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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to the fiscal first quarter earning results conference call.

At this time all participants are in a listen-only mode. Later we will have an opportunity for questions and answers with instructions given at that time. (Operator Instructions). As a reminder today's conference call is being recorded.

I would now like to turn the conference call over to your host, Mike Lovell. Please go ahead.

Mike Lovel - *Meredith Corporation - DIrector of IR*

Hi. Good morning and thanks, everyone, for joining us on our call this morning.

We will begin with comments from Chairman and Chief Executive Officer Steve Lacy, and Chief Financial Officer, Joe Ceryanec and then we'll turn the call over to questions. Also on the line this morning are our Chief Operating Officer, Tom Harty, as well as National Media Group President, Jon Werther and Local Media Group President, Paul Karpowicz.

An archive of today's discussion will be available later today on our Investor Website and a transcript will follow. Our remarks will include forward-looking statements and actual results may differ from forecasts. Some of the reasons why are described at the end of our news release that was issued earlier this morning and in some of our SEC filings.

And with that Steve will begin.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Thank you very much, Mike and good morning, everyone.

Before I discuss our results as Mike mentioned joining us on the call today are Tom Harty in his new role as President and Chief Operating Officer and Jon Werther in his new position as the President of our National Media Group. These promotions are part of a very structured and strategic succession planning process that Meredith has successfully executed for many years. Including our Local Media Group President Paul Karpowicz, Chief Financial Officer, Joe Ceryanec and Chief Development Officer, John Zieser, Meredith continues to benefit from a seasoned and results oriented senior leadership team that I believe, in fact, is unmatched in the media industry.

Now for our results. I hope you've had the opportunity to see our news release, which was issued earlier today. I'm very pleased to report record first quarter fiscal 2017 earnings of $0.75 per share. That compares to $0.24 in the prior-year period. Excluding special items in the prior-year, first quarter fiscal 2017 earnings-per-share grew by 44%. Total company revenues increased 4% to a record $400 million while total advertising revenue increased 3% to $226 million.

First quarter fiscal 2017 performance was characterized by four key elements. First of all, strong growth in Local Media Group revenue, operating profit and EBITDA, driven by record political advertising and retransmission related revenue. In addition, local digital advertising revenues increased by more than 20%. Second, National Media Group digital advertising revenues increased 15%. Digital advertising revenues accounted for nearly 30% of total National Media Group revenue in the quarter.

Third, our continued efforts to expand connection with the individual consumer across Meredith's media platform. Magazine readership continues at an impressive 127 million monthly readers. Traffic to our digital and mobile sites grew 13% to an average of 81 million monthly unique visitors.

Additionally, our television stations delivered a strong July rating book. And finally, ongoing execution of our total shareholder return strategy that continues to emphasize organic growth, investments to scale our reach and strong cash flow generation.

Looking more specifically at operating highlights for the quarter we renewed our licensing agreement with Wal-Mart for three additional years and that relates to our line of over 3,000 SKUs of Better Homes and Gardens branded product at more than 4,000 Wal-Mart stores and, of course, on WalMart.com. We introduced a slate of new, original digital video programs based on several of our leading brands including Shape, Allrecipes, Better Homes and Gardens, Martha Stewart Living and Parents.

All feature millennial celebrities and influencers. We unveiled a new broadcast television series based on Allrecipes Dinner Spinner app that reaches over 90 million US households weekly with nearly 20 million downloaded Dinner Spinner is already the world's most popular recipe planning app. The new Dinner Spinner show is sponsored by Panasonic and is being promoted across all of Meredith's media platforms.

And finally we launched Magnolia Journal, a new lifestyle magazine with popular HGTV television hosts Chip and Joanna Gaines. It's delivering both strong consumer and advertiser response. Magnolia Journal carries a premium cover price and inaugural advertisers include American Standard, Kohler and ConAgra.

Now looking ahead to the second quarter of fiscal 2017 we expect earnings-per-share to range from $1.18 to $1.23 driven by strong political advertising that will be partially offset by weaker non-political. Back in late July we said that we expect to generate between $40 million and $50 million of political advertising in this cycle. With less than two weeks to go before the election we in fact expect to finish well within that range and higher than the results recorded in the previous election cycle.

Now I'll turn the discussion over to Chief Financial Officer Joe Ceryanec for more on our quarterly performance and additional details on our outlook for the second quarter and for full fiscal 2017.

Joe Ceryanec - *Meredith Corporation - CFO*

Thanks, Steve and good morning everybody. I'll begin with our Local Media Group operating group performance.

Operating profit grew more than 70% to $51 million and EBITDA grew more than 50% to $60 million. Revenue growth was strong, up more than 20% to $153 million, and all of these financial results represent first quarter records. Political ad revenues were $16 million, up more than 25% from the first quarter in the last political cycle. Most of our political revenues were driven by so-called down ballot races such as US Senate and House elections, gubernatorial contests and local races.

Spending is particularly heavy in Las Vegas driven by the presidential election, a close US Senate race to replace the retiring Harry Reid and by two tight Senate races -- or two tight races for the US House. It's also heavy in Missouri where there's an open seat for governor and where Senator Roy Blunt is in a tight race for re-election. This is benefiting us at the three stations we own and operate in the St. Louis and Kansas City markets.

In Phoenix where we have two stations Senator John McCain is in a closer than expected race for re-election and there are two other hotly contested House races as well as other competitive down ballot races and referendums. As we said in our call in July, presidential election spending historically represents only about 15% of our total political revenue and in fact it was only 10% in our first fiscal quarter. Turning to non-political advertising, revenues were down 6% to $84 million during the quarter.

We saw political crowd out in certain of the markets I mentioned and the summer Olympic games on NBC also impacted many of our markets. Of our 12 markets Nashville is the only one where we have an NBC affiliate. It definitely benefited from the Olympics generating more than 15% increase in non-political revenues.

Other revenues and expenses both increased during the fiscal year primarily due to growth in retransmission related revenues that we get from the MBPDs and higher programming fees paid to the networks. We expect to see continued growth in other revenues throughout fiscal 2017. As we will be re-negotiating 40% of our subscriber basin fiscal 2017 while our existing network affiliation agreements remain in place.

Now turning to the National Media Group, fiscal 2017 first quarter operating profit was $24 million and revenues were $247 million. Operating expenses declined 5% as we continue to pursue operational efficiencies. Total advertising revenues were $125 million including a 15% increase in digital advertising revenues.

Reported ad revenue was down a percent and a half but excluding the impact of more, ad revenues were actually even with the prior year. Digital advertising revenue was driven by both direct sales and programmatic. On the direct sales side we're seeing success at creating proprietary ad products based on our premium brands, which is allowing us to build larger and more long-term partnerships with our clients.

On the programmatic side we're seeing improvement in rates and our private and open marketplace as well as result of investments we have made in the last 18 months in technology, data capabilities as well as talent. Turning to magazine advertising we increased our share of total magazine advertising revenue to 12% from 10.5% according to the most recent data from the Publishers Information Bureau. Shape, Rachel Ray Every Day, Eating Well and Allrecipes delivered noteworthy advertising revenue growth.

From a category perspective prescription drug, food and direct response categories were stronger. Looking at circulation, revenues were $69 million and circulation profit contribution increased in the low single digits. Newsstand revenues were up. Subscription revenues declined due primarily to the closure of More Magazine as well as our ongoing efforts to source magazine subscribers from our own database instead of external agent source.

This strategy increases circulation profit but lowers revenue over time. And we expect these factors to continue to increase to effect circulation results through the rest of fiscal 2017.

Finally in the first quarter of 2017, along with the renewal of our license program with Wal-Mart, we debuted three new licensing programs. First, a line ever health food entrees under the Eating Well brand with Bellisio Foods that is selling very well in grocery stores and box stores across the country.

Next a collection of clothing under our Shape brand that's now available in department stores and sporting good retailers, women's athletic retailers and gym chains such as Equinox and Power Life Yoga and third we launched a line of cookware under the Allrecipes brand that's currently available on Amazon. It's also featured in the Dinner Spinner television show as well.

Now as we look at the company-wide financial highlights our cash flow from operations was up very strong in the quarter and grew to $35 million from $3 million in the prior-year period. Total debt was $697 million our weighted average interest rate was 2.7% with effectively half of our debt fixed at low rates. And our leverage ratio was 2.1 times for the trailing 12 months.

Now as we look at our outlook, as Steve mentioned, we continue to expect full year 2017 earnings-per-share to range from $3.50 to $3.80. We expect our fiscal 2017 second quarter earnings to range from $1.18 to $1.23 and that compares to $0.72 or $0.80 before special items that we recorded in the prior-year second quarter.

And as we look more closely at the second quarter of fiscal 2017, compared to the prior year, we expect Local Media Group revenues to be up approximately 25% and this increase includes expected political ad revenues between $27 million and $32 million, partially offset by weaker non-political ad revenues. We expect total National Media Group revenues to be down in the low single digits and total company revenues to be up in the middle to high-single digits.

With that I'll turn it back to Steve to close and then we'll open it up for Q&A.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Thank you very much, Joe. Let me close with what we continue to believe is a very compelling investment thesis for the Meredith Corporation. The diverse businesses that we own and operate produce consistently strong free cash flow.

That's driven by a great group of television stations in large and faster growing markets, trusted national brands with an unrivaled reach to American women, particularly the the growing reach to the upcoming millennial generation, a profitable and growing digital business, a vibrant and growing brand licensing activities that's based on our very strong national media brands and again a strong Improvement Management Team with a very successful record of generating strong free cash flow and growing shareholder value over time.

So with those remarks we would be happy to answer any questions that you might have.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). We'll first go to the line of Kyle Evans with Stephens. Go ahead.

Kyle Evans - *Stephens Inc. - Analyst*

Hi. Good morning. Thanks.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Hi, Kyle.

Kyle Evans - *Stephens Inc. - Analyst*

Hi. Maybe we could start with the non-political core and LMG. You posted a down six and you're talking about weaker trends relative to your guidance for the current quarter. Can you help us -- you talked a little bit about Olympics, you talked a little bit about police displacement. Help us think about that going forwards, please.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Yes. Well, I'll start, Kyle, and then I'll ask Paul to -- Paul to give some color. You know, it's a very unusual season with a lot of clutter in the marketplace and as Joe mentioned, we had Olympics in this quarter and that only impacted us in our Nashville property and, again, along with a little bit of a crazy political season.

So we have the combination of some displacement, not as much benefit from Olympics as we might -- had hoped, and also just some advertisers who are sitting out sort of waiting for the dust to clear, if you will. I'm going to ask Joe to give maybe some category results on non-political, the stronger ones and the weaker ones, and then I'm going to ask Paul just to give some general color from the marketplace ass out talking to our sellers and also to our customers.

Joe Ceryanec - *Meredith Corporation - CFO*

Yes. So Kyle another fact , you know, I mentioned there were four markets where we had strong -- strong political and that was Las Vegas, the two Missouri markets, and Phoenix. And ironically if you took those four markets out, the rest of our -- our markets were basically flat for the quarter.

So as Steve said it's a little hard to sort through it all because of the Olympics and the presidential, but I would say remove the political and we probably weren't as bad as, you know, down six for the group. To Steve's point some of the non-traditional categories maybe were a little bit stronger. We saw pharma stronger on -- on the LMG side, gaming, gambling were up, auto was down. It was down 10%.

Restaurants professional services, again which were some of the larger categories were also down as well. And I will let Paul pile on but as we're in the second quarter, again, we're in the -- heat of the political season so it's a little hard to look at pacings and figure out where we're going to in the quarter, but we're continuing to see softness so far as what's on the books, but Paul you can add some color.

Paul Karpowicz - *Meredith Corporation - President, Meredith Local Media Group*

Yes. I think you and Steve actually hit on it. I think as an industry probably going back a year ago we probably did ourselves a disservice to the extent that we talked so much about how big a political year this was shaping up to be and I think we scared off a lot of our traditional advertisers who have said, and I have spoken to many advertisers who said look, I just didn't want to get in the middle of all this activity and we're in September, October, November and the expectation is that they will be back.

But I think that's a lot of what we're seeing and , you know, as you spend time in Las Vegas or Phoenix or St. Louis or Kansas City and you look at what we're running I mean literally it is every other spot is a political ad which is kind of tough for the viewers, but for our political revenues it's great, but I think for traditional advertisers they're looking at that crowd out and just saying okay, I just don't want to mess with it. So we'll see. We have a very aggressive plan in place on the LMG side relative to life after political so life after November the 8th we're going to be incredibly aggressive to make sure that we get those advertisers back and build the core backup to where it needs to be.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Does that help, Kyle?

Kyle Evans - *Stephens Inc. - Analyst*

It does I have one quick follow-up on that auto down 10%. This is maybe too granular, but what might that number have looked like if you excluded those four political hot markets?

Steve Lacy - *Meredith Corporation - Chairman, CEO*

You know, we don't have that level of detail here but we can get it for you Kyle and we will, thank you.

Kyle Evans - *Stephens Inc. - Analyst*

Thank you.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Thank you.

Operator

And we'll go next to the line of Dan Kurnos with Benchmark. Your line is now open.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Good morning, Dan. How you doing?

Dan Kurnos - *The Benchmark Company - Analyst*

Good morning, Steve. I'm doing all right.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Great.

Dan Kurnos - *The Benchmark Company - Analyst*

Just I'll switch gears here I'm sure a bunch of people are going to so I will ask a couple of national questions. Can you just talk about, Steve, obviously the Magnolia has been, sort of, a pleasant surprise for you guys, not a needle mover, but I capture high level of about how sore of an ongoing conversation.

How you're thinking about content in terms of being able to now leverage national media the distribution platform and it seems like that's becoming more and more of a, you know, partnership opportunity versus buying a new title or two and then also versus developing organically. Let's just start there.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Yes. And I'm going to start and I'm going to ask Tom to add his point of view and then also Jon Werther a bit on the digital side. In all sincerity, Dan, what we see continuing to happen are individual businesses, if you think about Martha Stewart Living, if you think about our ability to pick up Shape and then if we move to , you know, the Gaines opportunity with Magnolia, people coming to go Meredith and I would really say for three primary reasons.

First and foremost a very, very stable and secure leadership team that they feel comfortable handing their brands over to. Obviously, the Magnolia brand belongs to them, but we are executing it in the media marketplace very much like what we do for Martha.

In addition to that we have a very, very broad reach, multi-platform with now 75% of adult millennial women that we serve. So we are a very, very attractive distribution platform, but I think more important than that you think of Rachael Ray, you think of popular that, you think of Chip and Joanna, you know, they are very concerned about who they hand their brands over to and , you know, we -- we take good care of those relationships and so we have quite a bit of in bound and, Tom, I'm going to ask you to talk about how we evaluate those opportunities because obviously this is a for-profit business activity for us and then I'll come back and ask Jon to talk a bit how we think about those opportunities digital.

So Tom go ahead.

Tom Harty - *Meredith Corporation - COO*

Sure. I think it's -- on the consumer side what we're still seeing and have been seeing over the last few years, it's not digital or print. The consumers want both platforms and are using them different. So we like to say that we are creating content no matter how she want to consume, that being on her iPhone or desktop or in print.

And opportunities like Magnolia where you have an established brand, who's in their medium in HGTV, we really got stated about this from the beginning and our team kind of quickly in a matter of three months put out a product on the newsstand and it just shows you the good news is we announced last week that we actually have to go back to press to print more copies to get them out on the newsstand for such a high demand that we're seeing.

So we have that from a Magnolia perspective and then, you'll remember, four years ago that we started Allrecipes magazine where we had the largest brand Allrecipes on the web for food content and we started, we looked at it, we did consumer research and we found that there was an opportunity for a magazine and we produced that and within 16 month we were profitable and now we have a whole new profit stream with a new -- new platform in print for an Allrecipes brand.

So it's -- we look at these opportunities on an ongoing basis but on the consumer side what we continue to see is there's both demand for print and for online content.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

And, Jon, when we -- if you would speak to how these new brand opportunities, Shape and Martha in particular, from a premium content perspective and a distribution digitally how the digital sales and marking team are taking those to the marketplace.

Jon Werther - *Meredith Corporation - President, National Media Group*

Sure. Whether it's buying a new asset or developing experiences organically or structuring partnerships, we think we have been very successful particularly on the digital side with the development of multi-platform contents led experiences and distributing that content wherever consumers are, as Tom highlighted.

In addition we have been successful at generating strong engagement as well as strong results for advertisers through our branded experiences, the first party data that we're able to leverage as part of those experiences and the technology platforms that we purchased to fuel premium advertising products. The collective result of those assets is that we're able to drive reach and engagement growth and great results for our advertising partners and for the partners with whom we work on these experiences an ultimately do so profitably.

So content, really, is what we look at to it lead these experiences and we found that to be very successful in terms of sustaining always on partnerships with our clients across platform and do so profitably.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Does that help, Dan?

Dan Kurnos - *The Benchmark Company - Analyst*

Yes. That's a good -- good high level. I just wanted to up then on kind of how MXM still fits into the picture here because, I think that was maybe a little bit disappointing to us. So if you could just talk to that and then, Steve, just lastly for you on the program side with the Wal-Mart renewal of -- without giving away any competitive secrets if you could just talk about if it that was an expanded deal an just how we should think about the rollout of the new programs and the impact understanding that these things take a long time to be recognized on the P&L.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Yes. So again the best way, Dan, to think of MXM, what Tom just described and what Jon just -- excuse me, described that we do for our own brands we execute very similarly situated programs for brands that our advertising and marketing clients own because every single one of our key marketers is also in the media business with their own web properties, with their own outbound email distribution and in many cases with printed properties that we create if you will on a white label basis.

I think the real proof point around MXM will be where we are as we turn the corner into 2017 because you're right. You know, the results were not what any of us had hoped, but interestingly enough this is probably the largest pipeline of potential new business opportunities in many, many, many years. Now, in this quarter, this fourth calendar quarter, and into the early part of 2017 is when those deals get signed and the statements of work get executed or they don't.

So, stealing a line from Paul Karpowicz, I am cautiously optimistic about calendar 2017 for MXM, but we have to prove that to ourselves and to our shareholders and we're not there at this point. But, Tom, you might speak just a bit to the sales leadership that's there and , you know, obviously the trick on this, Dan, is these are , you know, situations where we can't give the name of the company until they give us permission and often times that is because we're executing a program for them to try to give this many a competitive advantage and they don't want us to talk about it, but you might give a sense, Tom, of some of the things that are going on in -- in that space that I think give us all some cause for optimism.

Tom Harty - *Meredith Corporation - COO*

Yes. About a year ago we named Georgine Anton to the leadership position of MXM and Georgine really is a seller at heart. So she's the -- the leader now and has kind of changed the mindset we felt we had to build, to Steve's point, our pipeline of assess with new relationships and not just grow existing customers and Georgine has taken the last 12 months and has really doubled the -- the number of people that are in our sales organization going out and selling.

So we're very, you know, cautiously optimistic about the pipeline that we're seeing with lots of new customers and then there's also a huge benefit. What we like to do is we're very unique in the space compared to our competitors is that when we go in to talk to these clients at a very senior level CMO, President level, we're a media company but then we also very large marketing services organization.

So we can really come with a unique perspective and actually help them solve some problems and then also execute on the media perspective. So it's very unique compared to some of our competitors in the marketplace.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

And last but not least, Dan, on -- on licensing we were elated to renew our program with Wal-Mart and there are, again, about 3,000 products in-store, but I would say in this renewal, as we go forward over the next three years, the that the major opportunities are in WalMart.com and they're also international opportunities where we're beginning to introduce that product not only at retail but, of course, digitally and it's a big, big part of what goes on between our two companies.

It's been tremendously successful and , you know, obviously we're looking for good things going forward, but this is our -- oh, goodness -- third major renewal since we made the program a lot bigger and , you know, we feel really good about where we are going forward. Okay?

Dan Kurnos - *The Benchmark Company - Analyst*

Thanks. Yes. Steve, I'm sorry. Could I just ask Joe one quick question housekeeping?

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Of course. Joe is right here. Go ahead.

Dan Kurnos - *The Benchmark Company - Analyst*

Joe, buyback $6 million spent between last quarter and this quarter give or take based on what you said with ongoing repurchase authorization given the way that the stock is, I guess, reacting today. Is there any thought process to accelerating that or are you trying to keep some powder dry for when this whole spectrum option --?

Joe Ceryanec - *Meredith Corporation - CFO*

As I was watching our ticker this morning, yes, there was clearly some ideas about going in and reconstituting that in a bigger way. You know, as we looked at the first quarter we were generally trading kind of in the low 50's, we did take some shares offer the table where we had people that , you know, we might have had some option exercises or some restricted shares vesting.

So we always , you know, we keep those from diluting the market. We were in the market a little bit in Q1, but yes, I would say if we continue to see the pressure and it looks like it's -- it may be in our -- in our broadcast space some of our peers are pretty red as well we will -- we will definitely go in and are in a bigger way.

Dan Kurnos - *The Benchmark Company - Analyst*

Perfect. Thanks so much for the color, guys. I appreciate it.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Yes. Thanks, Dan.

Operator

We'll go next to the line of Marci Ryvicker with Wells Fargo. Go ahead, please. Miss Ryvicker, Your line is now open.

Marci Ryvicker - *Wells Fargo Securities - Analyst*

Sorry. I was on mute. With auto being down 10% in local, isn't that because you have virtually no or I would say little exposure to the Olympics?

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Yes. Marci, that's a big chunk of it. You're absolutely right. We had only the NBC affiliate in Nashville. That's the only NBC affiliate and so certainly -- certainly there's an impact there and there's also , you know, as Paul said a few minutes ago that, especially like in Las Vegas and Kansas City and St. Lois the political is so heavy that we did have some displacement. So there's several factors but yes you're right. We didn't -- we didn't benefit from -- from the Olympics very much.

Joe Ceryanec - *Meredith Corporation - CFO*

But I did say, Marci, that our Nashville is actually up 15%. So our one NBC had a great quarter.

Marci Ryvicker - *Wells Fargo Securities - Analyst*

Okay. And then you said that non-political is soft. I'm assuming it's because you're still looking at current pacing and obviously political is huge. But if you look out into December, do you have any visibility yet for apples-to-apples what the core is? Because I don't believe there's anything -- there's no real core right now.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Yes. I think you're right and , you know, Paul, I would like you to comment. I think we feel right now, Marci, that these pacings post election are just really hard to read because of what's going on, but Paul you might give your sense of when -- when do you really kind of think we'll get a good sense of how like December is going to firm up?

Paul Karpowicz - *Meredith Corporation - President, Meredith Local Media Group*

Well, I mean really we're -- we're kind of at that point now where we're working very hard to determine if people are going to be back in December or if they're going to hold off until first quarter and that's why I indicated we're going to be incredibly aggressive post election day. So, you know, on November the 9th we're already out there with packaging and incentives and a lot of things to make sure that we can fill up December.

There -- there's no question that there's a lot of buying to be done for calendar first quarter that hasn't even begun yet. I mean that hasn't even crossed people's desks yet.

So there's a lot that's going to happen there, but we want to make sure that we fill that time period from November the 8th through December and make sure that there's plenty of activity there and at this point for December it's still -- you know, it's still light, but we're , you know, we're just kind of waiting each day to -- to determine how much additional non-political is going to be available out there.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Yes. You know, factually, Marci, and again not knowing what I can say about, you know, the -- the accuracy of the pacings October was actually the weakest, November is better and December, at this moment is , you know, even better yet. It's still down a little bit, but more like low single digits. Better than we recorded in total in the first quarter, but obviously that could change. So each month in the quarter we're in now the pacings get better as we look forward, but I'm always skittish about the December pacings at this point, but does that help?

Marci Ryvicker - *Wells Fargo Securities - Analyst*

It does and I have one just last clarification.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Of course.

Marci Ryvicker - *Wells Fargo Securities - Analyst*

The range for your political guidance for the second quarter I guess what's the -- what are you assuming for the low end versus the high end is it what you have already booked on the low end and what you hope to book for the high-end?

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Yes. Let me -- let me have Joe take that because , you know's the one in charge of the Ouija Board on this. So hold on.

Joe Ceryanec - *Meredith Corporation - CFO*

Yes, no. Marci, I think that that's a pretty good observation. I think we are very comfortable with the low end. In fact, to your point we pretty much have that on the books right now. Probably the wild card to the higher end or maybe even a little above the higher end is, you know, do we see some presidential money coming in or as we're seeing the -- the Democrats starting to spend, maybe shift some dollars into the what I'll dollar the down ballot races. You know, that would -- that would clearly help us get to that higher end or even -- if it really comes in we could actually be a little above that.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Yes, Joe, the other wild card is if in fact in Georgia they go to a run off for the Senate seat and that would be very, very interesting. So in the state of Georgia a candidate has to get 50% or more of the popular vote otherwise they have to go to a runoff and from what we understand the poling right now would indicate that there's a very good chance that there would be a runoff there. So that would take us -- you know, that would take us certainly to the high end of the range.

Marci Ryvicker - *Wells Fargo Securities - Analyst*

Great. Thank you so much.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Thank you, Marci.

Operator

We'll go to the line of Barry Lucas with Gabelli & Company. Go ahead, please.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Hi, Barry. Good morning.

Barry Lucas - *Gabelli & Company - Analyst*

Good morning, Steve. A couple of national media questions if I may. Your expenses, there as you called out were down about 5%. So I'm wondering two things. One how much of that is the elimination of more. So on a same property basis how much were expenses down and then to extend that how much more opportunity is there to continue to reduce the cost base in National Media Group?

Joe Ceryanec - *Meredith Corporation - CFO*

So, Barry, I think more I'm trying to find it here. I think that the elimination of Moore is about 1% of that 5% so all else would have been down 4% and I guess I'll maybe Tom, you know, can -- can tell you what's kind of got in-store. Tom or Jon for the second half.

Tom Harty - *Meredith Corporation - COO*

Yes.

Joe Ceryanec - *Meredith Corporation - CFO*

But we do have -- I will give you a little color on Q2 because I think we're also expecting to be down in Q2 as well.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Joe is looking up some.

Joe Ceryanec - *Meredith Corporation - CFO*

We expect second quarter, Barry, to be down probably around that 4% as well.

Barry Lucas - *Gabelli & Company - Analyst*

Okay.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

So, Tom, you might talk about the different buckets what -- what you have strategic sourcing doing and how you think about efficiencies in some different parts of the business as -- as we look to the future.

Tom Harty - *Meredith Corporation - COO*

Yes. We have built, under Doug Olson's leadership in the National Media Group we have a sourcing group that spends a tremendous amount of time and has a target every year to reduce ongoing expenses in different areas and that team has done a fantastic job lowering our costs and we're always looking at reallocating our -- our internal as we pivot to digital, we're trying to reallocate content people and through that process we're -- we're constantly challenging the team to look at the expense side, which is people.

And, you know, for the last number of years we have done a fantastic job of -- of really looking at our expense base and making the investments which we think are important to grow the business and on the Moore side like make a tough decision about a brands that we didn't think was going to be growing into the future making a decision to move forward without Moore. So it's a combination of all but we have a team that's focused on the bottom line and expenses are a big piece of that.

Does that help, Barry?

Barry Lucas - *Gabelli & Company - Analyst*

Yes, it does. Thank you, Tom. Just moving on a little built, just hoping you can provide a little bit of color on what the pipeline looks like and some of this might be serendipitous but very successful with Martha Stewart obtaining the content of the brand, Allrecipes, Rachael Ray back a few years.

So without perhaps naming names what is -- what is that pipeline look like in terms of opportunity and when you -- when you examine the opportunity, how much goes into the calculus for let's say the clothing line that you have for Shape or -- or the food line for Eating Well? I mean does that figure in or -- in terms of when you think about what you would like to own.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

So let me talk a little bit about the pipeline. I'm going to broaden your question bit, Barry, to really talk about the enterprise and then I'm going to, again, ask Tom to talk about how we think about a Shape, an Eating Well and Allrecipes, you know, when we take them on and, you know, how we think about expanding the brand, but as you know at the moment very, very quiet on the television side although we are again cautiously optimistic that some will come forward as we get into the early part of the year and, as Joe noted, we have again during this quiet period worked very aggressively to move our leverage down to where we have a significant amount of dry powder and our increment borrowing rate is very, very modest.

So then when you move over to the national side, we constantly work a series of opportunities where we're trying to get the current ownership, who often times, in my opinion, are operating a sub-scale operation to consider allowing us to take over their brand. If you remember in the case of Martha, the first step of that had nothing to do with content creation. She in fact retained content creation and it was sort of a reverse MXM model where we bought the content from her very much like Kraft buys content from us to run their property.

So in fact I'm scheduling such a discussion that I hope happens over the next few days, but I make the rounds regularly to those sort of opportunity, but currently the more near-term deal flow is a lot more on the digital side of the business and these are really in kind of three sort of fun and interesting areas. It might be a content creation team, if you will, who have established the digital business and we think it fits right in the sweet spot of one of our core verticals, like food or Parenthood or whatever, or maybe we just think it helps us aggressively expand our millennial reach and we might bring them into the fold to sort of super charge one of the parts of our businesses.

It might also be a technology play, like Jon Werther made reference to selectable media, a technology play that we think will help us sell more product to the individual consumer. And so we look at those and we have really quite an inflow because one of three things happens.

Either they realize they got a big audience but they can't monetize it because they couldn't get an advertising sales call if their life depended on it or in fact they kind of run out of money or in fact then just want to tap our very large audience to sell products and make more money. So we really have more going on the digital side right now from a deal flow, but we have also got some other ones that could be interesting as well and, Tom, why don't you take an example. Pick one. Pick Eating Well, pick Shape and talk about when we take one of those over sort of what do we do to expand that presence.

Tom Harty - *Meredith Corporation - COO*

Yes. I think to Steve's point we have been focused on women in our delivery of women and we have been very successful for that so the brands that we have been concentrating on are in that segment.

Over the last five years which are you look at all of the an you brought up in the first part of your question was on the spent side. You know, all of these have delivered d we have delivered over 20% cost savings when we bring it into Meredith.

So when we go back and score cards it and look at what we have been able to achieve on every single one we're able to do that and to the point of having a very diligent sourcing team and great printing contracts and relationships with our printers we can do that and also having the location in Des Moines, Iowa which offers us a much cheaper area to operate our business or at least half of our business compared to a lot of our competitors in Manhattan.

And then we're looking for expanded opportunities to grow those brands. So like taking Eating Well for perspective here, you have Eating Well. We looked at that we saw the research that consumers are looking for healthy alternatives.

There was a very, very small brand up in Vermont. We acquired it had a rate base of 350,000. We quickly put in our direct marketing expertise and used our hundred million database to find people that may want this and we've , you know, more than tripled the profits and now the rate base is, you know, 1.4 million up from 350,000. So I think that's a great example. So.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

And with the line of -- of dinners that we just launched this fall that will be really fun to see how quickly we can grow that expansion as well, Barry. So does that -- does that help answer your question.

Barry Lucas - *Gabelli & Company - Analyst*

Sure. That's very helpful, Steve. Thank you. Thanks, Tom.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Thank you.

Operator

And we will go next to the line of Jason Bazinet with Citi. Go ahead, please.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Good morning, Jason.

Jason Bazinet - *Citigroup - Analyst*

Good morning. I just -- maybe this is too specific for you comment on but based on what you know about the industry given the large scale sort of M&A that's going on in the space and the potential FCC license transfers that have to go on do you think the odds are -- are good or possible that Peachtree comes up for sale?

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Well, you know, I think that is certainly a possibility and we have very successfully operated that property for many years. It is quite aggressively integrated into our operations in Atlanta and we would very much look forward to that opportunity should it -- should it bubble up as the broader deal goes forward.

Jason Bazinet - *Citigroup - Analyst*

Okay. Thank you.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

Okay?

Jason Bazinet - *Citigroup - Analyst*

Thank you.

Steve Lacy - *Meredith Corporation - Chairman, CEO*

So thank you all very much for participating on our call this morning. As always Joe Ceryanec, Mike Lovell and are available for the balance of the day if you have any follow-up questions and we appreciate your continued interest in and support of Meredith. Have a great day. Thank you very much.

Operator

Ladies and gentlemen, that will conclude your conference call for today. Thank you for your participation and for using AT&T's Executive Teleconference Service. You may now disconnect.
