

To Our Shareholders



William T. Kerr

We are pleased and proud to report that fiscal 2004 was the most profitable year in Meredith's 102-year history. Earnings per share reached a record \$2.14, and net earnings rose 26 percent to \$110.7 million on revenues that grew 8 percent to \$1.16 billion.



Stephen M. Lacy

This outstanding performance translated to an exceptional return on investment for our shareholders. In fiscal 2004, the price of Meredith stock rose 25 percent, outpacing other media companies and key market indices. Additionally, we increased our quarterly dividend

by 26 percent—the eleventh increase in as many years.

We credit our success to skillful and relentless execution of our growth strategies. Both of our business groups grew revenues, improved their margins and outperformed their respective industries.

Publishing

- We increased revenues 8 percent and profit margin by more than a point to 18.5 percent. According to Publishers Information Bureau, we grew our magazine

advertising pages 9 percent—a notable achievement in an industry that experienced an overall 1 percent decline in advertising pages.

- We grew our market share of magazine advertising for the third consecutive year and raised the rate base of each of our mid-size titles—*Country Home*, *Traditional Home*, *MORE* and *Midwest Living*.
- We realized substantial benefits from our December 2002 purchase of the American Baby Group. This acquisition has proven to be a home run, significantly exceeding our expectations in all metrics during its first full year as a Meredith property.
- We improved our circulation profitability in an increasingly challenging environment. Advertisers value the integrity of our circulation model, and it gives us a competitive advantage in the marketplace.
- We expanded our brand licensing and product sales initiatives; we used our database expertise to secure new custom publishing clients; and we grew our interactive media operations.

Broadcasting

- Through a combination of old-fashioned hard work and innovative sales strategies, we successfully replaced the prior year's \$21 million in net political advertising. We

grew overall revenues 6 percent in an industry that experienced a gain of about 2 percent. Our EBITDA margin increased nearly three percentage points to more than 32 percent.

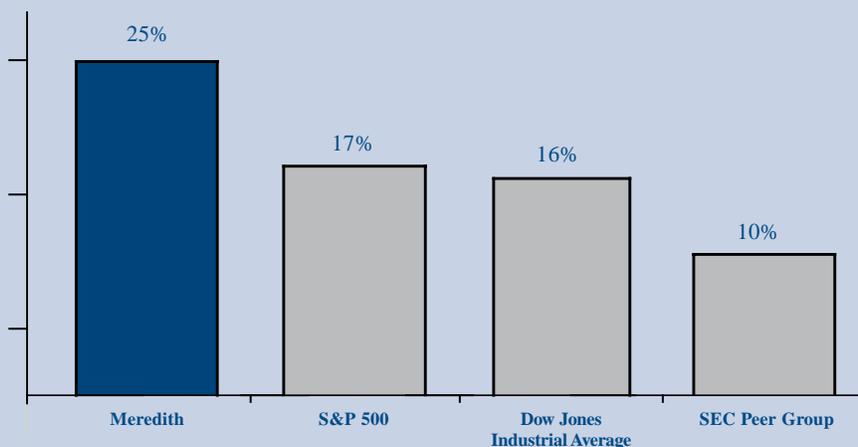
- Our television stations continued to improve ratings and audience share, and we converted those gains into higher revenue. Key to this success was continued expansion and improvement of our newscasts.
- We expanded our audience reach by adding a television station—WSHM in Springfield, MA—and a radio station—WNEM in Saginaw-Bay City, MI. Also, we entered into an agreement to acquire another television station, WFLI in Chattanooga, TN. That acquisition closed in August 2004. All three properties are strategically located, allowing us to leverage our assets and create cost efficiencies as they contribute revenues.

- We grew our Cornerstone programs, one of the industry's best examples of cross-media marketing programs. They allow our television stations to leverage our publishing assets to create proprietary advertising vehicles.
- We improved operating efficiency and reduced syndicated programming costs.

Thanks to the successes in both of our business groups, our fiscal 2004 performance advanced us toward our long-term margin objectives. We plan to generate a 20 percent operating profit margin in Publishing and a 40 percent EBITDA margin in Broadcasting in fiscal 2006. Our thanks go out to our management team as well as each and every employee for all they did to make Meredith a market leader.

Strong Stock Price Performance

Change in stock price from July 1, 2003 through June 30, 2004



The SEC Peer Group is a market cap weighted index comprised of Belo Corporation, Gannett Company, Inc., Hearst-Argyle Television, Inc., The McGraw-Hill Companies, Inc., Media General, Inc., The New York Times Company, The Reader's Digest Association, Inc., The E.W. Scripps Company, Tribune Company and The Washington Post Company.

Executive Developments

Fiscal 2004 was an important year for Meredith in terms of executive development and succession planning.

We promoted Steve Lacy to President and Chief Operating Officer. During his tenure at Meredith, Steve has proven to be an outstanding growth-oriented leader and a great motivator who stresses communication and accountability.

Steve joined Meredith in February 1998 as Vice President/Chief Financial Officer and was promoted to President of the Meredith Integrated and Interactive Marketing Group in March 2000. He was promoted again to Meredith Publishing Group President in November 2000.

With veteran publishing executive Jack Griffin succeeding Steve as Publishing Group President and Kevin O'Brien leading the Broadcasting Group, a superb team has become even better. We named Vice President/General Counsel John Zieser as Vice President/Corporate Development, with additional responsibility to develop, cultivate and negotiate acquisitions, licensing agreements and strategic business initiatives.

Our drive for ongoing improvement will continue in fiscal 2005. We will pursue these growth strategies:

- **Further expand our powerful publishing base.** We will increase our share of magazine advertising revenues; extend our brand franchises; raise the rate bases of our mid-size titles; create new services and revenue streams; and enhance our magazine launch and acquisition initiatives.
- **Increase our momentum in broadcasting.** We will continue the turnaround in our current station group; add new revenue streams; duopolize and cluster stations as feasible; and increase our audience reach.
- **Leverage our strong financial position.** We will use our low debt, strong cash flow and existing credit facilities to pursue strategic acquisitions and growth initiatives. We will be prudent, remaining focused on our core businesses and acting when the right opportunities present themselves.

We thank our customers for their trust in our products and services; our employees for their dedication; and you, our shareholders, for your interest and loyalty. Like you, we know there are challenges ahead. We will meet them by executing our strategies to build on Meredith's tradition of excellence.



William T. Kerr

Chairman and Chief Executive Officer



Stephen M. Lacy

President and Chief Operating Officer