To Our Shareholders:

Fiscal 2001 was a challenging year for media companies. Meredith Corporation faced the most difficult advertising market in a decade, affecting the performance of our Publishing and Broadcasting Groups.

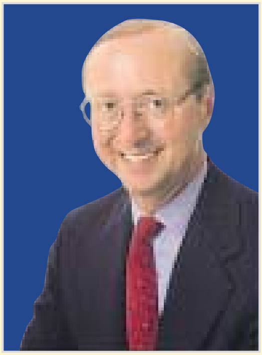
Our year-end operating results, excluding one-time and nonrecurring items, reflected this difficulty:

- Earnings per share were $1.55, compared to $1.72 recorded in fiscal 2000.
- Earnings before interest, taxes, depreciation and amortization were $213.4 million, compared to $237.8 million in fiscal 2000.
- Return on equity was 17.8 percent.

In fiscal 2001, we took several steps to deal with the downturn, which are described later in this letter. More importantly, we made a number of strategic moves designed to position our company for long-term growth and to build enduring shareholder value.

In publishing, we sharpened our concentration on the home and family market by strengthening our lineup of magazines. We continued to build upon the strength of our flagship publication, *Better Homes and Gardens*. It maintained its clear leadership position in the women's service field. Please read more about the strength of the *Better Homes and Gardens* brand on page 11.

We increased the frequencies and rate bases of several of our mid-sized magazines, including *Country Home*, *Traditional Home* and *MORE*. We continued to invest in our *Better Homes and Gardens Special Interest Publications*, which reported significant revenue and profit gains.



William T. Kerr
Chairman and Chief Executive Officer

E.T. Meredith III
Chairman of the Executive Committee

In addition to these investments, we took other actions to strengthen our magazine portfolio. We sold Golf for Women magazine and the American Park Network publications. We also closed properties that no longer fit our strategic focus.

We reorganized our group sales function to form Meredith Corporate Solutions. This operation is designed to use a full range of our assets to provide clients with comprehensive advertising and marketing programs, with a focus on selling advertising pages in our magazines.

We grew book and integrated marketing revenues, and we improved our magazine circulation margin. In fiscal 2001, book, integrated marketing and circulation revenues comprised 55 percent of the total for our Publishing Group and were critical to our performance, considering the challenging advertising market.

We made significant progress acquiring magazine subscriptions over the Internet, generating nearly 290,000 subscriptions online during

Meredith is able to deliver content-based products and services to the demographic groups most valued by advertisers. Over the course of a year, articles or advertisements in Meredith publications reach nearly half of American homeowners and two-thirds of baby-boom women with children.

the year. Obtaining magazine subscriptions through the Internet is a priority, in part because of the potential for significant savings on subscription acquisition costs.

Reflecting our belief in the value of advertising, our Publishing Group launched a major promotional campaign to assert our leadership position in the home and family market. We believe these challenging times—when others are drawing back—offer an ideal opportunity to raise the awareness of our products and services.

In broadcasting, we launched sales improvement initiatives to generate new local business and to improve our overall sales performance. We completed our multi-year expansion in news programming, and we are now fine-tuning each newscast in order to grow ratings and maximize revenues.

While we have yet to realize every station's full potential, our 12-station group showed signs of progress. In the last half of the fiscal year, we saw growth in market share at many of our larger stations, including WGCL in Atlanta.

We took a number of steps corporate-wide in fiscal 2001 to offset the negative advertising environment, reducing costs by 2 percent versus fiscal 2000. We accomplished this despite higher paper prices; increased postal rates; and investments in interactive media, broadcasting and other areas of our business. We offered a special early retirement program and made other staff reductions. In addition, we created efficiencies and reduced costs in most of our business processes.

Reflecting our confidence in our company and strategies, we continued to repurchase shares, buying 1.3 million shares during fiscal 2001.

We believe the marketplace recognizes the value of these strategic measures, along with the strength of the Meredith organization and our commitment to building shareholder value. That recognition has been reflected in our share price, which outperformed major indices during the fiscal year.

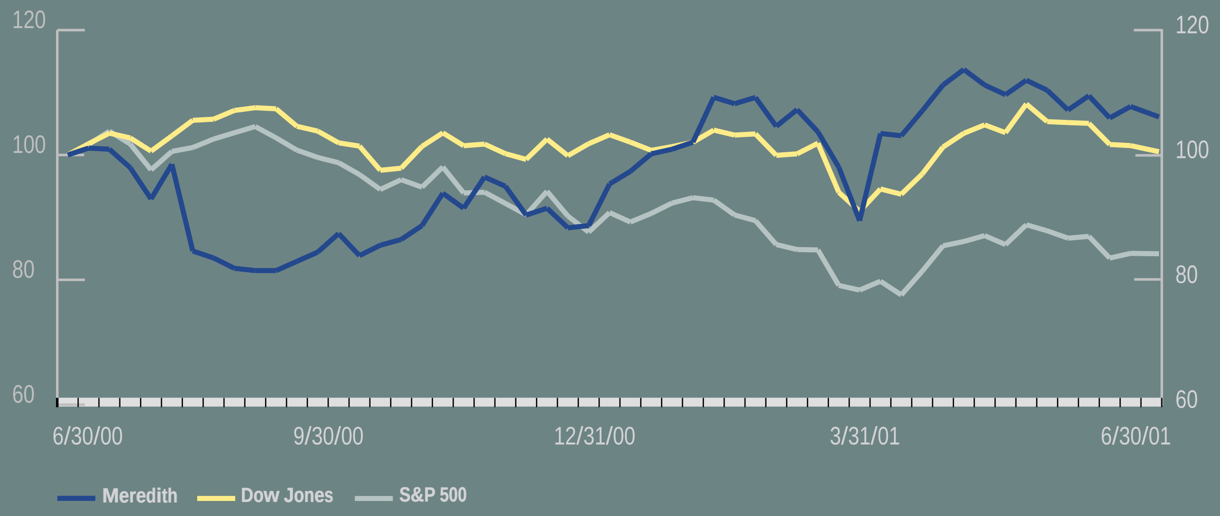
Building on Our Strengths

To excel in fiscal 2002 and beyond, we must build upon Meredith's strong foundation. Our key strengths are:

• ***Our ability to create high-quality content-based products and services.*** Our products improve our customers' homes, families and lives. Meredith is, without a doubt, the leader in the home and family media marketplace.

• ***Our stable of well-established brands.*** In publishing we have an impressive lineup of nationally circulated magazines, including *Better Homes and Gardens*, *Ladies' Home Journal*, *Country Home*, *Traditional Home* and *Midwest Living*. In broadcasting, our lineup includes several local stations with strong brand recognition, such as WSMV in Nashville, WFSB in Hartford and KCTV in Kansas City. These identities bond our products with readers and viewers, and with clients that rely on Meredith to deliver their marketing messages.

Relative Price Performance of Meredith Corporation versus Market Indices *(June 30, 2000 through June 30, 2001)*



• *The creativity of our people.* Our editors, writers and designers in publishing – along with our broadcasting newsroom staffs and programmers – keep our magazines, television programs and other products fresh and attractive to consumers. Our sales and marketing staffs also fuel our creative strength. They are adept at creating advertising and marketing programs and promotions that effectively deliver messages to targeted audiences. They also are working together to deliver multi-platform and multi-product programs to our customers.

• *Our consumer database.* Our database is the largest in the industry and contains information on seven out of 10 U.S. homeowning households. We continue to improve it by adding information and enhancing its functionality while maintaining stringent controls on customer confidentiality.

• *A strong financial commitment.* We have a manageable debt level, an active share repurchase program and a long-standing commitment to creating shareholder value.

Initiatives to Optimize Long-term Shareholder Value

To build upon our foundation and spur future growth, we are undertaking several initiatives. The key ones are:

• *Improving our Broadcasting Group.* The group is well-positioned in some of the fastest-growing markets in the United States. By implementing our broadcasting improvement initiatives in sales, news and other areas, we believe we can unlock earnings growth for the company.

• *Building upon our lineup of strong magazines.* We are strengthening our flagship, *Better Homes and Gardens*, while we tap the growth potential of our mid-sized and emerging magazines, including *Country Home*, *Traditional Home* and *MORE*. We are improving our special interest publications to build on their record of growth. In addition, we continue to look for opportunities to launch new magazines.

• ***Expanding revenues in integrated marketing and books, while improving circulation margin.*** We are adding important new integrated marketing clients and expanding many of our existing relationships. In books, we are leveraging our home and family expertise, and partnering with leading marketers to create a new group of titles with the potential for significant revenue growth. Our circulation margins are growing, and we continue to see strong newsstand sales. We have placed an increased emphasis on our newsstand operation to achieve higher sell-through and reduce waste.

• ***Infusing the Internet into our business operations to improve efficiency and build revenues.*** We continue to build our publishing Web sites, and we remain focused on our goal of generating 1.5 million online magazine subscriptions by the end of fiscal 2003. In broadcasting we are building Internet revenues by creating local content for our communities, which provides marketing opportunities for our advertisers.

Management and Board Developments

We filled key positions on our Board of Directors and in our management team during the fiscal year, continuing our tradition of strong leadership.

We welcomed Mell Meredith Frazier to the Board of Directors. The election of Mell, who is currently vice president of the Meredith Corporation Foundation and director of corporate planning, is related to the long-term plan for transition of Meredith family representation on the board.

We're grateful for the leadership and insight of Christopher M. Little, who retired as senior vice president and president of the Meredith Publishing Group in December 2000. With his departure, Stephen M. Lacy was named president of the group. Steve had been president of the Meredith Interactive and Integrated Marketing Group and was previously chief financial officer. Jerome M. (Jerry) Kaplan, a veteran Meredith publishing executive who had been Publishing Group vice president/publishing director, was named president of the Magazine Group.

We've launched a nationwide search for a new head of the Broadcasting Group, after the resignation of Cary Jones. We are searching for executive candidates with well-established industry experience, preferably in leading either a station group or major broadcast franchise.

We welcomed Tina Georgeou to our senior management team. Tina joined Meredith as vice president–corporate development in November, and in July was named vice president–business development in the Meredith Publishing Group. In this new position, Tina will develop and execute our domestic brand licensing strategy as well as international brand extension opportunities.

We also thank Michael A. Sell, corporate treasurer, for his services to Meredith. He retired in January after 33 years with the company.

A Bright Future

As Meredith Corporation enters its 100th year of service to its readers, viewers, advertisers and communities in 2002, we remain very confident and enthusiastic about the company's future. Meredith is well-positioned to meet and overcome today's challenges, to serve its customers and build long-term value for its shareholders.

We thank our shareholders, customers and employees for their continued support. We look forward to the future with the knowledge that the company's rich history and strong foundation, along with our initiatives to drive growth, will enhance Meredith's leadership position in the media and marketing business.

Our best days are yet to come.

William T. Kerr

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Chairman of the Board and
Chief Executive Officer

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August 30, 2001