

## To Our Shareholders

On behalf of Meredith and its more than 3,000 employees, we want to thank you for your investment in Meredith Corporation. As a shareholder, you've trusted us with your financial resources, and that's a responsibility we take very seriously.

To those who have been our shareholders for a long time, you are cognizant of our proven ability to leverage our very strong brands to generate significant and sustainable cash flow over time. To those who have become shareholders in the past year, we hope this annual report will provide more detail on our operations, and a better understanding of our key strategic initiatives.

In Fiscal 2012, Meredith executed a series of well-defined strategic initiatives designed to generate growth in revenues, operating profit and cash flow, and increase shareholder value over time. We also faced some challenges, including magazine advertising and performance at Meredith Xcelerated Marketing.

Fortunately, our Local Media Group delivered its third consecutive year of growth in non-political advertising revenues, increasing 6 percent. EBITDA margins grew nearly a full point to 36 percent – the best since Fiscal 2007. And we kept tight control on total Company expenses, which declined 3 percent excluding recent acquisitions.

As a result, Fiscal 2012 earnings per share from continuing operations before special items were \$2.50, in line with our previously stated expectations. That compares to Fiscal 2011 earnings per share from continuing operations of \$2.81, before special items, which included \$0.38 per share, or \$28 million, of incremental political advertising revenues at our television stations. We will experience the benefit of political advertising again in Fiscal 2013.

## Our Strategic Initiatives

Most importantly, in Fiscal 2012 we took important steps to position Meredith for continued long-term growth and success.

Our Fiscal 2012 key strategic accomplishments included:

- ▶ **Implementation of our Total Shareholder Return (TSR) strategy.** Key elements of the strategy include: (1) A 50 percent dividend increase resulting in a current annual dividend of \$1.53 per share; (2) A \$100 million share repurchase program; and (3) Ongoing strategic investments to scale the business and increase shareholder value over time. Since the launch of our TSR strategy on October 25, 2011 through June 30, 2012, Meredith's stock price increased 28 percent, and the dividend yielded approximately 5 percent. That equated to a total shareholder return of 33 percent.
- ▶ **Acquisition of Allrecipes.com, which doubled our digital audience and revenues.** Allrecipes.com has strengthened our digital reach and scale with consumers and advertisers alike. We are currently No. 1 in audience in the digital food space, and in the Top 3 in the women's lifestyle category online. We are actively executing a strategic growth plan for Allrecipes.com. It includes enhancing the brand's video and mobile content; broadening its social media and international presence; and generating additional consumer revenue.



The addition of the world's largest digital food brand significantly enhances Meredith's digital presence and reinforces our leadership of the food category across media platforms. Allrecipes.com brings the following key statistics to Meredith:

- No. 1 recipe site in the U.S. and world
- Over 25 million monthly unique visitors
- No. 1 food recipe channel on YouTube
- No. 1 downloaded recipe app on Android, iPhone and iPad platforms
- Historical annual revenue growth of 20 percent



- ▶ **Purchase of the EveryDay with Rachael Ray and FamilyFun brands.** This gives us greater scale in the important food and parenthood categories. Both brands are performing ahead of our initial expectations in terms of revenues and operating profit.
- ▶ **Launch of additional tablet editions and mobile platforms.** We now have 20 brands available in tablet forms across all major platforms, including the iPad, NOOK, Kindle Fire, Samsung Galaxy and Google Play platforms. We also have more than 50 mobile apps.
- ▶ **Extension of our successful brand licensing arrangement with Walmart** for the Better Homes and Gardens line through 2016. Today there are more than 3,000 SKUs of Better Homes and Gardens branded products available at Walmart stores across the U.S.
- ▶ **Expansion and monetization of our Local Media Group content** through an increase in local news programming, along with more video content creation such as the syndicated daily *The Better Show* – which today reaches 80 percent of U.S. households – and the Digs channel on YouTube.

In Fiscal 2012, we increased the size of our audience across all of our media and marketing platforms to 100 million American women – 20 percent greater than the prior year and the largest in our 110-year history. This provides us with unparalleled reach to American women through our portfolio of strong and vibrant brands led by Better Homes and Gardens, one of the nation’s leading media brands.

In Better Homes and Gardens we possess a powerful megabrand that reaches approximately 50 million consumers across diverse print, digital, video and social media platforms. In Fiscal 2012, we were keenly focused on expanding its electronic tablet editions and mobile applications, as well as social media and experiential marketing initiatives.

As we continue to build on the large consumer audiences for Better Homes and Gardens and our other attractive brands, we’re confident that advertisers and marketers will increasingly use Meredith’s properties to reach them.

Finally, the key to our brand strength continues to be our talented and creative employees. This includes our inventive content creators, innovative sales and marketing professionals, dedicated support groups, and committed management team. We think Meredith possesses the best workforce in the media industry, and our 110-year track record of success underscores this belief.

## What you will see from us in Fiscal 2013

In our National Media Group, we are focused on executing a multi-pronged strategy that includes delivering comprehensive programs for clients across print, video, digital and mobile platforms. At the same time, we are also focusing on broadening the types of advertisers we attract, including those in the beauty, retail, auto and financial categories.

We’re also expanding our innovative Meredith Sales Guarantee program, which uses The Nielsen Company’s highly regarded Homescan data and our own 100-million name consumer database to prove increased product sales at retail as a result of print advertising in Meredith brands. So far, we have 13 consumer product brands in the program.

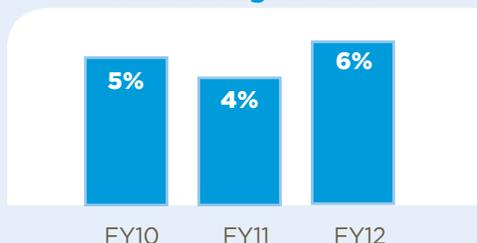
To expand this program, we’ve formed a new partnership with IMS Health to add the prescription drugs category to the Meredith Sales Guarantee, and are working on a similar data-driven solution for the automotive industry.

We are accelerating development of new strategies to improve revenue and operating profit growth from our consumer relationships as well. This includes continuing to transition more subscription acquisition, renewal and

### Local Media Success

Year-over-year non-political advertising revenues for our Local Media Group grew every quarter in Fiscal 2012, marking three-straight years of expansion. This was driven primarily by our two largest advertising categories, Automotive and Professional Services. We have also outperformed our industry peers over this time period.

**Total Non-Political Advertising Growth**



customer service activities online. These are important initiatives for several reasons. First, they enhance customer service. Second, they create better opportunities for us to upsell at digital checkout. And finally, they lower our operating expenses. Taken together, these factors help us realize an incremental \$5 in operating profit per digital order over the average life of a subscription. Our Fiscal 2013 goal is to generate more than 4 million, or about 30 percent, of our total annual subscription orders digitally.

We're also making several enhancements to Meredith Xcelerated Marketing, including putting increased emphasis on delivery of branded content, mobile and social media marketing strategies, and strategic analytics. These are our chief competitive strengths. We lowered our cost structure and bolstered the senior leadership team in the creative, sales and marketing, mobile and social, and operational areas. We are aggressively expanding new business generation initiatives, have won several new pieces of business, and are seeing a strong pipeline for new opportunities.

In our Local Media Group, we will continue to pursue growth in audience ratings – which helps strengthen advertising rates. This includes adding more hours of locally produced programming and making further enhancements to our digital and mobile activities. We anticipate a strong political advertising season, and expect to exceed the amount generated during the last Presidential election year.

In closing, we want to reiterate the significant investments made in Fiscal 2012, as well as our prospects for strong cash flow generation over time. We continue to be highly confident in the strength and resilience of Meredith's diversified business model.

Once again, on behalf of our management team and all Meredith employees, we want to thank you for your ongoing support. We have a long history of prudent capital stewardship, as well as an ongoing commitment to Total Shareholder Return. It is our mission and pledge to protect and grow the value of your investment in Meredith Corporation over time.

  
Stephen M. Lacy  
Chairman and  
Chief Executive Officer

  
Mell Meredith Frazier  
Vice Chairman

## Brand Builders

The acquisition of the **EveryDay with Rachael Ray**, **FamilyFun** and **EatingWell** brands is growing the size of our audience, and adding to revenues, operating profit and cash flow. We are also leveraging our very efficient operational structure to maximize our opportunity with these brands. This includes merging them to our paper, printing and fulfillment contracts; linking them to our management systems for sales, financial planning and information technology; and adding them to our sales and marketing efforts.

