To Our Shareholders

Fiscal 2010 marked a return to earnings growth for Meredith as we strengthened our businesses across the board. We outperformed both the magazine and television industries. During Fiscal 2010:

- We increased earnings per share by 10 percent for the year, before special items, highlighted by 25 percent EPS growth in the second half
- Total company revenues were approximately flat with the prior year, even with about $15 million less in net political advertising revenues
- Total company operating expenses declined 3 percent, before special items, and we reduced our debt by 20 percent
- At the same time, we continued to invest in new media platforms including mobile and eTablets
- Additionally, we increased our dividend to shareholders for the 17th consecutive year

Strengthening our National Brands

We increased the size of our magazine and online audiences, grew revenues from sales of our magazines on the newsstand and branded products at retail, and delivered higher advertising revenues in three of our strongest brands, *Better Homes and Gardens*, *Family Circle* and *Fitness*.

Our total magazine advertising revenue performance outpaced the industry, and we delivered our fifth consecutive year of market share growth, according to Publishers Information Bureau data.

Revenues from our brand licensing activities grew approximately 40 percent in fiscal 2010 from the prior year.

National Media Group Highlights

National Media Group operating profit increased 11 percent in fiscal 2010 from the prior year. We achieved this growth in part by growing revenues in high margin activities such as brand licensing and through our strong discipline on expenses, which were down 5 percent for the year.

National Media Group advertising revenues were approximately flat with the prior year as stronger second-half performance – in categories such as household supplies, prescription drug and direct response – offset declines in the first half. Meredith Interactive Media advertising revenues grew sharply, up 17 percent for the year.

We continue to grow and enhance our strong connection to the American consumer. Magazine readership grew to 113 million, up from 110 million a year ago, and up 13 percent from a decade ago. Revenues and profits related to our circulation activities increased, including a revenue gain of 4 percent at newsstand. Additionally, the number of monthly online unique visitors and page views rose more than 25 percent each.

Sales of our branded retail products continued to grow. We doubled the number of SKUs of Better Homes and Gardens branded products at Walmart stores to approximately 2,000.

Meredith Integrated Marketing revenues were down 7 percent, primarily related to a soft custom publishing environment. However, revenues rose 5 percent in the second half due primarily to strong new business development. Highlights included the development of a new iPad application for Kraft Foods called Big Fork Little Fork, along with a significant expansion of our relationship with Chrysler.

Local Media Group Highlights

Local Media Group Fiscal 2010 operating profit grew nearly 25 percent, excluding special items, due to 5 percent growth in non-political advertising. Our improving performance was led by growth in our top 3 categories of automotive, professional services and restaurants. Overall, we grew total revenues – quite an accomplishment in a non-political year.

We created several new sales strategies that demonstrate the creativity and competitive drive we are bringing to the marketplace. We are aggressively

Enhancing our Local Brands

Many of our television stations achieved higher ratings and we delivered revenue growth in a majority of our markets, led by a 5 percent increase in non-political advertising revenues. This growth was helped, in part, by a new program called ONE Service we launched that features a series of innovative television advertising opportunities in our markets.

This performance made Meredith the top performer for non-political revenue growth among local broadcasters during our fiscal 2010, according to Television Bureau of Advertising data.

courting newspaper advertising clients with a program called Print to Motion where we turn static newspaper ads into video. Also, we are focusing on large national and institutional companies in our markets that don't traditionally advertise in local media. Finally, we launched ONE Service, a program featuring a series of non-traditional television advertising opportunities.

We built on our very strong connection to local consumers, as demonstrated by our ongoing success at growing television news viewership. Our CBS affiliate in Hartford has finished first in every newscast for seven consecutive ratings books. Our NBC affiliate in Nashville has been No. 1 in every evening news period for six straight periods, while our FOX affiliate in Portland is consistently tops in late news.

We also grew non-advertising revenues. Retransmission fees rose more than 40 percent, and we delivered strong revenue growth at Meredith Video Studios, led by custom video projects for corporate clients and continued expansion of the daily *Better* television show. Today, *Better* is in more than 80 markets, reaching more than 50 percent of the U.S.

We have consistently maintained that local broadcast television is the most powerful and efficient way for advertisers to reach the American consumer, and we are pleased to see that belief reflected in our performance.

Vision 2013 Growth Strategies

We are both proud and encouraged by our performance across our businesses, even in a weak economic climate. Central to our strong results were performance improvement initiatives put in place in Fiscal 2008 – when the early signs of the economic downturn appeared – and expanded upon in Fiscal 2009 and 2010.

We established a strategic plan called "Vision 2013." It is a detailed roadmap designed to position Meredith for both near and long-term growth. We believe successful execution of these strategies will position Meredith to prosper and grow in an evolving competitive media marketplace. Here's a progress report on our execution of these strategies:

■ Exploit the economic recovery

This strategy revolves around the belief that gaining market share should be a primary focus during a time of economic weakness. Over the last two years, we have increased our share of magazine advertising revenue by nearly three full percentage points to 12.3 percent, the highest share in our history. Our television stations outperformed the industry, as well.

■ Optimize our core businesses

We made significant progress against a series of re-engineering initiatives inside our National and Local media groups, including content creation, sales, and consumer marketing. These initiatives resulted in efficiencies and improved products, as well as cost savings.

■ Expand our digital business

We enhanced our online consumer experience and have taken steps to better monetize our growing online traffic, leading to an 11 percent increase in overall online advertising revenues in Fiscal 2010. We launched mobile platforms for three key brands – Better Homes and Gardens, Parents and Fitness – and in July 2010 completed the acquisition of The Hyper-factory, a leading mobile marketing company. We also joined publishing and broadcasting industry initiatives to further develop the mobile and eTablet platforms for consumers and advertisers.

- **Grow Meredith Integrated Marketing**
  In the last four years, we have doubled revenues and acquired six firms to provide sought-after expertise in digital, viral, social, mobile, health care and database marketing. In Fiscal 2010, these new services helped to partially offset market-driven weakness in core custom publishing activities.

- **Enhance and extend key brands**
  We have built Better Homes and Gardens into one of the most successful media brands in the industry. In addition to our ongoing program with Walmart, we also experienced growth from our real estate franchise partner, Realogy. Today, the Better Homes and Gardens real estate franchise is represented by 5,000 sales associates in 16 states.

- **Build shareholder value over time**
  While we obviously have no direct control over our share price, we were pleased to see it increase 25 percent in Fiscal 2010. And, in an environment where many media companies are slashing or eliminating dividends, we increased our dividend again in January 2010.

We clearly improved our competitive position across the business. However, while Fiscal 2010 was a better year for Meredith in most respects, our performance as it relates to advertising is still below the historic highs we reached before the recession. The marketplace remains volatile, both month-to-month and across our client base.

We still have significant work ahead to regain and surpass the performance achieved prior to the recession. We must continue to position ourselves for the future and improve our already strong competitive position by (1) Continuing to optimize our core businesses; (2) Increasing our consumer connection; (3) Expanding new revenue streams; and (4) Aggressively managing expenses and reducing debt.

On behalf of Meredith's 3,000 employees, we thank you for your trust and support.

Stephen M. Lacy
Chairman and
Chief Executive Officer

Mell Meredith Frazier
Vice Chairman

Expanding into Mobile and eTablets

We launched a multi-faceted approach to the emerging mobile and eTablet media platforms involving our major businesses.

For our National Media Group, we introduced mobile platforms for Better Homes and Gardens, Parents and Fitness.

Within our Local Media Group, we now have mobile-related sites for news, weather and sports in most of our markets.

At Meredith Integrated Marketing, we acquired the mobile marketing specialist The Hyperfactory, to deliver cutting-edge capabilities for our corporate customers.

Finally, we joined publishing and broad-casting industry initiatives dedicated to advancing the mobile media platform, called Next Issue Media and Pearl, respectively.