To Our Shareholders

William T. Kerr
Chairman and Chief Executive Officer

Fiscal 2003 was a very successful year for Meredith Corporation. Net income rose 31 percent to $92 million and earnings per share rose 30 percent to $1.80 before special items and the cumulative effect of an accounting change. Total revenues grew 9 percent to $1.08 billion and, according to industry metrics, we outperformed our peers in both publishing and broadcasting.

We created outstanding value for our shareholders. In fiscal 2003, our stock price rose 15 percent while our SEC peer group had a weighted average gain of 5 percent and the S&P 500 Index declined 2 percent. We advanced our already strong practices with respect to corporate governance and financial reporting requirements.

The year's performance was a result of solid execution of our publishing strategies and the continued turnaround in broadcasting despite an uncertain economy for media companies. Our success was rooted in our ability to serve consumers, customers, communities and shareholders—an extension of Ted Meredith's commitment to service journalism that is his legacy. Ted's vision and dedication were instrumental in making Meredith the great company it is today. With his passing, our industry lost a respected leader and I lost a personal friend whose counsel I valued.

We took several strategic actions in fiscal 2003 to expand our audiences and grow revenues.

In our publishing segment, we leveraged our trusted brands, grew market share for many of our magazines and increased revenues from our book operations.

Advertising pages for our magazines as a group rose 19 percent, the largest gain reported among the country's top 20 magazine publishers. The total growth for all magazines and supplements measured by the Publishers Information Bureau (PIB) was only 1 percent.

Our flagship publication, *Better Homes and Gardens*, set an all-time record with, according to PIB, 2,025 advertising pages and remained the clear leader in the women's service field.

Ladies' Home Journal, our second-largest magazine, introduced a major redesign in March 2003. Advertisers embraced the new vitality and excitement of the magazine as evidenced by its impressive 32 percent increase (per PIB) in advertising pages during the second half of the fiscal year.

Our mid-size titles—*Country Home*, *Traditional Home*, *MORE* and *Midwest Living*—continued to perform well and we increased their rate bases to build advertising revenues and market share. We grew our book operations with publications based on our own brands and those licensed from others. Our integrated marketing business posted an outstanding year in terms of new business sold and we had record page views and unique visitors at our web sites.

We acquired the American Baby Group, an array of multimedia properties that inform and inspire new parents. The acquisition extends our reach to younger women and families, including those in the rapidly growing Hispanic market, and provides an opportunity to transition these readers to our established titles.

Improving the performance of our broadcasting operations has been a priority the past two years. In fiscal 2003, we recorded significant ratings and financial improvement. Notable gains in the November 2002, February 2003 and May 2003 ratings books indicated our improved newscasts and syndicated programming were drawing increased viewership. Our same-station revenue growth and margin expansion demonstrated our ability to translate those gains to positive financial results.

We aggressively pursued new advertisers, especially businesses that had never utilized television advertising. We generated incremental revenue by leveraging the assets of Meredith's Publishing Group to serve broadcasting clients.

To maintain financial momentum and improve service we will build on our strengths.

Outstanding reach. We serve more than 80 million American consumers each month through our magazines, books, custom publications, Internet presence and television stations. Our database contains 75 million names with 300 data points on seven of 10 U.S. home-owning households.

Established brands. The national recognition of titles such as *Better Homes and Gardens*, *Ladies' Home Journal*, *American Baby* and *Country Home* combined with the strong local reputation of many of our television stations provides a solid foundation for continued growth.

Premier position in the home and family markets. Our products dominate the industry sweet spot of Americans in the 35-54 age group, the country's largest purchasers. This age group does a disproportionate amount of its spending in Meredith's specialties—remodeling, decorating, cooking and gardening.

Growth potential in broadcasting. We improved our performance in fiscal 2003, but there are many more opportunities. As our programming improves, we will attract more viewers and generate more revenue from advertisers who want to reach those viewers.

Management talent. We continued to strengthen the leadership of the Company with significant new additions in Publishing and Broadcasting and at the corporate level. We welcomed two new members to our senior management team. John H. (Jack) Griffin, Jr. became president of the Magazine Group, replacing Jerome M. (Jerry) Kaplan, who will retire in December. Steven M. Cappaert is our new corporate controller.

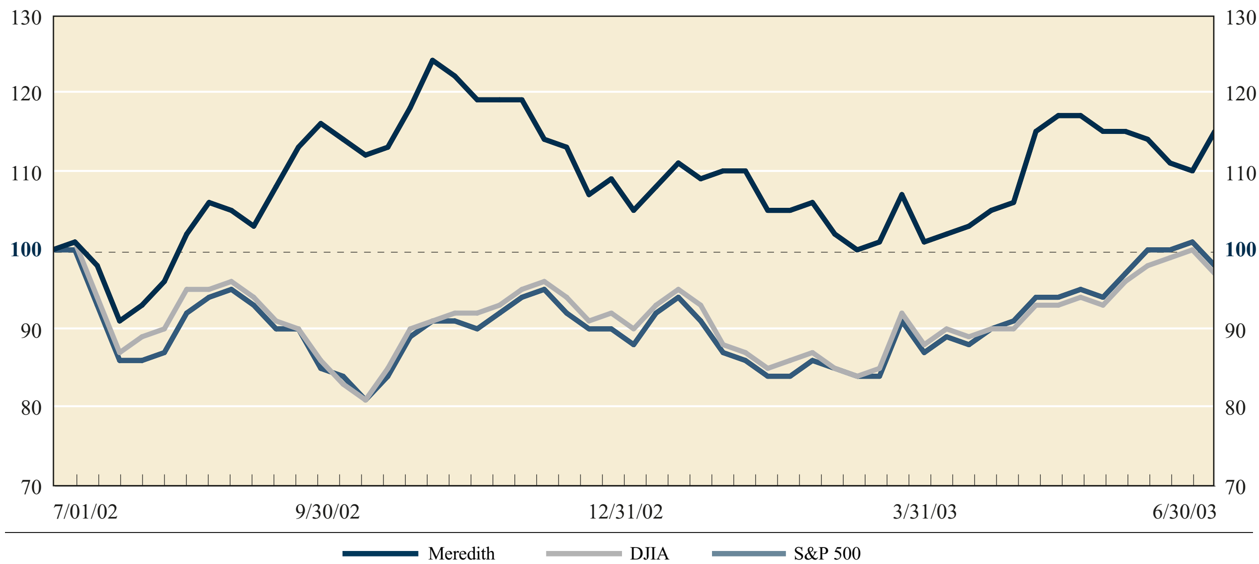
Strong financial position. We will continue to invest in our businesses, pursue selected, targeted acquisitions, reduce debt, repurchase shares and make dividend payments. In fiscal 2003, we acquired the American Baby Group for $115 million and still reduced our debt by $10 million to $375 million. We repurchased more than 760,000 shares of common stock and increased our dividend payment for the 10th year in a row. Fiscal 2003 marked the 56th consecutive year that Meredith has paid a quarterly dividend.

Long-term Financial Objectives

- We expect each of our segments to improve its margin over the long term. The Publishing Group should add a percentage point per year in the next three years to reach a 20 percent operating margin. The Broadcasting Group should improve its EBITDA margin to the 40 percent level in two to three years.
- Successful execution by each of our business segments will drive earnings per share growth. We believe earnings per share growth should be in the low double digits in nonpolitical years and in the mid-to-high teens in political years.

Relative Price Performance of Meredith Corporation versus Market Indices

(July 1, 2002 through June 30, 2003)



We are executing these strategies to improve shareholder value in fiscal 2004 and beyond:

- We will expand our powerful publishing base. We will grow advertising revenue in our magazines; increase nonadvertising revenue from our book, brand licensing and integrated marketing businesses; and improve our circulation contribution through Internet subscriptions and direct mail programs.
- We will build on the turnaround in our broadcasting operations. We will continue to improve the ratings of our newscasts and other programming, translate the ratings gains to revenue and profit growth through aggressive sales and marketing initiatives and manage costs judiciously.
- We will enhance our excellent financial position and use our cash flow to invest in our businesses, make selected, targeted acquisitions, pay dividends, repurchase shares and maintain a conservative balance sheet.

We are focusing on two long-term financial objectives.

First, we expect each of our segments to improve its margin over the long term. The Publishing Group should add a percentage point per year in the next three years to reach a 20 percent operating margin. The Broadcasting Group should improve its EBITDA margin to the 40 percent level in two to three years.

Second, successful execution by each of our business segments will drive earnings per share growth. We believe earnings per share growth should be in the low double digits in nonpolitical years and in the mid-to-high teens in political years.

We thank our shareholders, customers and employees for their ongoing support. We are confident our strategies will build on Meredith's rich history and strong foundation to enhance our enviable leadership position.

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