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PRESENTATION

Operator

Ladies and gentlemen. Thank you for standing by and welcome to the Meredith fiscal third-quarter earnings results conference call.

(Operator Instructions)

As a reminder, today's conference is being recorded. I would now like to turn the conference over to your host Mr. Mike Lovell please go ahead, sir.

Mike Lovell *- Meredith Corporation - Director IR*

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

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

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Thank you very much Mike, and good morning everyone. And again we appreciate all of you joining us today. I hope you had the opportunity to see our news release that was issued earlier this morning detailing our results. I'm pleased to report a solid third quarter of our FY15. Here are some of the key highlights. Local Media Group revenues increased 26% to $123 million. An all-time high for fiscal third-quarter. Operating profit and EBITDA also set records. Growth was driven by our new stations in St. Louis, Phoenix, Mobile-Pensacola and Springfield, Massachusetts. Along with higher net retransmission contributions.

National Media Group revenues increased, including 5% growth in ad revenue. Performance was led by the additions of the Martha Stewart media properties and the digital operations of the Shape brand, along with Allrecipes, MyWedding.com and Selectable Media. Total company digital ad revenues grew over 55% to an all-time quarterly high, driven by both recent acquisitions and organic growth. National Media Group digital ad revenues increased more than 60% while Local Media Group digital ad revenues were up 30%. Finally we continued to deliver more cash to our shareholders raising our dividend 6% during the quarter to $1.83 a share on an annualized basis; that's the 22nd straight year that we have raised the dividend and also by buying back 830,000 of our shares in FY15.

Those of you who follow us closely, know that we're very committed to the successful execution of our total shareholder return strategy. It's goal is to return a growing stream of cash to our shareholders, while at the same time making strategic investments to continue scaling our business and increasing shareholder value over time. Additionally we clearly and consistently outlined our strategic priorities to the investments community. These include ongoing investments to enhance our existing media properties and brands, strategic acquisitions to grow our business portfolios, aggressive expansion of our digital capabilities, and growing revenues that are not dependent on traditional advertising.

In the third quarter of FY15 we continued our successful execution of these strategies. And let me highlight just a few for you this morning. From a brand enhancement perspective, we recently relaunched more magazines was a more luxurious look and feel including a larger trim size and upgraded paper stock. We also made editorial and photography enhancements to MORE, which by the way has the highest median household income of all beauty and fashion magazines in the industry. We increased the rate base of Allrecipes magazine to 1.1 million, more than double its initial circulation of 500,000 when launched in November of 2013.

Earlier this month we launched a new title, Parents Latina. It's aimed at the growing reach to the US Hispanic millennial mother generation, and debuted with a guaranteed rate base of 500,000. Our recent acquisitions are also strengthening our competitive position and contributing to revenue and profit growth. In Local Media in both Phoenix and Springfield, we created new duopolies and are consolidating operations in each market into a single, more efficient facility to achieve the expected synergies of a duopoly operation. At the same time we're taking steps to improve and expand local news in both operations.

In St. Louis and Mobile we've completed the work to add both stations to our traffic and accounting hubs and expect to have master control function hubs very shortly. In addition, these new stations have strengthened their consumer audience connection during the ownership transaction. In total we expect these new stations will add more than 30% to revenues in our Local Media business. Our station group today reaches about 11% of US households. We currently operate five duopolies, with 7 stations in top 25 markets and 13 of our 17 stations in top 50 markets.

Turning to our National Media Group, we also completed a series of acquisitions and long-term partnerships that add to our scale and our capabilities. We produced our first issues of Martha Stewart Living magazine during the quarter. Under our long-term agreement Martha Stewart and her editorial team continue to contribute the content and we handle sales and marketing, circulation and production. We have already secured several new advertising commitments to Martha Stewart, including Johnson & Johnson, Bertolli, and Bausch & Lomb. We acquired the Shape brand during the quarter and began operating Shape.com as well. We've revamped the editorial and sales teams for the enhanced Shape magazine, which is hitting the newsstand now. It represents a combination of Shape and Fitness and has a rate base of 2.5 million, that is a 60% increase from where Shape was before acquisition by Meredith.

As we've done with other successful acquisitions, we're using our industry-best circulation, production and support operations to drive cost efficiencies and create synergies. Without a doubt, these unique strengths clearly position Meredith as the partner of choice as we pursue further media industry consolidation. We've also significantly enhanced our digital presence and capability. Our digital traffic is now averaging approximately

70 million monthly unique visitors, ranking Meredith as a top 30 digital operator in the United States. Our goal is to reach 100 million monthly unique visitors and of course aggressively monetize that scale audience.

We also entered the weddings marketplace through Martha Stewart and her agreement, which includes the Martha Stewart Weddings magazine and its website, along with the recent acquisition of MyWedding.com. MyWedding is the leading local site for couples planning their wedding and the advertisers, retailers, and service providers who, of course, want to reach them. It's well represented by millennials and the combination of MyWedding and Martha Stewart Weddings gives us a strong entry point for this important young demographic.

We acquired Selectable Media and are aggressively rolling out its digital capabilities across the Meredith network. Selectable Media's technology allows for native and engagement-based advertising. It's adding new ad inventory and driving higher CPMs as well. As a result of these acquired brands and businesses we've also added new digital sales and marketing talent to Meredith, resulting in a deeper bench of intellectual capital.

The combination of our premium branded content, highly engaged audience, rich first-party data is providing a very powerful and unique advertising proposition for clients and contributing to the revenue growth and margin expansion reflected in the results we announced today. We continue to look for strategic acquisitions partnerships, investment opportunities like these to expand our reach and generate additional shareholder value as we go forward.

With that overview, I'll turn the discussion to Joe Ceryanec, our CFO in for the operating performance of our two business groups.

Joe Ceryanec - *Meredith Corporation - VP & CFO*

Thanks Stephen. Good morning everybody.

I'll start with a look at our Local Media Group results. Excluding special items, FY15 third-quarter operating profit and adjusted EBITDA both set records. Growing 14% and 19%, respectively. Revenues were up 26%. Looking a little more closely at performance the primary growth drivers were our newly acquired stations along with stronger performance from our core stations, particularly in Hartford, Atlanta, and Kansas City.

In total, nonpolitical ad revenues were up 26% with digital ad revenues up more than 30%. We saw strength in the media, furnishings, and retail categories. Other revenues and expenses both increased due primarily to retransmission related revenues that we get from the cable, telecom, and satellite providers as well as higher programming fees paid to the networks. As a reminder we will have another round of renewals with most of these entities in our FY16 and FY17, which is ahead of our next major network affiliation agreement renewals which generally will occur in our FY18.

Viewership is key for a local broadcaster, and we're pleased to have delivered a strong book during our February ratings period. Within our portfolio seven of our stations were either number one or number two in late news and eight were number one or number two in morning news. We also took steps during the quarter to further strengthen our local programming by adding newscasts at 4 PM in Greenville and 9 PM in Portland. Producing more local news strengthens our connection to our viewers and gives us more advertising inventory. Finally we're further monetizing our broadcast assets by signing agreements to carry our networks -- or carry networks on our digital tier channels from both NBC Universal in seven of our markets and Capps Broadcasting in five of our markets. We expect that these agreements will add modestly to our results in our FY16.

Now let's turn to the Local Media Group were our total revenues increased 2% in the quarter. Year-over-year profit was flat, excluding special items, due primarily to the acquisition of the Shape brand and the timing of related expenses. We won't recognize revenue from the Shape magazine until our fourth fiscal quarter, but we assumed cost, particularly personnel costs, in our third-quarter. We expect the Shape acquisition will be accreted to our fourth-quarter operating profit. Now as we look more closely at the revenue performance during the third-quarter, total advertising revenues grew 5%, led by strong digital performance Allrecipes.com, Martha Stewart.com, Shape.com, Selectable Media and MyWedding.com, drove digital ad revenue growth of more than 60%.

On the magazine side, our parenthood and food brands were stronger, including Parents, Family Circle, and Allrecipes. From a categories standpoint, we delivered growth in the prescription drug, food, and retail categories. Circulation revenues were flat as gains from the Martha Stewart Living magazine were largely offset by our conversion of Ladies Home Journal to a newsstand title in FY14.

Our circulation contribution margin increased as we continue to expand our digital consumer marketing activities by driving approximately one-third of our magazine subscription acquisitions to the more profitable digital channels over the last 12 months. Finally, we benefited from our efforts to grow businesses that are not dependent on advertising. For example, the operating profit we built on brand licensing and Meredith accelerated marketing, both increased during the quarter.

On the corporate side we grew our operating cash flow by more than 30% over the prior-year. As Steve mentioned we increased our dividend by 6% in January. We reduced our debt balance by more than $30 million during the third quarter and our debt to EBITDA ratio was 2.7 times at March 31. As we look towards our fourth-quarter we would expect that by our fiscal year ended June 30 we will further reduce our debt balance of under $30 million to $40 million which would translate to leverage ratio of 2.5 times at our fiscal year end.

Now let's turn to our outlook, as we look more closely at the fourth quarter of our FY15 compared to the year ago period, both before special items, we'd expect total Company revenues to be up in the high single digits. We expect total Local Media Group revenues to be up in the mid-teens and National Media Group revenues are expected to be up mid-to-high single digits. We would expect our fiscal fourth quarter earnings per share to range from $0.90 to $0.95. And when adding the fiscal fourth quarter expected results to the $2.36 per share, before special items we generated in the first nine months, we would expect FY15 full-year earnings per share to range from $3.26 to $3.31. Again before special items, which would be an increase of 16% to 18% over our FY14 results.

And with that I'll turn it over to Steve for a few closing comments and then we'll open it up for Q&A.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Thank you very much Joe.

In conclusion, I'm pleased with our continued strong momentum in FY15. As a reminder, we continue to aggressively pursue the following growth strategies. First of all growing our existing businesses organically, successfully integrating our recent acquisitions, and rapidly expanding our digital capabilities. Second, continuing to pursue opportunities to add to our business portfolio. Third, increasing revenues from businesses that are not dependent on traditional advertising. Fourth, aggressively managing our cost. And finally, continuing to execute our total shareholder return strategy, as highlighted by our ongoing dividend increases and corresponding very attractive yields, share repurchases, and of course seeking accretive acquisitions to grow our already strong cash flow over time.

With that, we would without we would be happy to answer any questions that you may have.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Our first question will come from the line of Bill Bird at FBR. Please go ahead.

Bill Bird - *FBR & Co. - Analyst*

Good morning. Steve, I was wondering if you could walk us through what the organic ad revenue growth was in the quarter for print for nonpolitical TV ad revenues and for NMG digital? Thank you.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Thank you very much, Bill. A very, very good question. So, it's always interesting starting a new calendar year. And, many of you may remember that a year ago in early calendar 2014, it was a really, really tough start on the print side.

And at that time comparable revenues were down in the low double digits. In this quarter, comparable print revenues were down in the mid-single digits, which is very comparable to what we've seen over the last three quarters. Basically every quarter of FY15, quarter one, two and three, comparable print revenues down in the mid-single digits.

On the flip side, on the local side, we actually got off to a bit slower start than we did a year ago at this time, where comparable nonpolitical was down about 1%, and in the fourth quarter, we think it's going to be flat to up or down slightly. Turning then to the digital side, again, on the national side, it was a much tougher start a year ago, where actually digital ad revenue was down in the low teens. In this case, digital ad revenue, again this is comparable, is up in the low teens. And we expect that trend will continue as we go into the fourth quarter.

Again, on the broadcast side, a little weaker start to the calendar year. Digital ad revenues up in the low single digits. And that's weaker than a year ago, when digital ad revenues were up in the low teens. And again, as we now go into the fourth quarter, we expect digital revenue, again this is all comparable data, will be up in the low teens again as we go into the fourth quarter for the television side of the business. Does that give you the data points you were looking for, Bill?

Bill Bird - *FBR & Co. - Analyst*

Yes, that's helpful. And then, separately, I believe you mentioned some of the upcoming and MVPD renewals in FY16 and FY17. Was wondering if you could put any parameters around maybe what percentage of your subs come up for renewal in FY16 and FY17?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Hang on a second, we have to get to the right page to give you the right data.

Joe Ceryanec - *Meredith Corporation - VP & CFO*

About 40% of our subs will be up for renewal in our FY16. About 41% FY17, and that leaves about 19%, which will be up in FY18.

Bill Bird - *FBR & Co. - Analyst*

Great, thank you very much.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Thank you, Bill.

Operator

We'll go next to the line of Eric Katz with Wells Fargo.

Eric Katz - *Wells Fargo Securities - Analyst*

Good morning. In local, I know you just mentioned some of the pacing data for fiscal Q4. I'm wondering if you can just give us some differences or trends you're seeing in fiscal Q4 versus of fiscal Q3?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Meaning by market or by category?

Eric Katz - *Wells Fargo Securities - Analyst*

By category.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Joe can dig out the data. Paul do you want to just give a little color on how you are feeling about the difference in the current quarter or fourth quarter compared to the early goings of the calendar year? A revenue perspective, and Joe will come back with some data on the after you give your comments.

Paul Karpowicz - *Meredith Corporation - President, Local Media Group*

Sure. I think what we're seeing right now is some underlying strength on the national side of the business, which we had not seen previously. We are actually quite pleased with that, and conversely local is closer to flat. So, I think if we can get local cranked up a little bit we'll be fine. But we have seen an increase in national business, which has been a pleasant surprise.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

So we're getting some category stuff for you here, Eric, just give us a second.

Eric Katz - *Wells Fargo Securities - Analyst*

I'll just follow up then on the comment you just made on national. I think some of the broadcast check that we've had it sounds like --

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Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Eric, I think we lost you.

Eric Katz - *Wells Fargo Securities - Analyst*

Hello.

Operator

Mr. Katz is still connected.

Eric Katz - *Wells Fargo Securities - Analyst*

Hi. I would actually follow-up with some of the comments there were just made on national. From some of our broadcast checks, it sounded like some of the stations in larger markets were a bit weaker on national.

I'm wondering what you are seeing across all of your markets. I know you have a few small and large markets in addition to your mid-markets. Can you comment a little further on what you are seeing in national by market?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Paul, do you have in your head? We do not have the data here, but sort of how you are feeling if you think about Portland, Phoenix, Atlanta versus the smaller markets?

Paul Karpowicz - *Meredith Corporation - President, Local Media Group*

I think that's accurate. We have a very large number of stations kind of in that mid-range. So it's the St. Louis, Kansas City, Portland, Vegas, that group.

They are performing, their national is performing at a higher level than, say, Atlanta. Where Atlanta is a larger market, a top-10 market, is still not performing at that level. What you have described is consistent with our experience, certainly with our top-10 market in Atlanta not being as strong as some of the other markets as you move down in market size.

And then in the smaller markets, it is really a mixed bag. I think that's jus kind of dependent on what is going on regionally in those cases, but we have got a couple of small markets. We only have a few small markets anyway. One of them is performing pretty well. The other is kind of flattish.

Eric Katz - *Wells Fargo Securities - Analyst*

Perfect. Thank you.

Joe Ceryanec - *Meredith Corporation - VP & CFO*

Hey Eric, it's Joe. As we look at Q3 actual and we look at Q4 where we are pacing, we are actually seeing in a quite a bit of similarities in the categories. I will give you the categories that are performing well in both three and four, that is professional services, it's media, it's furnishing and it's utilities. Those would be the top four in both of the quarters.

On the weaker side, auto is down in both quarters, kind of mid-single digits. Retail is down. Telecom is down. And restaurants are down.

Eric Katz - *Wells Fargo Securities - Analyst*

That is helpful.

Joe Ceryanec - *Meredith Corporation - VP & CFO*

Both of those are pretty similar between Q3 and Q4.

Eric Katz - *Wells Fargo Securities - Analyst*

That is helpful. Thank you.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Thank you, Eric.

Operator

We will go next to the line of John Crowther with Piper Jaffray.

John Crowther - *Piper Jaffray & Co. - Analyst*

Thanks. My first question, I was wondering, now that you've had a little bit of time with both Martha Stewart, and then from more of an expense perspective, Shape, wondering if you could just update us a little bit on how integration efforts are going.

And sort of any updates you might have in terms of how you view those properties potentially being accretive to the business here? Any differences from what you initially thought when those acquisitions or partnerships were announced?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

At the high level, in the case of Martha, that business is pretty much right on target with what we would have anticipated. I would say that the digital side has been maybe a little stronger than expected, and then, the print side a little weaker, but strengthening as we've gotten out a little further in the transition.

We've talked about this. It is very difficult to be a standalone anything in the marketplace, but we are beginning to be more successful in getting Martha added to schedules as we go forward. And the cost activities are absolutely right on target.

Now, Shape is a very early going. We had some digital activity, and as Joe mentioned in his remarks, we had some cost in the quarter of personnel. But, we had really no print revenue recorded, and we've just now put the very first issue out. So one issue is not a trend, but I think we are going to be very pleased as we go forward with Shape in the marketplace. And I know Tom was with a very important client meeting this morning, was running late. Tom, have you joined the call?

Tom Harty - *Meredith Corporation - President, Meredith National Media Group*

Yes, I've joined.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Do you want to add any color on early goings of Martha and Shape to that?

Tom Harty - *Meredith Corporation - President, Meredith National Media Group*

I think, to Steve's point, we're very pleased with the integration, no surprises. I think, from a Shape perspective, this is a new business model where we're putting together both Fitness and Shape from an editorial product and changing the rate base, but the advertising community has really embraced what we've done, and we're right on plan.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Does that help, John?

John Crowther - *Piper Jaffray & Co. - Analyst*

That does. Thank you. To follow up on National Media Group, wondering if could you talk a little bit about the brand licensing business? It sounded, from the press release, that things are pacing well there. And maybe any update you could give us on efforts to expand that beyond the initiatives you have going on right now?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

That is a very timely question, so Tom, whatever color you would want to add to brand licensing. It continues to perform extremely well at retail, and we also have a nice growth in our real estate business, now that the housing market is starting to get back on its feet.

But, Tom, you and I were talking about some potential categories and things earlier in the week, so whatever you feel comfortable sharing.

Tom Harty - *Meredith Corporation - President, Meredith National Media Group*

We have some new possibilities coming up. We've been in discussions related to the Eating Well brand that we're excited about in the food category, which hopefully we'll have an announcement on in the near future.

And then, I'm actually down here at Walmart, at a meeting today, and we've had tremendous growth in the Walmart business over the last few years. And the home category, if you have been following Walmart at all, has been a real bright spot for them. Things are going very well. We've actually just got some product -- Better Homes & Gardens product at Walmart in Mexico, and we are in preliminary discussions about expanding into China.

A big a part of their growth strategy is in the dot-com area, the Walmart.com, and they're looking for -- it's a low base -- but they are looking for 60% growth in our category from their dot-com business, a big strategy there. So, all the licensing area is going well, and we look forward to continuing to grow.

John Crowther - *Piper Jaffray & Co. - Analyst*

Appreciate the update there. Maybe just ask one more question. You guys hired Kim Martin as Chief Strategy Officer at the end of this quarter. And, it sounded like she has got some strong background on the video side of the business. I'm wondering if maybe you can give a little bit insight into how you view her contributions to Meredith's video platform and any other sort of categories or segments that she might bring some expertise into?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Sure. And I appreciate you asking that question, John. You step back just a bit and think about what's really, really important to the Meredith Corporation as we look a bit further down the road.

And that's, of course, making sure that our brands and businesses are relevant to the Millennial generation as they begin to enter into early adulthood, owning homes, starting families, and all of those very important activities. Obviously, the Millennials consume a tremendous amount of their content in a visual fashion, although interestingly enough, Millennials read magazines today even at a higher rate than did their baby-boom mothers. That is kind of an interesting statistic.

I was with the Postmaster General, the new Postmaster General, yesterday in Washington DC, and we were sharing some interesting industry statistics that about 92% of Americans, today, read magazines, but young women, age 25 years or younger, in fact, 95% of them subscribe to and read magazines today.

So, Kim really has two major charges, as it relates to that. Really doing a lot of data gathering across the enterprise, print, digital, and television on our existing Millennials strategy. Obviously, the Millennial generation is as important to local news viewership as it is to digital and magazine readership. And then as a subset of that, again gathering our positioning and our video strategy under the millennial strategy, analyzing where we are today, helping us decide where we should be, and then working to deliver some initiatives to fill that gap.

So she really has two major charges. One, the company-wide Millennial strategy, and really, a bit as a subset of that, our video strategy to, again, reach our next generation of consumers. Does that make sense to you?

John Crowther - *Piper Jaffray & Co. - Analyst*

It does. Thank you.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Thank you.

Operator

We'll go next to the line of Craig Huber with Huber Research Partners.

Craig Huber - *Huber Research Partners - Analyst*

Yes, good morning, thanks for taking the questions. First, on the television side, can you just help quantify for us the TV acquisitions, what the revenue contribution was there overall?

Joe Ceryanec - *Meredith Corporation - VP & CFO*

Sure, Craig, I think we've said this pretty publicly. About 30% of the TV revenue is now from -- by that we're including the acquisitions we did from Gannett in St. Louis and Phoenix, as well as Springfield and Mobile. So, about a 30% lift in TV ad revenue.

Craig Huber - *Huber Research Partners - Analyst*

Okay, then also your comments on the core ad revenue for your TV stations in the quarter, organically, I'm talking. I would be curious to hear if you could break that apart, how local versus national did organically for TV in the quarter? Is there much difference there in that trend in the upcoming June quarter?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Just a second correct. We go to a different place in the data.

Joe Ceryanec - *Meredith Corporation - VP & CFO*

As Paul mentioned, we are actually seeing national strengthening. As we mentioned in Q3, we were down about 1%, in total, local was down and national was up. Local down single digits. National up single digits.

In the fourth quarter, we are seeing a similar trend, I think as a Steve mentioned. We expect fourth quarter to come in flat to up slightly or down slightly, it's a little early to tell. Right now local is pacing down 1%. National is pacing up 2%. Similar trend, maybe a little bit closer to flat in the fourth quarter, right now, versus the third quarter, we are a little bit more spread between local and national.

Craig Huber - *Huber Research Partners - Analyst*

Would you also mind placing a little more color on the auto category for television organically? I think you mentioned it was down maybe tracking down as well in this current quarter. What is your sense, are the overall budgets for auto coming down that's causing that, or do think some of it's actually shifting to other medias?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Paul, do you want speak to what you feel about auto in the marketplace?

Paul Karpowicz - *Meredith Corporation - President, Local Media Group*

I think particularly on the local side what we experienced in the last quarter, particularly in many of our markets who experienced some bad weather, we were just seeing, not that budgets were cut, but they just stopped completely. In those East Coast markets and markets where they had a lot of bad weather, we saw the automotive business drop off pretty dramatically. We are starting to see that come back now into this quarter as the weather has gotten better.

But, yes, I don't think there's any question that there is a shift to some digital spending. In our cases, though, we're very actively trying to save those dollars and move them into some of our digital products. So, traditional core television viewing or television advertising for automotive is moderating, or it's down just a little bit, but then we're certainly increasing our digital presence with our automotive advertisers.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

And it is a lot stronger, Craig, in the digital pacings in Q4 than in Q3. So, there may just be a bit -- it's always so hard to tell in the early goings of a calendar year, we may have a bit of shifting between the quarters as we get a little further out here.

Craig Huber - *Huber Research Partners - Analyst*

And also, Steve, if I could ask you a broad question, or a strategic question. Are you guys content on the magazine side to continue to do these smaller tuck-in, niche acquisitions that you guys have been very successful with for many, many years? Or, at this stage, do you think you need to do a large one? Obviously, you looked at doing Time, Inc. a couple of years ago, this on the table in your minds?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

There's not really anything on the table at the moment with Time, Inc. I want to be very clear about that. But absolutely, Craig, we would be very open-minded to a larger transaction. Now, you have followed us a long period of time, you know that we took a number of runs at the Gruner & Jahr properties and finally brought those on board. And at that time, we actually doubled the size of that business.

The challenge is, there is not a lot of scale players, and it always takes an agreeable buyer and an agreeable seller. So, we are the agreeable buyer, but there haven't been those kinds of scale opportunities available in the marketplace. We continue to be active. We continue to be in dialogues, and I would say dialogues that are very broad ranging as long as we can deliver shareholder value.

So, the arrangements with Martha is a little bit unusual, but I think if you follow Martha and you follow Meredith, it's been good for both, and so we are in all kinds of discussions. We would love to do a scale transaction. But, there's not a whole lot of them in the marketplace.

Craig Huber - *Huber Research Partners - Analyst*

Great. Thanks guys.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Thank you.

Operator

We'll go next to the line of Jason Bazinet with Citi.

Jason Bazinet - *Citi Investment Research - Analyst*

Good afternoon. I have sort of an odd question. On the cash flow statement, there is like $83 million of proceeds from disposition of assets. I just couldn't remember what is that you sold.

Joe Ceryanec - *Meredith Corporation - VP & CFO*

The vast majority of that, Jason, is the CW station in Phoenix. You may remember we tried -- we did acquire KTVK, the independent, and we were trying to acquire KASW, which was the CW. That was right around the time where the FCC came out and tightened, clamped down on ownership rules, and so we were forced to sell it. We luckily and felt very good about finding a buyer with Nexstar, and I wouldn't say all, but it's for sure the bulk of those proceeds.

Jason Bazinet - *Citi Investment Research - Analyst*

Okay. Thank you very much for the reminder.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Thanks, Jason.

Jason Bazinet - *Citi Investment Research - Analyst*

You bet.

Operator

We'll go to the line of Dan Kurnos of the Benchmark Company.

Dan Kurnos - *The Benchmark Company - Analyst*

Great, thanks for taking my questions, good morning.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Hi, Dan.

Dan Kurnos - *The Benchmark Company - Analyst*

Hey, how you doing? I appreciate all the color around the sort of eye of the future stuff with regards to Millennials. And while John asked a good probably half of my question around video, I think you and I have spoken before about the possibility of making an acquisition in the video asset space.

Obviously, that space is superheated right now, it's getting a lot of attention. I'd just like to hear how you think about growing video organically versus acquiring either attack or some sort of platform to enhance distribution?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

I would say couple of things in that regard. You're very spot on with what is going on in the marketplace.

And, we really look at that video content in all sincerity very similar to we would look at other digital print or television content. Can we find a scale opportunity that we think we can monetize against our female audience? And, we have a monthly meeting, a monthly strategy meeting, and actually had a couple players in, in the last couple of months that we are considering.

At the same time, we are aggressively ramping up the content that we create, and it is a high-class problem that we continue to be fully monetized on that video content. So that is where a lot of our resources are focused at this point. We think Kim will be able to help us in that regard.

But, Dan, we would also be very interested in a bolt-on acquisition that would accelerate that trend. Because, at the moment, we are able to monetize all of the audience, and as you know, better CPMs than some of our other digital traffic.

Dan Kurnos - *The Benchmark Company - Analyst*

That is a great lead in to my follow-up question, keeping my Internet hat on for a second here. You gave some good metrics in terms of consolidated uniques. A two-part question from me. One, it doesn't sound like this is a factor for you guys, but have any of the SEO changes from Google focusing on mobile optimized sites had any impact on your SEO marketing?

And then, Steve, as you grow towards that 100 million unique mark, just curious in addition to maybe the video focus, just how you plan on getting more aggressive with the monetization strategy, whether it's a shift to more native ads, or whether there are partnerships involved? Any color there would be great. Thanks.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Well, first of all, most of our sites are in responsive design, so we don't have that Google issue right at the moment today. But I will tell you, as you are, I'm sure, clearly aware, that we have an aggressive effort on keeping a close watch on how Google continues to adjust those algorithms, because that's clearly an important part of the traffic generation. So, I think that's the answer to the first piece of your question, which is a good one.

And then, again, with the acquisition of Selectable Media, that also allows for a much, much more aggressive move into native, which is clearly an important part of what is going on in the marketplace. And, that's all about the ongoing transition of moving from larger run of network opportunities at much lower CPMs, to much more targeted advertising in a better context that we can get a higher CPM for. And, that's really why we did that acquisition, that was really more of a technology play than it really was a traffic play.

Dan Kurnos - *The Benchmark Company - Analyst*

Perfect. Thanks for all the color, Steve.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Thank you.

Operator

We'll go next to the line of Tracy Young with Evercore.

Tracy Young - *Evercore - Analyst*

Yes, hi, I have two questions on the broadcasting side. You mentioned some of the auto dollars being shifted to digital. Is that at the dealer association level or at the local dealership level? And then, the second question is how important it scale as you go into negotiations with MVPD, or is it the strength at the station ratings that you have that matter?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

I'll start, and then certainly ask Joe and Paul to comment here. On the advertising question you had, really, it's at all levels. And the sophistication varies a lot from dealer to dealer.

But, the most important and most powerful part of the local television brand, and that is really a combination of what happens over the air and what happens digitally, is that it continues to be, without a doubt, the most successful mechanism that is used by the auto industry to cause the consumer to come into the showroom.

And, the consumers are -- the dealers, rather, that we work with have a very sophisticated conversion mechanism. If they have a consumer in the showroom, they know how many cars that they're going to sell on a Saturday. That's been the beauty in recent years of television, especially with weakness that has been experienced in the newspaper marketplace in most of the markets across the country.

Then, when you talk about the scale question, from a high level, scale, in fact, does matter, without a doubt, on the revenue side of the transaction. And, we do see that, as we get into different acquisitions and acquisition opportunities, where there can be a variation in revenue depending upon how much clout you have with the provider. That's an important reason that, in fact, there's been a lot of consolidation in the marketplace.

And, Paul, whatever you'd like to add to that conversation on retrans revenue, based on your dealings in the marketplace, but scale matters on that side of the equation for sure.

Paul Karpowicz - *Meredith Corporation - President, Local Media Group*

There is no question that scale does matter. However, having said that, I think where we are with our portfolio, we are a significant enough player that we're still going to be able to make the deals we need to make and get done what we need to get done. And it speaks to really the quality of our stations as well.

There is no question scale matters, but it's also incredibly important to make sure that you have a strong portfolio station, so that in each individual markets, you represent a very strong presence in a station that the cable operator feels that they have to have.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Does that help?

Tracy Young - *Evercore - Analyst*

Yes, very much, thank you.

Operator

We'll go next to the line of Barry Lucas with Gabelli Capital. Please go ahead.

Barry Lucas - *Gabelli & Company - Analyst*

Thank you, and good morning. I apologize, I got bounced from the call and got back in. I don't know how much I missed.

So, if this is repetitive, again, to all my colleagues out there, I would apologize. But, Paul, did you give a specific number on how much auto was actually down in your third quarter, and if not, could you provided that?

Paul Karpowicz - *Meredith Corporation - President, Local Media Group*

I did not, but I think we do have that somewhere.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Barry, hold on for just a minute and Joe will dig that up.

Joe Ceryanec - *Meredith Corporation - VP & CFO*

Going on a comparable basis, which is what you are interested in, it was down about 7% to 8%.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

So, kind of high single digits, Barry.

Barry Lucas - *Gabelli & Company - Analyst*

And getting better, but not in the black yet?

Joe Ceryanec - *Meredith Corporation - VP & CFO*

Exactly, pacing better in the fourth quarter, but still has brackets around it.

Barry Lucas - *Gabelli & Company - Analyst*

Okay. And then, as I look back, the guidance from to 2Q to 3Q, for the full year has been narrowed and the top-end has been lower. You mentioned that Shape had gotten off to a slightly slower start. Would that be the reduction in the top end of the guidance, or are there other things out there that are contributing to a little bit more caution, if you will?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

First of all, Shape has no impact on that, and Shape is actually, I don't want to be confusing to anyone, Shape has not gotten off to a slower start than we anticipated at all. And, by the way, we really only got one issue that we have closed at this point in time, so really doesn't have anything to do with Shape, Barry.

We try to do our best and we feel that the total year is really coming in more or less where we thought, and interestingly enough, pretty much where the Street thought. We had a stronger Q3 than we had anticipated, and we just basically adjusted the range to where we thought Q4 was going to be. But I don't think we feel like there's been any major shift in the marketplace compared with what we would have said when we started the year.

It's always a little tough to figure out where it's going to be, and probably the only thing that I would say is that as the quarter, the third fiscal quarter for us moved forward, television probably ended up being a little weaker than we might have anticipated. And then, as we go now into the fourth quarter, I would say that print is maybe weaker than we would have thought when we were at the beginning of the calendar year.

Because, the first quarter of the calendar year, or our third quarter, in print, was so much better than it was a year ago. But, it kind of looks like the fourth quarter is going to look sort of like a year ago, but again, we've got kind of 1.5 set of issues closed, so that is probably -- TV a little weaker in Q3, print a little weaker in Q4. But, on balance, when we get to the bottom line, not too far off from where we thought.

Barry Lucas - *Gabelli & Company - Analyst*

Great, last item for me, I was hoping that you can extend the discussion on M&A, if you will, M&A opportunities beyond just the video and the magazine side, but into the pipeline, if you will, for TV stations and whether or not you feel that there are going to continue to be opportunities there to grow the portfolio?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

I guess the only thing I would say, I think across the industry, and Paul can certainly comment on that, I think there is a tremendous amount of integration work going on. There were a lot of really big deals of that were done over the last 12 months. And a lot of work going on there to bring all of that together.

It feels to me maybe like a bit of a little quiet before the next big storm, while that gets assimilated. And I continue to believe, and I would really say this, Barry, across the entire enterprise, that there will continue to be significant consolidation. And obviously, we have been and continue to be very aggressive in the marketplace to make sure that we have the opportunity to play when those things make themselves available.

It is pretty quiet night right now, but it might be quiet before the next big round, in my sense. Paul, I don't know if you want to add anything to that?

Paul Karpowicz - *Meredith Corporation - President, Local Media Group*

Yes, I think the only other thing I would add would be that as people look ahead to the potential of a spectrum auction in either the first quarter or perhaps second quarter of 2016, I think people are trying to weigh how important that could be or what role that might play. And I think, as we get past the auction, I think you will see the flood gates open, relative to deal flow.

Barry Lucas - *Gabelli & Company - Analyst*

Great. Thanks very much for that. I appreciate it.

Operator

Thank you, and we'll go next to the line of Michael Kupinski with Noble Financial.

Michael Kupinski - *Noble Financial Capital Markets - Analyst*

Thank you. Thanks for taking the question. Coming out of the NAB it seems like there's been an attitude shift towards programmatic buying. I know this might be more so to the television strategy that you might have. I was just wondering what your thoughts are on programmatic buying?

I know the industry, given a couple years ago, was very fearful that it might drive down pricing, but now it seems like they're kind of embracing it is an opportunity to actually increase pricing. I was wondering if you can provide your thoughts, if you happen to have seen any programmatic buying so far in any of your television stations so far? And then what your attitude might be towards that practice?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Paul, do you want to start on TV, and then, Tom, I'm going to ask you to comment on the digital side of our national business, where clearly, that's a factor at play. But, Paul, have you seen any programmatic coming forward at this point?

Paul Karpowicz - *Meredith Corporation - President, Local Media Group*

Yes, and the way we're approaching it, we have taken the position that we think it's going to be a part of our future. We do think, though, that it is important to limit and to restrict the day parts that are going to be put into a programmatic pool so that the inventory that we'll make available, perhaps, would be daytime, late-night, weekends.

And then, we will still keep our premium inventory: local news, primetime, sports, that will be separate. We really don't want to negotiate that in a programmatic fashion. But, we do think there's a lot of inventory in each of our stations that would probably benefit from being part of a programmatic mix.

Tom Harty - *Meredith Corporation - President, Meredith National Media Group*

On the national media group side, we're obviously participating now, this fiscal year, in the programmatic marketplace in our digital space, and it's working out very well for us. We see it as an opportunity to leverage some lower performing revenue inventory and actually increase our yield. So, we've added it some resources from selling resources, and we think it's going to be a growth area for us in the next couple of years.

Michael Kupinski - *Noble Financial Capital Markets - Analyst*

And, on the TV side, it's probably not enough at this point to really move the needle, it doesn't really count for a large percentage of the total revenues at this point, right?

Tom Harty - *Meredith Corporation - President, Meredith National Media Group*

Correct, yes.

Michael Kupinski - *Noble Financial Capital Markets - Analyst*

All right. Thank you.

Operator

We have a follow-up from the line of Craig Huber of Huber Research Partners.

Craig Huber - *Huber Research Partners - Analyst*

Hi there, I just wanted to know if you could give us, please, your organic circulation revenue percent change year over year, please?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

You know, Craig, we'll have to dig that out. We have all of that data for advertising, but we really don't -- I guess Joe thinks he does have it.

Joe Ceryanec - *Meredith Corporation - VP & CFO*

Craig, when you look at the year over year, we are basically flat. For the most part, it was LHJ going out, Martha coming in. The organic was down about 3%, largely newsstand. You are probably hearing about newsstand continuing to be soft. On the subscription side, it was flat to just down a hair.

Craig Huber - *Huber Research Partners - Analyst*

But, overall, down 3% you're saying, or flat?

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Flat overall.

Joe Ceryanec - *Meredith Corporation - VP & CFO*

Overall flat.

Craig Huber - *Huber Research Partners - Analyst*

What is the down 3% then, please?

Joe Ceryanec - *Meredith Corporation - VP & CFO*

Down 3% was newsstand.

Craig Huber - *Huber Research Partners - Analyst*

Oh, I see. Okay. Cool. Thank you very much.

Stephen Lacy - *Meredith Corporation - Chairman and CEO*

Thank you. Thank you, all, for participating today. We certainly appreciate the questions, the interest and the input. And, as always, Joe and I remain available for the balance of the day. If anybody has any follow-on questions, please don't hesitate to reach out. Thank you very much.

Operator

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