back to take a look at full fiscal 2012, during the year we executed a series of very well defined strategic initiatives designed to generate growth in revenue, operating profit and free cash flow and increase shareholder value over time. We kept tight control on our expenses which declined 3% excluding the recent acquisitions.

We also faced challenged including magazine advertising and performance at Meredith Xcelerated Marketing. I'll cover those in the operating group discussions in just a few moments.

Our fiscal 2012 key strategic initiatives included implementation of our Total Shareholder Return strategy and this initiative has helped drive a significant increase in shareholder values since its launch last fall.

The acquisition of AllRecipes.com, the world's largest digital food brand. We're now the number one digital food media company and in the top three in the important digital women's lifestyle category.

We launched a variety of new digital products including tablet additions of most of our national brands and rapidly expanded our mobile platform in both businesses. We now have 20 brands available in tablet form across all major platforms and approximately 50 mobile apps.

We've purchased the EveryDay with Rachel Ray and FamilyFun brands. These acquisitions help grow our share of U.S. magazine industry advertising revenues to nearly 12%.

We extended our very successful brand licensing arrangement with Wal-Mart for the Better Homes and Gardens line of products through 2016.

And finally, we expanded and monetized our Local Media Group video content. We accomplished this through an increased and local news programming hours along with more national video content creation and greater syndication.

As I've pointed out on earlier calls we're aggressively executing a strategic plan designed to position Meredith for growth in shareholder value over time. We're implementing strategies that extend across all of our businesses, possess significant digital components and capitalize on the broad content creation and marketing capabilities that we possess. I am now pleased to review our progress in more detail starting with our local media business.

The Local Media Group continued its very strong performance throughout fiscal 2012. We delivered year-over-year growth in non-political advertising revenue each quarter. That continues a streak that is now lasted three years. For the full year, non-political advertising revenues increased 6%.

We grew the other revenue category 25% during the year mostly as a result of our operation of Turner's Peachtree station in the Atlanta marketplace. Meredith video studios increased revenues nearly 30% and are nationally syndicated the Better Show expanded its reach and was renewed for a sixth season.

We increased our digital presence in the Local Media Group by relaunching station websites and the introduction of a wide variety of mobile apps. Most importantly, we monetized that growth by increasing digital advertising revenues more than 55%.

Our stations delivered excellent ratings during the important suite measurement periods which helped strengthen advertising rates for the upcoming fiscal year as we head into a promising election cycle.

We accomplished all of this in an efficient and cost effective manner as evidenced by a 3% decrease in expenses.

As a result of these accomplishments the Local Media Group delivered operating profit of \$89 million. That even surpassed what we generated last year in fiscal 2011, a year that included \$28 million more in political advertising revenues. Total fiscal year EBITDA margins grew nearly a full point to 36%, the best since fiscal 2007.

We anticipate a strong political advertising season and expect to exceed the \$24 million generated in Fiscal 2009, that last presidential election year. Nevada, Michigan, North Carolina and Missouri could be swing states. There are open senate seats in Connecticut and Nevada and incumbent senators facing tough opponents in both Missouri and Massachusetts. Additionally the races for governor in Missouri and Washington State should be quite competitive. And of course, we expect additional monies from special interest groups as a result of the Citizens United ruling.

Now turning to our National Media Group where we executed a number of strategic initiatives in Fiscal 2012 that we believe position the group for longer term growth in revenue and operating profit.

As example, again, we acquired AllRecipes.com that doubles our digital audience and revenue. AllRecipes' clear leadership position is strengthening our digital scale and reach with consumers and advertisers alike. We're actively executing a strategic growth plan for AllRecipes. It includes enhancing AllRecipes video and mobile content, broadening its social media and international presence and generating additional consumer revenue.

We acquired EveryDay with Rachel Ray and the FamilyFun brands giving us greater scale in the important food and parenthood categories. Both are performing ahead of our initial expectations for revenue and operating profit.

We rapidly expanded our tablet and mobile platforms. Our national brands now have more than 350,000 tablet customers interacting with 20 of our brands across six major digital newsstands. This includes our recent launch on Google Play and a new unlimited offer with Next Issue Media for the iPad. Our goal is to transition approximately 2% of our guaranteed rate base to tablet-only issues each year going forward.

We extended our successful brand licensing arrangement with Wal-Mart for the Better Homes and Gardens line through 2016. Today, there are more than 3,000 SKUs of Better Homes and Gardens branded product available at Wal-Mart stores across the country.

And finally, we continued our efficiency initiatives reducing expenses 3% before the recent acquisitions.

As I mentioned earlier, the National Media Group faced a challenging advertising environment in Fiscal 2012 even as our connection to the consumer strengthened. Total advertising revenues declined 2% including the recent acquisitions and 8% excluding those acquisitions. Prescription drug advertising continued to be the biggest drag, accounting for half of the decline. This was due to popular prescription drugs coming off patent and fewer new drugs coming to the marketplace.

On the positive side, the food category, our largest, progressively improved throughout the fiscal year. Also, the over-the-counter drug category was strong all fiscal year finishing up about 30%.

We're addressing the magazine advertising issue head on. First and foremost, our newly acquired brands attract a younger audience many of whom are sampling Meredith brands for the first time.

We've also initiated a multifaceted magazine advertising improvement strategy. First of all, we're playing to our strengths by increasing our emphasis on the food category. Today we aggregate nearly 20% of monthly magazine food advertising pages making us clearly the number one player in print. Add to that, AllRecipes.com's leadership position in digital food advertising and we can offer clients an unmatched reach to American women in grocery aisles across the country.

We continue to ramp initiatives to increase share in faster growth categories including Beauty, Retail and Financial Services.

We introduced the Meredith sales guarantee in support of these category expansion initiatives. It demonstrates quantitatively with real math and real data that advertising in our titles effectively and most importantly, efficiently, increase as retail sales. To date we have 13 participants including brands from Johnson & Johnson, Kimberly-Clark and Tyson foods. We recently expanded this program to include pharmaceutical company brands directly addressing the weakness in that category as well.

Finally, we continue to place a significant emphasis on bringing all of our media assets to bear to deliver comprehensive programs for our corporate clients. These include prints, digital, video, social mobile, research and of course consumer insight.

As I said, we're very pleased with our growing consumer connection metrics. Our brands continue to resonate with consumers as witnessed by record highs for both our magazine readership and monthly unique visitors to our digital property.

Additionally we increased circulation revenue 9% including recent acquisitions and circulation revenues were up 2% excluding those acquisitions.

We tripled magazine subscription orders generated online to a record 3.2 million. That now represents about a quarter of our total annual subscription orders. This initiative is important because it lowers subscription acquisition cost and increases up-sell opportunities at the digital checkout. Taken together these factors help us realize an incremental \$5.00 in operating profit per digital order over the average life of the subscription. And we haven't even really begun to leverage our large new audience from Allrecipes.com.

I'll close the National Media Group discussion this morning with a look at Meredith Xcelerated Marketing. As I've mentioned on previous calls we historically experienced a lag between an economic slowdown and when it impacts Meredith Xcelerated Marketing. This is due to the longer term contractual nature of that business.

The good news is that Meredith Xcelerated Marketing renewed each of its ten largest clients during Fiscal 2012 but several were at a reduced scope leading to a 15% decline in revenues for the fiscal year.

We're addressing Meredith Xcelerated Marketing performance head on. First, we've enhanced our go-to market strategy by realigning our portfolio of services under the new umbrella brand Meredith Xcelerated Marketing. We've lowered our cost structure allowing for some reinvestment in new talent. We've bolstered the senior management team in creative, sales and marketing, mobile and social and key operational areas.

And we're putting increased emphasis on our chief competitive strengths which include branded content, mobile social and strategic analytics. Increasingly, Meredith Xcelerated Marketing is being sought after for its ability to produce trusted branded content. In fact, Forrester recently highlighted Meredith Xcelerated Marketing's ability to build the kind of relationships with consumers that our national media brands have done with their readers for many years.

And finally, we're aggressively expanding new business generation initiatives. Our new business pipeline is very strong at the moment. Perhaps the strongest I've seen in my experience with Meredith Xcelerated Marketing. And the good news is that we've recently won several major new pieces of business.

In conclusion, we strongly believe that Meredith Xcelerated Marketing can grow revenues at a double digit rate annually over the longer term as it has over the last ten years.

To summarize today's operating group discussion we continue to execute a number of strategic initiatives designed to accelerate revenue growth and increase operating profit margin and cash flow over time. These include growing our connection to the consumer, aggressively expanding our digital activities, strengthening our core magazine and television businesses and extending our key brands and editorial capabilities to new products and services.

We have a strong commitment to our shareholders and a history of returning a meaningful portion of our free cash flow to investors in the form of dividends and share repurchases. In Fiscal 2012 we increased that commitment through the launch of our Total Shareholder Return strategy and Joe Ceryanec will now cover that in a bit more detail.

Joseph H. Ceryanec, Vice President, Chief Financial Officer

Thanks, Stephen. Good morning. You may recall that when we announced our Total Shareholder Return strategy it was the result of a very thoughtful and structured assessment. The premise was, and continues to be, that because of our very strong cash flow we could afford to increase the dividend and fund a new share buyback authorization while at the same time we can reinvest in our business by pursuing strategic acquisitions to increase income and cash flow generation over the longer-term.

To remind everyone the key elements of our TSR strategy include; the 50% annual dividend increase from \$1.50 to \$1.53 from \$1.02, \$100 million share repurchase program and ongoing strategic investments to growing shareholder value over time.

As we look back after the first year we've seen very positive results. Since we made the announcement of our new TSR strategy on October 25th through the end of our Fiscal 2012 we saw our stock price increase 28%. And that compares to an 11% increase for the S&P 500. Our new higher dividend of \$1.53 per share annually created a yield that is consistently been around 5%. We repurchased approximately one million shares of our stock during Fiscal 2012 taking about 2% of our float off the table. And we did that at an average cost per share of approximately \$27.55.

Thus, looking back since we launched our TSR strategy we calculate our total returns at about 33% to our shareholders. That includes a 28% increase in our share price and a 5% dividend yield. And, as Steve detailed earlier, we made significant key strategic investments along the way.

So we feel like we're off to a great start but our goal is to consistently deliver to above medium to top quartile TSR. We feel these significant investments we made in Fiscal 2012 provide us with a great runway to deliver strong returns in Fiscal 2013 and beyond. So now I'll provide our outlook for Fiscal 2013 and the first quarter.

We expect Fiscal 2013 full year earnings per share will range from \$2.60 to \$2.95. As we look more closely at Fiscal 2013 we continue to face limited visibility due to the ongoing uncertain domestic and international economic climate, the impact of the U.S. presidential election as well as several other factors.

We do expect to receive between \$25 million to \$30 million of political ad revenues at our T.V. stations with the majority being booked in our second fiscal quarter.

We expect Fiscal 2013 first quarter earnings will range from \$0.50 to \$0.55 and looking at the first quarter we expect our National Media Group ad revenues to be up in the high single digits including the recent acquisitions and down in the high single digits excluding those acquisitions. And the local media side our non political advertising revenues are expected to be up in the low single digits and we expect about a third of total Fiscal 2013 political ad revenues will hit in our first fiscal quarter.

So with that, I'll turn it back to Steve for a few closing comments.

Stephen M. Lacy, President and Chief Executive Officer

Thank you very much, Joe. A major theme running across all the initiatives we discussed today is the steps that we're taking to bring our expert editorial content to new and broader audiences across many different media platforms. We're accomplishing this through both organic growth and strategic additions to our portfolio.

We continue to be highly confident in the strength and resilience in Meredith's diversified business model. We have demonstrated consistently over time our ability to generate significant and sustainable free cash flow by leveraging these strong brands. We have a long history of prudent capital stewardship as well as our ongoing commitment to Total Shareholder Return.

Now we'd be happy to answer any questions that you might have.

QUESTION AND ANSWER SECTION

Operator: Ladies and gentlemen [Operator Instructions] Mark Zgutowicz, Piper Jaffray. Please go ahead.

<Q – John Crowther>: Yes, this is John Crowther on for Mark. First question sort of relating to your national advertising group. Obviously you saw some nice sequential improvement in the organic business in the current quarter. Just wondering what's driving the guidance for the upcoming fiscal Q1? In particular is there any sort of verticals that are a little bit weaker and how does that change from what you saw in the just completed quarter?

<A – Steve Lacy>: Tom, I think you'd be the best one to take that question on what we're seeing. I think I would like to remind everybody we've closed two of the three issues of the quarter so we're making obviously some estimates about the October issues. But Tom, you might talk about the category development in early Fiscal 2013.

<A – Tom Harty>: Sure. Yeah, as Steve mentioned, we only have two of our issues closed so it's a little early and we're projecting that third issue. We saw food improving through the last three quarters of last fiscal year and now we're seeing a little bit of softness in the Food category and then non-DTC category compared to last quarter. And what we're hearing from the advertising community is it is just a little bit of uncertainty of what's happening in the marketplace from a general economy standpoint what's going on out there.

<Q – John Crowther>: Okay.

<A – Tom Harty >: John, it's really a continuation of the weakness we have seen in the pharmaceutical category and softer estimates on food in the first quarter than we experienced in the fourth.

<Q – John Crowther>: And on the pharma side, obviously there's sort of a – you're comping against this decline here. Is that something that's a couple more quarters? Or is it really too early to tell when potentially you might start to see some improvement in that sector?

<A – Tom Harty >: Well the weakness that we have experienced has been a calendar 2012 issue so we would basically have the balance of the year or the first two fiscal quarters to comp against those stronger pharma numbers.

<Q – John Crowther>: Got you. And then, going down to the agency business. It sounds like certainly the pipeline is strong there. But just wondering how that develops? Obviously near term wins don't roll on to the income statement right away. As you see that business is it a couple more quarters of this new plateau before you start to see a rebound?

<A – Steve Lacy>: Let me answer both parts of that. First of all the way the revenue develops is kind of twofold. The very best way it develops and about half of it generally comes from expansion of current relationships. That's where we've always been the most successful. You take an account, as an example, like Lowes that we would have started with three years ago providing digital content only for their web properties. And as we roll forward now that is a fully developed program where we basically provide all of their custom content in digital and in print. So that's the way that we love to see those relationships evolve.

There's obviously new clients that come into the fold and those then build over time going forward. And so we have a very senior person who's in charge of expansion of our top ten accounts. And then we have another individual who aggressively prospects for new business and answers the RSPs and the pipeline that I refer to is really the pipeline of both of those activities right now. It's really quite robust at the moment and as we've totaled it all up because we actually have a board

meeting week after next, I don't know that I've ever seen as much opportunity. But we're anticipating that we'll begin to see some of that growth as we get into the second half of the fiscal year. As we start to put some of this new business and expanded business on the books.

<Q – John Crowther>: Great. And then just one last question.

<A– Steve Lacy >: Sure.

<Q – John Crowther>: It's about the television business and retrans fees. Obviously there's been some press recently about negotiations of a number of local stations with retrans fees. Just wondering if, I believe you guys have some negotiations coming up, if you could give us – I think you talked about that being potentially a neutral outcome. Has anything changed there?

<A– Steve Lacy >: No. There are a lot of negotiations to be completed. So we've done a number of the smaller carriers during Fiscal 2012 and we've been really very, very pleased with our results on the growth we're going to see going forward. And during Fiscal 2013 the balance of that year, we really have all of the major carriers that we'll be negotiating with. And that will happen throughout the year at different times. I would say we continue to feel very optimistic about that top line growth as we look to the future.

<A – Joe Ceryanec – Meredith Corp.>: Yeah, John, and it's Joe. Let me just pile on. We've said this before but as we start paying the networks in our Fiscal 2013 for the analysts on the phone you will see as Steve mentioned a pretty good pickup in revenue but all of a sudden we are going to have an expense line for what we are going to share with the networks. As we look over the year, the net operating profit we expect to be consistent from 2012 to 2013 as we've been saying. But we expect to see somewhere about a \$20 million lift in revenue with an offsetting expense line to get down to that flat operating profit. So when we report our first quarter you'll see how that finds its way through the P&L.

<A– Steve Lacy >: Did that make sense to you, John?

<Q – John Crowther>: It does. Yes. Thank you very much.

<A>: Thank you, John.

Operator: A Mr. Rich Ingrassia, Roth Capital Partners. Please go ahead. Richard, your line is open, sir.

<Q – Richard Ingrassia>: Sorry. I was on mute. Apologize. Good morning, everybody.

<A– Steve Lacy >: Hey, Rich. How are you?

<Q – Richard Ingrassia>: I'm great. Thank you. I don't know if you want this Steve or maybe Joe but cost of goods were actually quite a bit, well at least the way I look at it, cost of goods production distribution and editorial, quite a bit lower than I had projected. Can you give us some detail there and is it too early to point to digital as a path toward lower paper and ink costs down the road?

<A– Joe Ceryanec >: I wouldn't say that digital, Rich, had a significant impact on PD&E in the quarter. We hope it will going forward. We did see, as we've talked about in the past, we renegotiated all our print contracts. I think at the beginning of Fiscal 2012 we're seeing paper get a little bit softer. So we are seeing some positive in the variable cost components. But I would not attribute it to a shift in digital.

<A– Steve Lacy >: Yeah. I think going forward, Rich, what you might be thinking about is that we have talked about the total of those being roughly around \$300 million and one of the objectives

with the tablet opportunity is to move about 2% of those traditional print subscribers to a tablet only addition going forward. So as you get out a few years you would have a pretty significant impact on those expenses when we no longer have to buy paper, printing and pay the postal service. But in this particular fiscal year there was not a big impact from bad activity.

<A– Joe Ceryanec >: I guess the other thing I would attribute maybe, Rich, to the way you modeled it. If you brought in Rachel Ray and FamilyFun as we have brought those businesses onto our existing contracts as we had hoped, we've seen the cost of those businesses. We've been able to economize. So there may be some, I'll call it synergy benefit as well, to those acquired businesses.

<Q – Richard Ingrassia>: Got you. Okay. And just thinking out loud here, but, your audience has always been more resilient, I guess is the word, and less fickle and outperforming the sector peers. As you extend into more digital for example and other, for lack of a better word, younger titles like Rachel Ray do you find the overall nature of your audience changing? Is the benefit of your portfolio now extending it to some of acquisitions and making those subscribers more resilient?

<A – Steve Lacy>: Well let me give you a few thoughts on that and I'll ask Tom to add to it. Certainly Rachel Ray and FamilyFun bring a younger audience overall and consumers who have not have the opportunity to.

The other part of the business, though, that I think is probably more important as it relates to that age expansion is the acquisition of AllRecipes which in general would be about 10 years younger than our median audience and so that helps a lot as well. So all the digital initiatives bring a younger audience and they tend to bring generally a little bit more upscale consumer than our traditional database. And, Tom, I don't know what you might want to add to those thoughts.

<A – Tom Harty>: Well, I think overall our consumers have been very resilient during a very, very tough economic time. The consumer side of our businesses from my perspective has never been better and we're seeing it in the metrics. And when we do bring in new acquisitions such as Rachael Ray and FamilyFun, we're able to bring in new people but we're also able to cross promote those folks against other products that we have and what we're seeing in the first six to eight months of those acquisitions is that we're able to do that with our expertise, with our database.

<Q – Richard Ingrassia>: So it sounds like we really shouldn't or don't need to prepare ourselves for any kind of overall higher churn overall as a result of the acquisitions.

<A – Tom Harty>: No.

<A– Joe Ceryanec >: No. I wouldn't expect any churn at all.

<Q – Richard Ingrassia>: Okay. Thank you.

<A – Steve Lacy>: Thanks, Rich.

Operator: Next question comes from the line of Jason Bazinet from Citi. Please go ahead.

<Q – Jason Bazinet>: Good morning. I just had one question regarding the Total Shareholder Return plan that you went through in detail back in February. You guys talked about 4% to 8% I think was the range of net income growth and about a 2% equity shrink, applying 6% to 10% earnings growth. As we compare or see how you guys are progressing against that plan, what do you think the right earnings number is to anchor off of? Is it the x-special items number that you had of \$2.50 or is it as reported at \$2.31?

<A – Joe Ceryanec – Meredith Corp.>: No. I would go x-special, Jason, \$2.50.

<Q – Jason Bazinet>: Okay. All right.

<A – Joe Ceryanec – Meredith Corp.>: And I think we presented it sharp when we did our analyst day where we broke down some of the components of where we saw that growth and we continue to believe expanded food strategy, growing the brand licensing, continuing efficiencies, are all still on track. We saw a little bit of a blip in the MXM business but I think as Steve said right now we're feeling pretty good about that business and the local group continues – knock on wood – to really perform well, so I think we still feel pretty good about those growth initiatives that we outlined.

<Q – Jason Bazinet>: Okay. And then the slight weakness you talked about on the call related to the food category. Are any of the ad buyers talking about the run up in commodity prices given the drought? Or do you think this is really all induced by the macro and the Presidential election?

<A – Steve Lacy>: No. I think, and I'll again ask Tom to add his thoughts but clearly I don't know how carefully you follow it, but last Friday, a week ago tomorrow, corn prices were at an all-time high, ever, ever, ever and that's the major input. But I think as I make calls and as I talk to the CEOs who are making those kinds of decisions, I think there are a lot of variables in the equation, difficulty figuring out what the tax rates will be as you look to the future, both business wise and personal wise.

The unemployment thing that continues to persist that impacts some of our customers and now this drought is really an unfortunate new addition to the list of concerns that certainly I don't think our customers were counting on because we had that run up about 18 months ago and as you know those costs have moderated a bit. It's been a very, very major input cost for a lot of the products that our customers sell.

<Q – Jason Bazinet>: Okay. Thank you very much.

<A– Steve Lacy >: Okay. Thanks, Jason.

<Q – Jason Bazinet>: You bet.

Operator: We have a question now from Matt Chesler, Deutsche Bank. Please go ahead.

<Q – Matthew Chesler>: Good morning, gentlemen.

<A– Steve Lacy >: Hi, Matt.

<Q – Matthew Chesler>: On the topic of the readership migration to tablet-only editions, do you guys have an explicit strategy to migrate users there or do you see that, that portion of your rate base coming from growth more so?

<A– Steve Lacy >: Well it's actually both of those initiatives, Matt, and Tom, why don't you put a little meat on the bone in terms of the things we're doing to deliver that 2% migration over time.

<A – Tom Harty>: Yeah, so I think that we're looking for new customers and also offering our existing customers the opportunity to go to the tablet. Obviously, it's very early and you heard from Steve's comments that we're at about 350,000 subscribers right now that are accessing our content on 20 of our brands in the tablet form. About 55% of those people are new people to Meredith and to those brands and the balance being existing customers are accessing the content online so it still – it only represents 1% of our total monthly subscribers at this point but we're doing a lot of testing and working on how we're going to entice people to move over.

As we stated before there's a significant opportunity for us on the cost side of the business if we can get people to migrate over someplace in the range of between \$5 to \$7 per subscriber. So it's early state but our strategy is over the longer term to migrate people from the print format to the tablet format and our stated objective is to have 10% of our monthly subscribers over on tablet form in the next three years.

<Q – Matthew Chesler>: Okay. Great. And then I just wanted to talk about cost next. First, just if we could drill down on the quarter and then I have a follow-up on how to look forward to fiscal 2013. Just wanted to get a sense on within national media what the underlying organic cost trend was in the quarter and whether or not that reflected the full impact of the cost actions that you guys took that I think you took a charge in the fiscal third quarter.

<A – Joe Ceryanec >: I think, Matt, on a – removing the impact of the acquisitions, the core business was down about 3% for the fourth quarter of last year. And as we look forward into 2013 we would – adding cost obviously with the acquired titles and AllRecipes but again we see the core business to be down low single digits on the cost side.

<Q – Matthew Chesler>: Okay. So I could probably, after we're done here piece it all together. But I look at the quarter, I've got in my model cash costs around 246 and that to me seems like it's got the full load of the cost from the acquisitions and then as we just discussed it also reflects the benefit from the cost actions. I don't see a lot of seasonality in the model. Apart from volume changes, maybe is that mid to high 240s, you think a reasonable number for the whole year?

<A – Joe Ceryanec >: You're talking first quarter of 2013, right? That's [indiscernible].

<Q – Matthew Chesler>: Yeah, I'm referencing the Q4 number that you just posted and trying to get it. I calculate SG&A at 246. Trying to get a sense if that's a reasonable number to use going forward and maybe we could have a discussion on some of the items there that you think could cause that to outperform that as you execute on certain items, whether its volume or inputs or digital transition just to get a sense of if you're supposed to – should I be annualizing the 246 or can you do better? And then on a full year basis.

<A – Joe Ceryanec >: Yeah. I think just looking at the first quarter, some of the actions we took in the fourth quarter we didn't take until the end of April around the time we released the third quarter earnings. So we didn't see a full benefit of some of those actions. So right now as we look at the first quarter of 2013, we would expect that number to be low to low 240s for the first quarter.

<Q – Matthew Chesler>: Okay.

<A – Steve Lacy>: So remember, Matt, that the biggest part of what we really drives that is the page volume as we go forward. So the numbers Bill gave is a pretty good number. And then, of course, there's a bit more of a range issue as you roll out for the full year. But if you had that number times four based on the range we've given, you're not going to be way, way, way off based on what we think is going to happen.

<Q – Matthew Chesler>: Okay. Does your full year expectation include any of the key incrementals from digital subscriber acquisition migration that would also help?

<A– Steve Lacy >: It's all in there, Matt. It's already baked into that number that I just gave you.

<Q – Matthew Chesler>: Okay. Sounds good. Thanks a lot.

<A– Steve Lacy >: Thank you, Matt.

Operator: Our last question in queue at this time comes from Barry Lucas, Gabelli & Company. Please go ahead.

<A- Steve Lacy >: Hi, Barry.

<Q – Barry Lucas>: Good morning, Steve. How are you today?

<A- Steve Lacy >: Great. Thanks.

<Q – Barry Lucas>: Good. Couple of items. One just starting on the national media side. As you're migrating these subscribers and customers over to electronic platforms, what is happening to CPM rates?

<A- Steve Lacy >: Well so you're talking about the tablet, right, at this point? [indiscernible] Yeah. So remember, of course, and then I'll ask Tom to join in again, that today the way the rules work, a tablet addition is countered in the guarantee of rate base exactly the same way as a print edition. So you can serve up the same ads, and it's all part of the guaranteed rate base. Obviously with such a small portion of that guaranteed rate base, there have not been major negotiations around should there be a different rate. And we believe over the relative near term, we're talking about, as Tom said, 10% over a three year period. That's still a pretty small amount.

If we were exceedingly successful as we looked down the road and had something like 25% or 30% of the audience on a tablet edition, well clearly we've been very transparent about 30% of the costs being paper printing and postage, I sure we get into some different conversations, but at the moment it's basically the same rate, either way. I don't know, Thomas, if you'd add any clarification to that.

<A – Tom Harty>: No. You're right on. It's just – think of it as another channel of distribution to make the rate base. We have subscribers, we have newsstands. We get subscribers through different channels and this would just be a digital channel but the ads would be the same both in the print version and the tablet version. We'd be charging the same amount of money.

<Q – Barry Lucas>: Great, Tom. Thanks. Couple of other items if we just touch briefly on MXM, Steve, and you [indiscernible] over it or Joe made mention of it, a longer term double digit growth rate and returning to that level, but after a year's decline of 15% we certainly know this on the investment management side, if you're down 15% you've got to accelerate revenue growth significantly to get back to a double digit growth rate. So how do you get there?

<A - Steve Lacy>: So we're now talking basically about a business that is somewhere around \$150 million in revenue. So you can do the math there and again it's a combination of expansion of the current activities and bringing new clients to bear but if you go back over the longer haul on that business we were able to do that very, very successfully for a number of years running. So one huge client could do it all at once and we've had that happen again. If you take the top five of the top ten clients each one of them individually would be as big as the 10% number or two or three smaller ones or some additions to the existing client base. So it's not out of the realm of possibilities.

<Q – Barry Lucas>: Okay. And a couple quickies if I may on TV. Maybe get some category information particularly auto and then however, you want to slice up retail or CPG or...

<A- Steve Lacy >: So are you talking about category information for Q4?

<Q – Barry Lucas>: Yes. And what you're seeing right now for into 1Q.

<A- Steve Lacy >: So Paul, why don't you give some information on Q4?

<A – Paul Karpowicz>: Yeah, we're, Barry, we finished up very nicely particularly with automotive. Automotive continues to be the driver for us. Professional services was strong. Retail remains strong. And then as we look ahead into the quarter we're in now, again Automotive leads the way. But then you've got Restaurants, Retail, Media, Schools. Pretty much the only thing that is down in terms of our top-ten categories for this quarter is Telecommunications is not as strong as everything else. But beyond that, pretty much across the board, we're looking at a pretty strong quarter.

Yeah, I'm looking, Barry, at pacsings from last Friday. And as Paul said, everything is up except Telecom, every category.

<Q – Barry Lucas>: Okay. And just to touch on the guidance or expectations, however you want to couch that for political, 25 to 30, which would be above the presidential but below the last mid-term elections, so are you sandbagging us there? Or given what's happening in Missouri, Massachusetts, and while they may be smaller stations, there should be an awful lot of political activity?

<A- Steve Lacy >: I'll ask Paul to give color but I'm just going to do the numbers.

<A – Paul Karpowicz>: We would never sandbag, Barry. We're always cautiously optimistic. But you're right; I mean we have a couple races that are really developing nicely. We've got a great Senate race that is going to take place in Missouri. We've got a great one that's going to take place in Connecticut. There's a lot of stuff going on in Massachusetts as well. We've got a lot of presidential money that's come in to Michigan and Nevada. So we are pretty optimistic. Traditionally though, we have not done as well in presidential years as we have done in non-presidential years. That is not to say that we couldn't see it change dramatically this year. But again, each one of these markets is different. We're getting a lot of presidential money in some cases and in some cases we're not getting any. So it's just a question of how those local races will develop.

<Q – Barry Lucas>: Great. Last area, if I may, on M&A. A week ago we had \$1 billion of assets at least announced that they're trading hand with the Newport sale. So what's deterring you at this juncture? There's a fairly broad number of stations that were out there in different parties involved. So what do you need to push it across the threshold on TV-station acquisitions pull?

<A– Paul Karpowicz >: Well, what I always tell our people and tell everyone is that we've got a very nice portfolio and we don't have to do any deals. And honestly, we're not going to do any deals that we don't think would be accretive. So we certainly looked at the Newport stations as we had looked at the McGraw-Hill stations as well, but we also were very specific about the Newport stations that we were interested in. So as you can tell by the way that deal came down, there was a lot of packaging that went on with some very attractive stations and then some that, at least to us, were not as attractive. So we got into a position where we were not prepared to package up additional stations the way other groups might have been, and that's fine.

Again, it's not the end of the world because as I said to start, we have a very good portfolio, mid to large market affiliates, and we're very comfortable with that. So if the opportunity comes up where it matches what we're trying to get, which is again, mid to major market affiliates, that's great. But we don't feel that we have to take on stations that don't fit our portfolio.

<Q – Barry Lucas>: Last one. I promise. It's a follow on. You do have an excellent portfolio of stations. You talked about earlier negotiations both with video providers and, of course, your network partners reclaiming some of those retrans fees. So with a high single digit household reach with the portfolio, what do you think is really critical mass, Paul?

<A – Paul Karpowicz>: I think we're – we're doing just fine with the markets that we have. Certainly we would love to add to that. I think if we could pick up another couple points that would be great, but again, I don't think it has hampered our negotiations with either the network or with the MSOs because I think in those – the markets where we are represented, we are significant players. And the markets where we are, those markets are big enough that they do make a difference. So we have had no problem in I think having good representation with whether it's FOX or CBS or NBC and the same thing with the MSOs. I think we – maybe sometimes we play bigger than we are, but we're fine.

<Q – Barry Lucas>: Great. Thanks very much.

<A – Steve Lacy>: Thanks, Barry.

Operator: We do have one question and one follow up that came in. Is that okay?

<A – Steve Lacy >: Sure.

Operator: Dan Kurnos, Benchmark Company, please go ahead.

<Q – Daniel Kurnos>: Yeah. Good morning. It's Dan Kurnos in for Ed Atorino.

<A – Steve Lacy >: Sure. Hi, Dan.

<Q – Daniel Kurnos>: Hi. I just a quick question, Steve. I'm not sure if you touched on this at all earlier. I might have missed it, but did you give any specific color on how your top magazines performed in the quarter and how they were pacing going into the next quarter?

<A – Steve Lacy >: We don't have the next quarter pacing data in that detail, but we can give you fourth quarter here. Hold on, hold on just a second.

<Q – Daniel Kurnos>: No problem.

<A – Steve Lacy >: So the – yeah the best performing titles in the quarter were Better Homes and Gardens, Ser Padres and Siempre Mujer and our Hispanic activity and Traditional Home and Fitness. All of those really sort of outpaced how the group did as a whole and Better Homes is always, as you can imagine, really, really important to our business. The places where we had more difficulty is really the places where we had more pharmaceutical advertising and that tends to be in Ladies' Home Journal and MORE.

<Q – Daniel Kurnos>: How do you – you talked about trying to modernize or improve the Ladies' Home Journal brand. Any update on that front?

<A – Steve Lacy >: Yeah. Tom, you might talk about the changes that you guys have made in Ladies' Home Journal with the user generated content and how that seems to be playing out. Because I think we have had now an editorial survey that's been done recently.

<A – Tom Harty>: Yes. So this is kind of reverse engineering where we're using digital and social media influence, the editorial content of our magazine and Sally Lee, the Editor in Chief of Ladies' Home Journal, had this idea and took it on and is really modernizing the brand. And the early ready – we're at this for three months or so that consumers are reacting very, very positively to this and are really getting involved with creating the content and influencing the editorial content of the magazine.

<Q – Daniel Kurnos>: Great. Thanks. And then, just one thing on the Digital front, display has been challenged to say the least, but click-through rates have been improving. I'm just curious if

you'd give us a little bit of color on the impact on your Digital business from those two regards and especially as it relates to AllRecipes? Thank you.

<A – Steve Lacy >: Yeah. Our Digital business has been very, very strong. Especially in the fourth quarter whether you include or exclude AllRecipes and, Tom, any color you want to give around that would be great.

<A – Tom Harty>: I don't think we've been really effected by any click-through declines or metrics associated with that. The real area where we're seeing tremendous amount of growth is in mobile. And AllRecipes, before our acquisition, didn't have a mobile enhanced site for mobile phones and they actually just launched that this month. So overall, our traffic now from a mobile perspective, consumers who are accessing our dot coms through mobile runs about 15% of our network while AllRecipes has grown to 30% and Parents has grown to 25%. So overall that's probably the biggest growth opportunity for us is to be looking at mobile.

<Q – Daniel Kurnos>: Terry [ph], thanks very much.

<A– Steve Lacy >: Yeah. Just to give you some quick facts. Obviously with the addition of AllRecipes fourth quarter digital advertising doubled, but even excluding the acquisition, our, what you would call core digital was up about 25% in the quarter. Okay?

Stephen M. Lacy, President and Chief Executive Officer

Well, thank you all for participating today. We appreciate it very much. Joe and Mike Lovell and I will be available for the balance of the day if there are any follow-on questions, and we appreciate your continued support of Meredith. Thank you very much.

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

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