MEREDITH CORP
Form 10-K
August 24, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2011	Commission file number 1-5128

MEREDITH CORPORATION
(Exact name of registrant as specified in its charter)

Iowa	42-0410230
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1716 Locust Street, Des Moines, Iowa	50309-3023
(Address of principal executive offices)	(ZIP Code)

Registrant's telephone number, including area code: (515) 284-3000
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $1	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
Title of class
Class B Common Stock, par value $1

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer [X]   Accelerated filer [ ]   Non-accelerated filer [ ]   Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).   Yes [ ]   No [X]

The registrant estimates that the aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant at December 31, 2010, was $1,234,000,000 based upon the closing price on the New York Stock Exchange at that date.

Shares of stock outstanding at July 31, 2011	
Common shares	36,224,512
Class B shares	8,776,056
Total common and Class B shares	45,000,568

DOCUMENT INCORPORATED BY REFERENCE

Certain portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on November 9, 2011, are incorporated by reference in Part III to the extent described therein.

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Meredith Corporation and its consolidated subsidiaries are referred to in this Annual Report on Form 10-K (Form 10-K) as Meredith, the Company, we, our, and us.

PART I

ITEM 1. BUSINESS

GENERAL

Meredith Corporation is the leading media and marketing company serving American women. Meredith began in 1902 as an agricultural publisher. In 1924, the Company published the first issue of Better Homes and Gardens. The Company entered the television broadcasting business in 1948. Today Meredith engages in magazine publishing and related brand licensing, television broadcasting, integrated marketing, interactive media, and video production related operations. The Company is incorporated under the laws of the State of Iowa. Our common stock is listed on the New York Stock Exchange under the ticker symbol MDP.

The Company operates two business segments: national media and local media. The national media segment includes magazine publishing, brand licensing, integrated marketing, interactive media, database-related activities, and other related operations. The local media segment consists primarily of the operations of network-affiliated television stations, related interactive media operations, and video production related operations. Financial information about industry segments can be found in Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations and in Item 8-Financial Statements and Supplementary Data under Note 16.

The national media segment focuses on the home and family market. It is a leading publisher of magazines serving women. Twenty subscription magazines, including Better Homes and Gardens, Family Circle, Ladies' Home Journal, Parents, American Baby, Fitness, and More, and almost 120 special interest publications were published in print in fiscal 2011. Eight titles were also available on various digital platforms including the Apple iPad, Android, Barnes & Noble's Nook Color, and Zinio. The national media segment also includes: integrated marketing, which provides specialized marketing services to some of America's leading companies; a large consumer database; an extensive Internet presence that consists of more than 30 websites and mobile websites, 10 mobile applications, and strategic alliances with leading Internet destinations; brand licensing activities; and other related operations.

The local media segment includes 12 network-affiliated television stations located across the United States (U.S.) and one AM radio station. The television stations consist of six CBS affiliates, three FOX affiliates, two MyNetworkTV affiliates, and one NBC affiliate. The local media segment also includes more than 35 websites and mobile websites, almost 20 mobile applications, and video production related operations.

The Company's largest revenue source is advertising. National and local economic conditions affect the magnitude of our advertising revenues. Both national media and local media revenues and operating results can be affected by changes in the demand for advertising and consumer demand for our products. Magazine circulation revenues are generally affected by national and regional economic conditions and competition from other forms of media. Television advertising is seasonal and cyclical to some extent, traditionally generating higher revenues in the second and fourth fiscal quarters and during key political contests, major sporting events, etc.

BUSINESS DEVELOPMENTS

In March 2011, Meredith launched tablet editions of Better Homes and Gardens, Parents, and Fitness on the iPad. The tablet editions are available for purchase on a single-issue basis through the iTunes store at prices comparable to their newsstand cover prices. Meredith also offers these titles as subscriptions on the Android tablet via Next Issue, an industry sponsored joint venture. Family Circle and More are available on the Nook Color. In May 2011, Meredith launched digital editions of several of its magazine brands on the Zinio platform. Brands launched include Successful Farming, WOOD, Living the Country Life, and Siempre Mujer, as well as a number of Special Interest Media (SIM) titles - including Renovation Style and Diabetic Living. Titles on the Zinio are available for purchase as a single issue copy or as a digital subscription. The SIM titles are available as PDF replicas on Zinio. Additionally during fiscal 2011, Meredith introduced a variety of mobile applications for smartphones.

Since late March 2011, Meredith's Atlanta station, CBS Atlanta (WGCL-TV), is managing the day-to-day operations of Peachtree TV (WPCH-TV) in the fast-growing Atlanta market. The arrangement includes advertising sales, marketing and promotions, and technical operations. Peachtree TV, an independent broadcast station, continues to be owned by Turner Broadcasting System, Inc. Peachtree TV, launched in 2007 as a rebranding of the former WTBS, features a broad mix of programming including acquired series and hit movies. In addition, Peachtree TV brings local viewers Atlanta Braves baseball games and Southeastern Conference football and basketball games as well as other Atlanta-based special events.

In fiscal 2009, the Company purchased a minority investment in Real Girls Media Network (RGM). RGM is a social content hub for women online that includes DivineCaroline.com as well as a premium network of branded sites for women. In December 2010, we purchased all of the assets of RGM.

In July 2009, Meredith invested in The Hyperfactory Limited International (Hyperfactory), an international mobile marketing company that specializes in powering businesses and brands through the mobile medium with innovative and strategically creative initiatives. In July 2010, the Company completed its acquisition of Hyperfactory.

During fiscal 2011, management committed to a performance improvement plan that included closing the ReadyMade brand due to ongoing weakness in the home category/marketplace, and other selected workforce reductions. The closing of ReadyMade magazine was effective following the publication of the June/July 2011 issue. During fiscal 2010, management committed to performance improvement plans related to Meredith's digital and SIM operations. The repositioning, focused on reducing complexity and improving efficiency, led to a consolidation of SIM titles. Meredith's SIM titles are largely sold at newsstand and focus primarily on home improvement and do-it-yourself projects. In fiscal 2009, management committed to a performance improvement plan that included the closing of Country Home magazine following the publication of the March 2009 issue.

DESCRIPTION OF BUSINESS

National Media

National media represented 77 percent of Meredith's consolidated revenues in fiscal 2011. Better Homes and Gardens, our flagship brand, continues to account for a significant percentage of revenues and operating profit of the national media segment and the Company.

Magazines

Information for major subscription magazine titles as of June 30, 2011, follows:

Title	Description	Frequency per Year	Year-end Rate Base (1)
Better Homes and Gardens	Shelter and women's service	12	7,600,000
Family Circle	Women's service	15	3,800,000
Ladies' Home Journal	Women's service	11	3,200,000
Parents	Parenthood	12	2,200,000
American Baby	Parenthood	12	2,000,000
Fitness	Women's lifestyle	10	1,500,000
More	Women's lifestyle (age 40+)	10	1,300,000
Midwest Living	Travel and lifestyle	6	950,000
Traditional Home	Home decorating	8	850,000
Ser Padres	Hispanic parenthood	8	700,000
Wood	Woodworking	7	500,000
Siempre Mujer	Hispanic women's lifestyle	6	500,000
Successful Farming	Farming business	13	420,000

(1) Rate base is the circulation guaranteed to advertisers. Actual circulation generally exceeds rate base and for most of the Company's titles is tracked by the Audit Bureau of Circulations, which issues periodic statements for audited magazines.

We publish approximately 120 special interest publications under approximately 80 titles, primarily under the Better Homes and Gardens brand. The titles are issued from one to eight times annually and sold primarily on newsstands. A limited number of subscriptions are also sold to certain special interest publications. The following titles are published quarterly or more frequently: American Patchwork & Quilting, Country Gardens, Diabetic Living, Do It Yourself, Kitchen and Bath Ideas, Quilts & More, Renovation Style, and Scrapbooks etc.

Magazine Advertising—Advertising revenues are generated primarily from sales to clients engaged in consumer marketing. Many of Meredith's larger magazines offer regional and demographic editions that contain similar editorial content but allow advertisers to customize messages to specific markets or audiences. The Company sells two primary types of magazine advertising: display and direct-response. Advertisements are either run-of-press (printed along with the editorial portions of the magazine) or inserts (preprinted pages). Most of the national media segment's advertising revenues are derived from run-of-press display advertising. Meredith 360° is our strategic marketing unit providing clients and their agencies with access to the full range of media products and services Meredith has to offer, including many media platforms. Our team of creative and marketing experts delivers innovative solutions across multiple media channels that meet each client's unique advertising and promotional requirements.

Magazine Circulation—Subscriptions obtained through direct-mail solicitation, agencies, insert cards, the Internet, and other means are Meredith's largest source of circulation revenues. All of our subscription magazines, except American Baby, Ser Padres, and Successful Farming, are also sold by single copy. Single copies sold on newsstands are distributed primarily through magazine wholesalers, who have the right to receive credit from the Company for magazines returned to them by retailers.

Meredith Interactive Media

Meredith's 30 plus websites provide ideas and inspiration to an average of 22 million unique visitors each month. These branded websites focus on the topics that women care about most - food, home, and entertaining and meeting the needs of moms - and on delivering powerful content geared toward lifestyle topics such as health, beauty, style, and wellness. In fiscal 2011, Meredith relaunched key websites including BHG.com and Recipe.com. Unique visitors and page views grew by double digits in fiscal 2011 buoyed by creative enhancements and the acquisition of RGM.

Other Sources of Revenues
Other revenues are derived from integrated marketing, other custom publishing projects, brand licensing agreements, ancillary products and services, and book sales and licensing agreements.

Meredith Integrated Marketing—Meredith Integrated Marketing (MIM) is the business-to-business arm of the Company. It sells a range of customer relationship marketing products and services including custom publishing and digital, mobile, word-of-mouth, social, and database marketing to corporate customers, providing a revenue source that is independent of advertising and circulation. Sometimes these products and services are sold in conjunction with Meredith's 85 million-name database of consumers to help clients better target marketing messages according to consumers needs and interests. In fiscal 2011, MIM secured contract renewals with clients such as Kraft and Chrysler and significantly expanded programs with Lowe's and Ford.

Brand Licensing—Brand licensing consists of the licensing of various proprietary trademarks in connection with retail programs conducted through a number of retailers and manufacturers and multiple magazine licensing agreements that extend several of Meredith's brands internationally.

Our Better Homes and Gardens brand licensing program continues to grow at Wal-Mart Stores, Inc. (Wal-Mart) and, with nearly 3,000 SKUs, is six times larger than when the program was launched less than three years ago. Wal-Mart continues to support the line with a multi-media platform national advertising campaign that reaches millions of American consumers.

Other licensing activities include a long-term agreement to license the Better Homes and Gardens brand to Realogy Corporation, which is building a residential real estate franchise system based on the Better Homes and Gardens brand; a licensing agreement with Universal Furniture International, which includes a full line of wooden and upholstered furniture for living rooms, bedrooms, and dining rooms; and a partnership with Five Star Mattress for a Better Homes and Gardens mattress collection.

The Company has continued to expand its international reach through international licensing agreements. During fiscal 2011, Meredith launched local licensed editions of Better Homes and Gardens in Russia, Parents in Azerbaijan, and Diabetic Living in India and Mexico. Meredith's titles are currently distributed in nearly 60 countries - including nearly 25 licensed local editions in countries such as Australia, Canada, China, Indonesia, Italy, and Turkey.

The Company continues to pursue brand extensions that will serve consumers and advertisers alike and extend the reach and vitality of our brands.

Meredith Books—Effective March 1, 2009, Meredith granted John Wiley & Sons, Inc. (Wiley) exclusive global rights to publish and distribute books based on Meredith's consumer-leading brands, including the powerful Better Homes and Gardens imprint. Under the agreement, Meredith continues to create book content and retains all approval and content rights. Wiley is responsible for book layout and design, printing, sales and marketing, distribution, and inventory management. Wiley pays Meredith royalties based on net sales subject to a guaranteed minimum. Separate from Wiley, Meredith continues to publish and promote books under licensed trademarks such as The Home Depot®.

Production and Delivery
Paper, printing, and postage costs accounted for 37 percent of the national media segment's fiscal 2011 operating expenses.

The major raw material essential to the national media segment is coated publication paper. Meredith directly purchases all of the paper for its magazine production and its custom publishing business and a majority of the paper for its book production. A decline in paper prices, which started in the second half of fiscal 2009, continued through fiscal 2010. In fiscal 2011, paper prices started increasing and were up in the mid-teens on a percentage basis by the end of the fiscal year. Overall for fiscal 2011, average paper prices increased 3 percent. The price of

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paper is driven by overall market conditions and is therefore difficult to predict. Management anticipates paper prices will rise in the mid-single digits during fiscal 2012 and fiscal 2012 average paper prices will be up in the high-single digits compared to fiscal 2011 average prices. The Company has contractual agreements with major paper manufacturers to ensure adequate supplies for planned publishing requirements.

Meredith has printing contracts with several major domestic printers for its magazines. The Company has a contract with a major U.S. printer for the majority of its book titles.

Because of the large volume of magazine and subscription promotion mailings, postage is a significant expense of the national media segment. We continually seek the most economical and effective methods for mail delivery including cost-saving strategies that leverage worksharing opportunities offered within the postal rate structure. Postage on periodicals accounts for approximately 75 percent of Meredith's postage costs, while other mail items—direct mail, replies, and bills—accounts for approximately 25 percent. The Governors of the United States Postal Service (USPS) review prices for mailing services annually and adjust postage rates periodically. The USPS has implemented rate increases in five of Meredith's last six fiscal years. There was no rate increase in fiscal 2010. In January 2011, some USPS package shipping rates increased and in April 2011, rates for postcard postage, First-Class letter additional ounces, Media Mail®, Parcel Post®, and letters to Canada and Mexico increased. Meredith continues to work with others in the industry and through trade organizations to encourage the USPS to implement efficiencies and contain rate increases. We cannot, however, predict future changes in the efficiency of the USPS and postal rates or the impact they will have on our national media business.

Fulfillment services for Meredith's national media segment are provided by third parties. National magazine newsstand distribution services are provided by third parties through multi-year agreements.

Competition

Publishing is a highly competitive business. The Company's magazines and related publishing products and services compete with other mass media, including the Internet and many other leisure-time activities. Competition for advertising dollars is based primarily on advertising rates, circulation levels, reader demographics, advertiser results, and sales team effectiveness. Competition for readers is based principally on editorial content, marketing skills, price, and customer service. While competition is strong for established titles, gaining readership for newer magazines and specialty publications is especially competitive.

Local Media

Local media represented 23 percent of Meredith's consolidated revenues in fiscal 2011. Certain information about the Company's television stations at June 30, 2011, follows:

Station, Market	DMA National Rank [1]	Network Affiliation	Channel	Expiration Date of FCC License	Average Audience Share [2]
WGCL-TV Atlanta, GA	8	CBS	46	4-1-2005 [3]	5.7 %
KPHO-TV Phoenix, AZ	12	CBS	5	10-1-2006 [3]	7.0 %
KPTV Portland, OR	22	FOX	12	2-1-2007 [3]	6.7 %
KPDX-TV Portland, OR	22	MyNetworkTV	49	2-1-2007 [3]	2.0 %
WSMV-TV Nashville, TN	29	NBC	4	8-1-2005 [3]	8.3 %
WFSB-TV Hartford, CT New Haven, CT	30	CBS	3	4-1-2007 [3]	12.0 %
KCTV Kansas City, MO	31	CBS	5	2-1-2006 [3]	12.0 %
KSMO-TV Kansas City, MO	31	MyNetworkTV	62	2-1-2006 [3]	1.3 %
WHNS-TV Greenville, SC Spartanburg, SC Asheville, NC Anderson, SC	36	FOX	21	12-1-2004 [3]	4.7 %
KVVU-TV Las Vegas, NV	42	FOX	5	10-1-2006 [3]	6.0 %
WNEM-TV Flint, MI Saginaw, MI Bay City, MI	69	CBS	5	10-1-2005 [3]	15.7 %
WSHM-LP	110	CBS	3	4-1-2007 [3]	8.7 %

Springfield, MA
Holyoke, MA

(1) Designated Market Area (DMA) is a registered trademark of, and is defined by, Nielsen Media Research. The national rank is from the 2010-2011 DMA ranking.

(2) Average audience share represents the estimated percentage of households using television tuned to the station in the DMA. The percentages shown reflect the average total day shares (9:00 a.m. to midnight) for the November 2010, February 2011, and May 2011 measurement periods.

(3) Renewal application pending. Under FCC rules, a license is automatically extended pending FCC processing and granting of the renewal application. We have no reason to believe that these licenses will not be renewed by the FCC.

Operations
The principal sources of the local media segment's revenues are: 1) local advertising focusing on the immediate geographic area of the stations; 2) national advertising; 3) retransmission of our television signal to satellite and cable systems; 4) advertising on the stations' websites; and 5) payments by advertisers for other services, such as the production of advertising materials.

The stations sell commercial time to both local/regional and national advertisers. Rates for spot advertising are influenced primarily by the market size, number of in-market broadcasters, audience share, and audience demographics. The larger a station's share in any particular daypart, the more leverage a station has in setting advertising rates. As the market fluctuates with supply and demand, so does a station's rates. Most national advertising is sold by independent representative firms. The sales staff at each station generates local/regional advertising revenues.

Typically 30 to 40 percent of a market's television advertising revenue is generated by local newscasts. Station personnel are continually working to grow their news ratings, which in turn will augment revenues. The Company broadcasts local newscasts in high definition at five of our stations and in wide screen format at four of our stations.

The national network affiliations of Meredith's 12 television stations influence advertising rates. Generally, a network affiliation agreement provides a station the exclusive right to broadcast network programming in its local service area. In return, the network has the right to sell most of the commercial advertising aired during network programs. Network-affiliated stations generally pay networks for certain programming and services such as professional football and news services. The Company's FOX affiliates also pay the FOX network for additional advertising spots during prime-time programming. The Company expects the programming fees that will be paid to CBS, FOX, and NBC to increase significantly beginning in fiscal 2013 with the renewals of the affiliation agreements.

The Company's affiliation agreements for its six CBS affiliates have expiration dates that range from December 2011 to April 2016. Affiliation agreements for our two MyNetworkTV affiliates expire in September 2014; the FOX affiliation agreements expire at the end of June 2012; and the agreement for our NBC affiliate expires at the end of December 2013. While Meredith's relations with the networks historically have been excellent, the Company can make no assurances they will remain so over time.

The Federal Communications Commission (FCC) has permitted broadcast television station licensees to use their digital spectrum for a wide variety of services such as high-definition television programming, audio, data, mobile applications, and other types of communication, subject to the requirement that each broadcaster provide at least one free video channel equal in quality to the current technical standards. Several of our stations are broadcasting a second programming stream on their digital channel. Our Las Vegas, Phoenix, and Hartford stations currently broadcast a weather channel and Flint-Saginaw has a MyNetworkTV affiliate.

We also generate revenue from retransmission consent agreements that are entered into with cable, satellite and internet-based television service providers. We refer to such revenue as retransmission revenue, which represents payments from these entities for access to our television station signals so that they may rebroadcast our signals and charge their subscribers for this programming.
The costs of locally produced programming and purchased syndicated programming are significant. Syndicated programming costs are based largely on demand from stations in the market and can fluctuate significantly. The Company continues to increase its locally produced news and entertainment programming to control content and costs and to attract advertisers.

Meredith has been successful in creating several nontraditional revenue streams in the local media segment. Our unique Cornerstone programs leverage our national media brands by packaging content from our magazines with print and on-air advertising from local advertisers. One Meredith station is running obituaries on air and on its website.

Meredith Video Studios (MVS) produces broadcast-quality video for use by Meredith's television stations and our local and national media websites, and is producing custom video for clients as well. MVS's video sites, Better.tv and Parents.tv, offer more ways for users to interact with our content. Better.tv features over 20 channels of video information on topics including food, family, home, style, entertainment, fitness, and health. Parents.tv provides all-original parenting content based on the editorial backbone of Parents, American Baby, and Family Circle magazines. Sponsorship opportunities include video billboards, product integration, channel sponsorships, and custom videos.

Our daily lifestyle television show - Better - continues to expand its reach, and will be seen in more than 80 markets nationwide covering about 80 percent of U.S. television households.

Competition

Meredith's television stations and radio station compete directly for advertising dollars and programming in their respective markets with other local television stations, radio stations, and cable television providers. Other mass media providers such as newspapers and their websites are also competitors. Advertisers compare market share, audience demographics, and advertising rates and take into account audience acceptance of a station's programming, whether local, network, or syndicated.

Regulation

The ownership, operation, and sale of broadcast television and radio stations, including those licensed to the Company, are subject to the jurisdiction of the FCC, which engages in extensive regulation of the broadcasting industry under authority granted by the Communications Act of 1934, as amended (Communications Act), including authority to promulgate rules and regulations governing broadcasting. The Communications Act requires broadcasters to serve the public interest. Among other things, the FCC assigns frequency bands; determines stations' locations and operating parameters; issues, renews, revokes, and modifies station licenses; regulates and limits changes in ownership or control of station licenses; regulates equipment used by stations; regulates station employment practices; regulates certain program content, including commercial matters in children's programming; has the authority to impose penalties for violations of its rules or the Communications Act; and imposes annual fees on stations. Reference should be made to the Communications Act, as well as to the FCC's rules, public notices, and rulings for further information concerning the nature and extent of federal regulation of broadcast stations.

Broadcast licenses are granted for eight-year periods. The Communications Act directs the FCC to renew a broadcast license if the station has served the public interest and is in substantial compliance with the provisions of the Communications Act and FCC rules and policies. Management believes the Company is in substantial compliance with all applicable provisions of the Communications Act and FCC rules and policies and knows of no reason why Meredith's broadcast station licenses will not be renewed.

On December 18, 2007, the FCC adopted a decision that revised its newspaper/broadcast cross-ownership rule to permit a degree of same-market newspaper/broadcast ownership based on certain presumptions, criteria, and limitations. The FCC at that time made no changes to the currently effective local radio ownership rules (as modified by its 2003 ownership decision) or the radio/television cross-ownership rule (as modified in 1999). Also in December 2007, the FCC adopted rules to promote diversification of broadcast ownership, including revisions to its ownership attribution rules. The FCC's media ownership rules, including the modifications adopted in December 2007, are subject to further court appeals, various petitions for reconsideration before the FCC, and possible actions by Congress. We cannot predict the impact of any of these developments on our business. In particular, we cannot predict the ultimate outcome of the FCC's media ownership proceedings or their effects on our ability to acquire broadcast stations in the future or to continue to freely transfer stations that we currently own. Moreover, we cannot predict the impact of future reviews or any other agency or legislative initiatives upon the FCC's broadcast rules.

The Communications Act and the FCC also regulate relationships between television broadcasters and cable and satellite television providers. Under these provisions, most cable systems must devote a specified portion of their channel capacity to the carriage of the signals of local television stations that elect to exercise this right to mandatory carriage. Alternatively, television stations may elect to restrict cable systems from carrying their signals without their written permission, referred to as retransmission consent. Congress and the FCC have established and implemented generally similar market-specific requirements for mandatory carriage of local television stations by satellite television providers when those providers choose to provide a market's local television signals.

Congress and the FCC have under consideration, and in the future may adopt, new laws, regulations, and policies regarding a wide variety of matters that could affect, directly or indirectly, the operation, ownership transferability, and profitability of the Company's broadcast stations and affect the ability of the Company to acquire additional stations. In addition to the matters noted above, these include, for example, spectrum allocation, spectrum usage fees, regulation of political advertising rates, restrictions on the advertising of certain products (such as alcoholic beverages), program content restrictions, and ownership rule changes. Other matters that could potentially affect the Company's broadcast properties include technological innovations and developments generally affecting competition in the mass communications industry for viewers or advertisers, such as home video recorders and players, satellite radio and television services, cable television systems, newspapers, outdoor advertising, and Internet delivered video programming services.

The information provided in this section is not intended to be inclusive of all regulatory provisions currently in effect. Statutory provisions and FCC regulations are subject to change, and any such changes could affect future operations and profitability of the Company's local media segment. Management cannot predict what regulations or legislation may be adopted, nor can management estimate the effect any such changes would have on the Company's television and radio broadcasting operations.

EXECUTIVE OFFICERS OF THE COMPANY

Executive officers are elected to one year terms each November. The current executive officers of the Company are:

Stephen M. Lacy—Chairman, President, and Chief Executive Officer and a director of the Company since 2004. Formerly President and Chief Executive Officer (2006 - 2010). Age 57.

Thomas H. Harty—President-National Media Group. Formerly President-Consumer Magazines (2009 - 2010) and Vice President-Magazine Group (2004 - 2009). Age 48.

Paul A. Karpowicz—President-Local Media Group (2005 - present). Age 58.

Joseph H. Ceryanec—Vice President-Chief Financial Officer (2008 - present). Prior to joining Meredith, Mr. Ceryanec served as President, Central Region for PAETEC Corporation (February 2008 - October 2008). Prior to PAETEC's acquisition of McLeodUSA, Mr. Ceryanec served as McLeodUSA's Group Vice President, Chief Financial Officer from 2005 to 2008. Age 50.

John S. Zieser—Chief Development Officer/General Counsel and Secretary (2006 - present). Age 52.

EMPLOYEES

As of June 30, 2011, the Company had approximately 3,150 full-time and 100 part-time employees. Only a small percentage of our workforce is unionized. We consider relations with our employees to be good.

OTHER

Name recognition and the public image of the Company's trademarks (e.g., Better Homes and Gardens and Parents) and television station call letters are vital to the success of our ongoing operations and to the introduction of new business. The Company protects its brands by aggressively defending its trademarks and call letters.

The Company had no material expenses for research and development during the past three fiscal years. Revenues from individual customers and revenues, operating profits, and identifiable assets of foreign operations were not significant. Compliance with federal, state, and local provisions relating to the discharge of materials into the environment and to the protection of the environment had no material effect on capital expenditures, earnings, or the Company's competitive position.

AVAILABLE INFORMATION

The Company's corporate website is Meredith.com. The content of our website is not incorporated by reference into this Form 10-K. Meredith makes available free of charge through its website its Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished to the Securities and Exchange Commission (SEC) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practical after such documents are electronically filed with or furnished to the SEC. Meredith also makes available on its website its corporate governance information including charters of all of its Board Committees, its Corporate Governance Guidelines, its Code of Business Conduct and Ethics, its Code of Ethics for CEO and Senior Financial Officers, and its Bylaws. Copies of such documents are also available free of charge upon written request.

FORWARD LOOKING STATEMENTS

This Form 10-K, including the sections titled Item 1-Business, Item 1A-Risk Factors, and Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements that relate to future events or our future financial performance. We may also make written and oral forward-looking statements in our SEC filings and elsewhere. By their nature, forward-looking statements involve risks, trends, and uncertainties that could cause actual results to differ materially from those anticipated in any forward-looking statements. Such factors include, but are not limited to, those items described in Item 1A-Risk Factors below, those identified elsewhere in this document, and other risks and factors identified from time to time in our SEC filings. We have tried, where possible, to identify such statements by using words such as believe, expect, intend, estimate, anticipate, will, likely, project, plan, and similar expressions in connection with any discussion of future operating or financial performance. Any forward-looking statements are and will be based upon our then-current expectations, estimates, and assumptions regarding future events and are applicable only as of the dates of such statements. Readers are cautioned not to place undue reliance on such forward-looking statements that are part of this filing; actual results may differ materially from those currently anticipated. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

ITEM 1A. RISK FACTORS

In addition to the other information contained or incorporated by reference into this Form 10-K, investors should consider carefully the following risk factors when investing in our securities. In addition to the risks described below, there may be additional risks that we have not yet perceived or that we currently believe are immaterial.

Advertising represents the largest portion of our revenues. In fiscal 2011, 57 percent of our revenues were derived from advertising. Advertising constitutes about half of our national media revenues and 90 percent of our local media revenues. Demand for advertising is highly dependent upon the strength of the U.S. economy. During an economic downturn, demand for advertising may decrease. The growth in alternative forms of media, for example the Internet, has increased the competition for advertising dollars, which could in turn reduce expenditures for magazine and television advertising or suppress advertising rates.

Technology in the media industry continues to evolve rapidly. Advances in technology have led to an increasing number of alternative methods for the delivery of content and have driven consumer demand and expectations in unanticipated directions. If we are unable to exploit new and existing technologies to distinguish our products and services from those of our competitors or adapt to new distribution methods that provide optimal user experiences, our business, financial condition, and prospects may be adversely affected. Technology developments also pose other challenges that could adversely affect our revenues and competitive position. New delivery platforms may lead to pricing restrictions, the loss of distribution control, and the loss of a direct relationship with consumers. We may also be adversely affected if the use of technology developed to block the display of advertising on websites proliferates. Circulation revenues represent a significant portion of our revenues. Magazine circulation is another significant source of revenue, representing 19 percent of total revenues and 24 percent of national media revenues. Preserving circulation is critical for maintaining advertising sales. Magazines face increasing competition from alternative forms of media and entertainment. As a result, sales of magazines through subscriptions and at the newsstand could decline. As publishers compete for subscribers, subscription prices could decrease and marketing expenditures may increase.

Client relationships are important to our integrated marketing businesses. Our ability to maintain existing client relationships and generate new clients depends significantly on the quality of our services, our reputation, and the continuity of Company and client personnel. Dissatisfaction with our services, damage to our reputation, or changes in key personnel could result in a loss of business.

Paper and postage prices may be difficult to predict or control. Paper and postage represent significant components of our total cost to produce, distribute, and market our printed products. In fiscal 2011, these expenses accounted for 27 percent of national media's operating costs. Paper is a commodity and its price has been subject to significant volatility. All of our paper supply contracts currently provide for price adjustments based on prevailing market prices; however, we historically have been able to realize favorable paper pricing through volume discounts and multi-year contracts. The USPS distributes substantially all of our magazines and many of our marketing materials. Postal rates are dependent on the operating efficiency of the USPS and on legislative mandates imposed upon the USPS. Although we work with others in the industry and through trade organizations to encourage the USPS to implement efficiencies that will minimize rate increases, we cannot predict with certainty the magnitude of future price changes for paper and postage. Further, we may not be able to pass such increases on to our customers.

World events may result in unexpected adverse operating results for our local media segment. Our local media results could be affected adversely by world events such as wars, political unrest, acts of terrorism, and natural disasters. Such events can result in significant declines in advertising revenues as the stations will not broadcast or will limit broadcasting of commercials during times of crisis. In addition, our stations may have higher newsgathering costs related to coverage of the events.

Our local media operations are subject to FCC regulation. Our broadcasting stations operate under licenses granted by the FCC. The FCC regulates many aspects of television station operations including employment practices, political advertising, indecency and obscenity, programming, signal carriage, and various technical matters. Violations of these regulations could result in penalties and fines. Changes in these regulations could impact the results of our operations. The FCC also regulates the ownership of television stations. Changes in the ownership rules could affect our ability to consummate future transactions. Details regarding regulation and its impact on our local media operations are provided in Item 1-Business beginning on page 8.

Loss of or changes in affiliation agreements could adversely affect operating results for our local media segment. Our broadcast television station business owns and operates 12 television stations. Six are affiliated with CBS, three with FOX, two with MyNetworkTV, and one with NBC. These television networks produce and distribute programming in exchange for each of our stations' commitment to air the programming at specified times and for commercial announcement time during the programming. The non-renewal or termination of any of our network affiliation agreements would prevent us from being able to carry programming of the affiliate network. This loss of programming would require us to obtain replacement programming, which may involve higher costs

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and which may not be as attractive to our audiences, resulting in reduced revenues. In addition, we will be renegotiating our major network affiliation agreements in the next few years. In conjunction with these renegotiations, the television networks have indicated that they will be seeking arrangements with their affiliates to change the structure of network compensation, including seeking reverse compensation, or payment from affiliates in consideration for the network's programming. If we become party to an arrangement that changes the structure of network compensation, our programming expenses could increase further.

We have two classes of stock with different voting rights. We have two classes of stock: common stock and Class B stock. Holders of common stock are entitled to one vote per share and account for approximately 30 percent of the voting power. Holders of Class B stock are entitled to ten votes per share and account for the remaining 70 percent of the voting power. There are restrictions on who can own Class B stock. The majority of Class B shares are held by members of Meredith's founding family. Control by a limited number of individuals may make the Company a less attractive takeover target, which could adversely affect the market price of our common stock. This voting control also prevents other shareholders from exercising significant influence over certain of the Company's business decisions.

Further non-cash impairment of goodwill and intangible assets is possible, depending upon future operating results and the value of the Company's stock. Although the Company wrote down certain of its intangible assets (including goodwill) by $294.5 million in fiscal 2009, further impairment charges are possible. We test our goodwill and intangible assets, including FCC licenses, for impairment during the fourth quarter of every fiscal year and on an interim basis if indicators of impairment exist. Factors which influence the evaluation include the Company's stock price and expected future operating results. If the carrying value of a reporting unit or an intangible asset is no longer deemed to be recoverable, a potentially material impairment charge could be incurred. Although these charges would be non-cash in nature and would not affect the Company's operations or cash flow, they would adversely affect stockholders' equity and reported results of operations in the period charged.

Acquisitions pose inherent financial and other risks and challenges. On occasion, we will acquire another business as part of our strategic plan. These transactions involve challenges and risks in negotiation, valuation, execution, and integration. Moreover, competition for certain types of acquisitions is significant, particularly in the field of interactive media. Even if successfully negotiated, closed, and integrated, certain acquisitions may not advance our business strategy and may fall short of expected return on investment targets.

The preceding risk factors should not be construed as a complete list of factors that may affect our future operations and financial results.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Meredith is headquartered in Des Moines, IA. The Company owns buildings at 1716 and 1615 Locust Street and is the sole occupant of these buildings. These facilities are adequate for their intended use.

The national media segment operates mainly from the Des Moines offices and from leased facilities in New York, NY. The New York facilities are used primarily as advertising sales offices for all Meredith magazines and as headquarters for Ladies' Home Journal, Family Circle, Parents, Fitness, More, Siempre Mujer, and American Baby properties. We have also entered into leases for integrated marketing operations and national media sales offices located in the states of California, Illinois, Michigan, Texas, and Virginia. The Company believes the capacity of these locations is sufficient to meet our current and expected future requirements.

The local media segment operates from facilities in the following locations: Atlanta, GA; Phoenix, AZ; Beaverton, OR; Rocky Hill, CT; Nashville, TN; Fairway, KS; Greenville, SC; Henderson, NV; Springfield, MA; Saginaw, MI; and New York, NY. All of these properties are adequate for their intended use. The properties in Springfield and New York are leased, while the other properties are owned by the Company. Each of the broadcast stations also maintains one or more owned or leased transmitter sites.

ITEM 3. LEGAL PROCEEDINGS

There are various legal proceedings pending against the Company arising from the ordinary course of business. In the opinion of management, liabilities, if any, arising from existing litigation and claims will not have a material effect on the Company's earnings, financial position, or liquidity.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION, DIVIDENDS, AND HOLDERS

The principal market for trading Meredith's common stock is the New York Stock Exchange (trading symbol MDP). There is no separate public trading market for Meredith's Class B stock, which is convertible share for share at any time into common stock. Holders of both classes of stock receive equal dividends per share.

The range of trading prices for the Company's common stock and the dividends per share paid during each quarter of the past two fiscal years are presented below.

	High	Low	Dividends
Fiscal 2011			
First Quarter	$34.26	$28.92	$0.230
Second Quarter	36.15	32.61	0.230
Third Quarter	37.51	33.00	0.255
Fourth Quarter	36.10	29.38	0.255

	High	Low	Dividends
Fiscal 2010			
First Quarter	$33.17	$23.61	$0.225
Second Quarter	32.43	25.83	0.225
Third Quarter	35.08	29.00	0.230
Fourth Quarter	38.08	31.02	0.230

Meredith stock became publicly traded in 1946, and quarterly dividends have been paid continuously since 1947. Meredith has increased its dividend in each of the last 18 years. It is currently anticipated that comparable dividends will continue to be paid in the future.

On July 31, 2011, there were approximately 1,310 holders of record of the Company's common stock and 680 holders of record of Class B stock.

COMPARISON OF SHAREHOLDER RETURN

The following graph compares the performance of the Company's common stock during the period July 1, 2006, to June 30, 2011, with the Standard and Poor's (S&P) 500 Index, the S&P MidCap 400 Index, and with a Peer Group of six companies engaged in multimedia businesses primarily with publishing and/or television broadcasting in common with the Company.

The S&P 500 Index is comprised of 500 U.S. companies in the industrial, transportation, utilities, and financial industries and is weighted by market capitalization. The S&P MidCap 400 Index is comprised of 400 mid-sized

U.S. companies with a market cap in the range of $1.0 billion to $4.4 billion in the financial, information technology, industrial, and consumer discretionary industries covering approximately 7 percent of the U.S. equities market and is weighted by market capitalization. In the prior year, the Company used the S&P 500 Index however, during fiscal 2011, the Company was migrated from the S&P 500 Index to the S&P MidCap 400 Index and thus both indexes are shown in the current year. The Peer Group selected by the Company for comparison, which is also weighted by market capitalization, is comprised of Belo Corp.; Gannett Co., Inc.; The McGraw-Hill Companies, Inc.; Media General, Inc.; The E.W. Scripps Company; and The Washington Post Company.

The graph depicts the results for investing $100 in the Company's common stock, the S&P 500 Index and the S&P MidCap 400 Index, and the Peer Group at closing prices on June 30, 2006, assuming dividends were reinvested.

ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth information with respect to the Company's repurchases of common stock during the quarter ended June 30, 2011.

Period	(a) Total number of shares purchased [1]	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced programs	(d) Maximum number of shares that may yet be purchased under the programs
April 1 to April 30, 2011	8,626	$33.30	8,626	1,004,113
May 1 to May 31, 2011	293,800	33.00	293,800	710,313
June 1 to June 30, 2011	169,600	30.49	169,600	540,713
Total	472,026	32.11	472,026	540,713

(1) Total number of shares purchased includes the purchase of 443 shares of Class B stock in April 2011.

In May 2008, Meredith announced its Board of Directors had authorized the repurchase of up to 2.0 million additional shares of the Company's stock through public and private transactions.

For more information on the Company's share repurchase program, see Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations, under the heading "Share Repurchase Program" on page 34.

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data for the fiscal years 2007 through 2011 is contained under the heading "Eleven-Year Financial History with Selected Financial Data" beginning on page 78 and is derived from consolidated financial statements for those years. Information contained in that table is not necessarily indicative of results of operations in future years and should be read in conjunction with Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8-Financial Statements and Supplementary Data of this Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) consists of the following sections:

MD&A should be read in conjunction with the other sections of this Form 10-K, including Item 1-Business, Item 6-Selected Financial Data, and Item 8-Financial Statements and Supplementary Data. MD&A contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this filing, particularly in Item 1A-Risk Factors.

EXECUTIVE OVERVIEW

Meredith Corporation is the leading media and marketing company serving American women. Meredith combines well-known national brands - including Better Homes and Gardens, Parents, Ladies' Home Journal, Family Circle, American Baby, Fitness, and More - with local television brands in fast growing markets such as Atlanta, Phoenix, and Portland. Meredith is the industry leader in creating content in key consumer interest areas such as home, family, health and wellness, and self-development. Meredith uses multiple distribution platforms – including print, television, online, mobile, tablets, and video – to give consumers content they desire and to deliver the messages of its advertising and marketing partners. Additionally, Meredith uses its many assets to create powerful custom marketing solutions for many of the nation's top brands and companies.

Meredith operates two business segments. The national media group consists of magazine publishing, interactive media, integrated marketing, brand licensing, database-related activities, and other related operations. The local media group consists of 12 network-affiliated television stations, one radio station, related interactive media operations, and video-related operations. Both segments operate primarily in the U.S. and compete against similar media and other types of media on both a local and national basis. In fiscal 2011, the national media group accounted for 77 percent of the Company's $1.4 billion in revenues while local media group revenues contributed 23 percent.

In fiscal 2011, Meredith delivered growth in revenue, profit, and cash-flow. Details include:

- Several of Meredith's business activities delivered record revenue performance including political and digital advertising as well as MIM and brand licensing.
- Total company operating expenses declined 2 percent.
- Operating profit grew by more than 20 percent and operating profit margin improved to 16 percent from 13 percent in the prior year.
- Cash flows from operating activities increased by 12 percent. More than 30 percent of this cash was returned to shareholders through dividends and share repurchases, significantly more than last year. In fiscal 2011, Meredith increased its dividend by 11 percent and restarted its share repurchase program.

In addition to these financial highlights, Meredith increased its already strong connection with American consumers in fiscal 2011. This overarching initiative spans all of Meredith's media and marketing platforms, and lies at the heart of the company's unique consumer proposition. Meredith continues to reach 75 million American women at important life-stages, providing them with valuable information on caring for their families, their homes, and their own health and well-being.

To position Meredith for the future while accelerating revenue, profit, and cash flow growth, Meredith is pursuing a series of well-defined strategic initiatives:

- Increasing our already strong consumer connection—Creative enhancements to several of Meredith's major magazines were completed in fiscal 2011 and more are planned for fiscal 2012. Magazine readership and television viewership grew during the year, and traffic across its 60 websites increased in the double-digits. Additionally, the Better syndicated daily lifestyle television show will broaden its reach to more than 80 percent of American households by Fall 2011 by adding New York City, the nation's top market.
- Strengthening the core magazine and television businesses—Advertising rates and operating profit margins grew from the prior year in both the national and local media groups. Meredith has completed a number of re-engineering initiatives to improve efficiency and reduce costs in the future.
- Aggressively expanding digital activities—Key websites, including BHG.com and Recipe.com, were relaunched and more digital enhancements are planned for fiscal 2012, including rapid expansion of mobile applications and additional tablet editions.
- Extending key brands to new products and services—The Better Homes and Gardens brand licensing program continues to grow at Wal-Mart stores and is now six times larger than when the program was launched less than three years ago.
- Significantly growing Meredith Integrated Marketing—MIM delivered record revenues in fiscal 2011. Cross-selling new services to existing clients and winning new business are the pillars of this business's growth strategy.
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Increasing our scale and capabilities—Meredith assumed day-to-day operations of Turner Broadcasting System's Peachtree TV in the fast-growing Atlanta market, completed the acquisition of the digital RGM, acquired mobile marketing leader Hyperfactory, and in July 2011, purchased the EatingWell Media Group.

- Growing the amount of cash returned to shareholders—Meredith's business is built on a model that delivers very stable and growing cash flow, generating about $2 billion in cash flow over the last decade. Approximately half of that cash has been returned to shareholders over that time.

Fiscal 2011 was a year of significant achievements, however there were challenges as well, including a 4 percent decline in national media group advertising revenues. This was more than offset by a 4 percent increase in non-political advertising in the local media group and a record $35 million in net political advertising revenues. Meredith continues to execute a series of revenue-generating and efficiency enhancing initiatives to improve performance. Meredith possesses strong prospects for long-term cash flow generation, and is committed to building shareholder value over time.

NATIONAL MEDIA

Advertising revenues made up 47 percent of fiscal 2011 national media revenues. These revenues were generated from the sale of advertising space in our magazines and on our websites to clients interested in promoting their brands, products, and services to consumers. Changes in advertising revenues tend to correlate with changes in the level of economic activity in the U.S. Indicators of economic activity include changes in the level of gross domestic product, consumer spending, housing starts, unemployment rates, auto sales, and interest rates. Circulation levels of Meredith's magazines, reader demographic data, and the advertising rates charged relative to other comparable available advertising opportunities also affect the level of advertising revenues.

Circulation revenues accounted for 24 percent of fiscal 2011 national media revenues. Circulation revenues result from the sale of magazines to consumers through subscriptions and by single copy sales on newsstands in print form, primarily at major retailers and grocery/drug stores, and in digital form on tablets. In the short term, subscription revenues, which accounted for 77 percent of circulation revenues, are less susceptible to economic changes because subscriptions are generally sold for terms of one to three years. The same economic factors that affect advertising revenues also can influence consumers' response to subscription offers and result in lower revenues and/or higher costs to maintain subscriber levels over time. A key factor in Meredith's subscription success is our industry-leading database. It contains approximately 85 million entries that include information on about three-quarters of American homeowners, providing an average of 700 data points for each name. The size and depth of our database is a key to our circulation model and allows more precise consumer targeting. Newsstand revenues are more volatile than subscription revenues and can vary significantly month to month depending on economic and other factors.

The remaining 29 percent of national media revenues came from a variety of activities that included the sale of integrated marketing services and books as well as brand licensing, product sales, and other related activities. MIM offers integrated promotional, database management, relationship, and direct marketing capabilities for corporate customers, both in printed and digital forms. These revenues are generally affected by changes in the level of economic activity in the U.S. including changes in the level of gross domestic product, consumer spending, unemployment rates, and interest rates.

National media's major expense categories are production and delivery of publications and promotional mailings and employee compensation costs. Paper, postage, and production charges represented 37 percent of the segment's operating expenses in fiscal 2011. The price of paper can vary significantly on the basis of worldwide demand and supply for paper in general and for specific types of paper used by Meredith. The printing of our publications is outsourced. We typically have multi-year contracts for the printing of our magazines, a practice which reduces price fluctuations over the contract term. Postal rates are dependent on the operating efficiency of the USPS and on legislative mandates imposed on the USPS. The USPS increased rates most recently in January and April 2011. At this time, the USPS has not proposed any future rate increases. Meredith works with others in the industry and through trade organizations to encourage the USPS to implement efficiencies and contain rate increases.

Employee compensation, which includes benefits expense, represented 26 percent of national media's operating expenses in fiscal 2011. Compensation expense is affected by salary and incentive levels, the number of employees, the costs of our various employee benefit plans, and other factors. The remaining 37 percent of fiscal 2011 national media expenses included costs for magazine newsstand and book distribution, advertising and promotional efforts, and overhead costs for facilities and technology services.

LOCAL MEDIA

Local media derives almost all of its revenues—90 percent in fiscal 2011—from the sale of advertising both over the air and on our stations' websites. The remainder comes from television retransmission fees, television production services, and other services.

The stations sell advertising to both local/regional and national accounts. Political advertising revenues are cyclical in that they are significantly greater during biennial election campaigns (which take place primarily in odd-numbered fiscal years) than at other times. MVS produces video content for Meredith stations, non-Meredith stations, online distribution, and corporate customers. Meredith continues to expand its Cornerstone program to leverage our national media brands. The program packages material from our national magazines with local advertising to create customized mini-magazines delivered to targeted customers in the markets our television stations serve. We have generated additional revenues from Internet activities and programs focused on local interests such as community events and college and professional sports.

Changes in advertising revenues tend to correlate with changes in the level of economic activity in the U.S. and in the local markets in which we operate stations, and with the cyclical changes in political advertising discussed previously. Programming content, audience share, audience demographics, and the advertising rates charged relative to other available advertising opportunities also affect advertising revenues. On occasion, unusual events necessitate uninterrupted television coverage and will adversely affect spot advertising revenues.

Local media's major expense categories are employee compensation and programming costs. Employee compensation represented 52 percent of local media's operating expenses in fiscal 2011, and is affected by the same factors noted for national media. Programming rights amortization expense represented 8 percent of this segment's fiscal 2011 expenses. Programming expense is affected by the cost of programs available for purchase and the selection of programs aired by our television stations. Sales and promotional activities, costs to produce local news programming, and general overhead costs for facilities and technical resources accounted for most of the remaining 40 percent of local media's fiscal 2011 operating expenses.

FISCAL 2011 FINANCIAL OVERVIEW

- Local media revenues increased 14 percent from the prior year and operating profit rose to $87.9 million from $52.9 million reflecting both increased cyclical political advertising and higher non-political advertising revenues.

- National media revenues decreased 2 percent from the prior year. Decreases in magazine advertising and circulation revenues more than offset increases in our integrated marketing, brand licensing, and interactive media revenues. National media group operating profit increased 6 percent to $179.6 million due primarily to increased operating profits from our brand licensing and integrated marketing operations partially offset by a decline in operating profit in our magazine and interactive operations.

- In December 2010, Meredith completed its acquisition of RGM, a social content hub for women online.

- In July 2010, Meredith completed its acquisition of the remaining 80.01 percent of Hyperfactory, an international mobile marketing company. In the fourth quarter of fiscal 2011, the Company recorded a $6.3 million reduction in the contingent consideration payable to Hyperfactory and wrote-down Hyperfactory identifiable intangibles by $0.9 million.

- In fiscal 2011, management committed to a performance improvement plan that included selected workforce reductions. In connection with this plan, in the fourth quarter of fiscal 2011, the Company recorded a pre-tax restructuring charge of $6.4 million for severance and benefit costs. The Company also recorded $1.2 million in reversals of excess restructuring reserves accrued in prior fiscal years.
- Management announced the closing of the ReadyMade brand due to ongoing weakness in the home category/marketplace. The closing of ReadyMade magazine was effective following the publication of the June/July 2011 issue. In connection with the closing, the Company recorded a pre-tax restructuring charge in the fourth quarter of fiscal 2011 of $4.2 million related to the write-off of various assets of ReadyMade magazine. The operations of ReadyMade and the related restructuring charge are recorded in discontinued operations on the Consolidated Statement of Earnings (Loss).
- Diluted earnings per share increased 22 percent to $2.78 from $2.28 in fiscal 2011.
- In fiscal 2011, we generated $214.5 million in operating cash flows, invested $29.9 million in capital improvements, and eliminated $105.0 million of our debt. The quarterly dividend was increased 11 percent from 23.0 cents per share to 25.5 cents per share effective with the March 2011 payment.

RESULTS OF OPERATIONS

Years ended June 30, (In millions except per share data)	2011	Change	2010	Change	2009
Total revenues	$1,400.5	1 %	$1,382.8	(2)%	$1,404.8
Costs and expenses	1,135.7	(2)%	1,156.8	(4)%	1,199.8
Depreciation and amortization	39.5	(3)%	40.9	(4)%	42.6
Impairment charge	—	—	—	(100)%	294.5
Total operating expenses	1,175.2	(2)%	1,197.7	(22)%	1,536.9
Income (loss) from operations	$225.3	22 %	$185.1	NM	$(132.1)
Earnings (loss) from continuing operations	$131.6	25 %	$105.6	NM	$(100.7)
Net earnings (loss)	127.4	23 %	104.0	NM	(107.1)
Diluted earnings (loss) per share from continuing operations	2.87	24 %	2.32	NM	(2.24)
Diluted earnings (loss) per share	2.78	22 %	2.28	NM	(2.38)

NM - not meaningful

OVERVIEW

Following are a brief description of discontinued operations and a discussion of our rationale for the use of financial measures that are not in accordance with accounting principles generally accepted in the United States of America (GAAP), or non-GAAP financial measures, and a discussion of the trends and uncertainties that affected our businesses. Following the Overview is an analysis of the results of operations for the national media and local media segments and an analysis of our consolidated results of operations for the last three fiscal years.

Discontinued Operations

Unless stated otherwise, as in the section titled Discontinued Operations, all of the information contained in MD&A relates to continuing operations. Therefore, results of ReadyMade magazine, which was closed in fiscal 2011, and

Country Home magazine, which was closed in fiscal 2009, are excluded for all periods covered by this report.

Use of Non-GAAP Financial Measures

Certain Consolidated Statement of Earnings (Loss) and local media segment operating profit (loss) line items that exclude the impact of the local media impairment charge taken in fiscal 2009 are non-GAAP financial measures. We are providing this information to facilitate a meaningful comparison of results for the last three fiscal years and because we believe it is useful to investors in evaluating our ongoing operations. Non-GAAP financial measures are intended to provide insight into selected financial information and should be evaluated in the context in which they are presented. These measures are of limited usefulness in evaluating our overall financial results presented in accordance with GAAP and should be considered in conjunction with the consolidated financial statements, including the related notes included elsewhere in this report.

A reconciliation of results excluding the local media impairment charge (non-GAAP) to reported results (GAAP) for fiscal 2009 follows.

Year ended June 30, 2009	Excluding Impairment Charge	Impairment Charge	As Reported
(In thousands except per share data)			
Total operating expenses	$1,242,427	$294,529	$1,536,956
Income (loss) from operations	162,407	(294,529)	(132,122)
Income taxes	(57,831)	109,400	51,569
Earnings (loss) from continuing operations	84,455	(185,129)	(100,674)
Net earnings (loss)	78,045	(185,129)	(107,084)
Diluted earnings (loss) from continuing operations	1.87	(4.11)	(2.24)
Diluted earnings (loss) per share	1.73	(4.11)	(2.38)
Local media operating profit (loss)	36,755	(294,529)	(257,774)

Our analysis of local media segment results includes references to earnings from continuing operations before interest, taxes, depreciation, and amortization (EBITDA) and adjusted EBITDA, which is defined as EBITDA before impairment charge. Fiscal 2011 and fiscal 2010 do not include an adjustment to EBITDA for impairment. EBITDA, adjusted EBITDA, and EBITDA margin are non-GAAP measures. We use EBITDA and adjusted EBITDA along with operating profit and other GAAP measures to evaluate the financial performance of our local media segment. EBITDA is a common alternative measure of performance in the broadcasting industry and is used by investors and financial analysts, but its calculation may vary among companies. Adjusted EBITDA is used to facilitate a meaningful comparison of results for the last three years. Local media segment EBITDA and adjusted EBITDA are not used as measures of liquidity, nor are they necessarily indicative of funds available for our discretionary use.

We believe the non-GAAP measures used in MD&A contribute to an understanding of our financial performance and provide an additional analytic tool to understand our results from core operations and to reveal underlying trends. These measures should not, however, be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Trends and Uncertainties

Advertising demand is the Company's key uncertainty, and its fluctuation from period to period can have a material effect on operating results. Advertising revenues accounted for 57 percent of total revenues in fiscal 2011. Other significant uncertainties that can affect operating results include fluctuations in the cost of paper, postage rates and, over time, television programming rights. The Company's cash flows from operating activities, its primary source of liquidity, is adversely affected when the advertising market is weak or when costs rise. One of our priorities is to manage our businesses prudently during expanding and contracting economic cycles to maximize shareholder return over time. To manage the uncertainties inherent in our businesses, we prepare monthly internal forecasts of anticipated results of operations and monitor the economic indicators mentioned in the Executive Overview. See Item 1A-Risk Factors in this Form 10-K for further discussion.

NATIONAL MEDIA

The following discussion reviews operating results for our national media segment, which includes magazine publishing, integrated marketing, interactive media, brand licensing, database-related activities, and other related operations. The national media segment contributed 77 percent of Meredith's revenues and 67 percent of the combined operating profit from national media and local media operations in fiscal 2011.

In fiscal 2011, national media revenues decreased 2 percent while segment operating profit rose 6 percent. In fiscal 2010, national media revenues declined 3 percent and segment operating profit increased 11 percent. National media operating results for the last three fiscal years were as follows:

Years ended June 30,	2011	Change	2010	Change	2009
(In millions)					
Revenues	$1,078.2	(2)%	$1,100.5	(3)%	$1,130.3
Operating expenses	(898.6)	(3)%	(930.3)	(5)%	(976.3)
Operating profit	$179.6	6%	$170.2	11%	$154.0

National Media Revenues

The table below presents the components of revenues for the last three fiscal years.

Years ended June 30,	2011	Change	2010	Change	2009
(In millions)					
Revenues					
Advertising	$501.3	(4)%	$524.7	(1)%	$528.7
Circulation	261.5	(7)%	279.6	—%	278.4
Other	315.4	6%	296.2	(8)%	323.2
Total revenues	$1,078.2	(2)%	$1,100.5	(3)%	$1,130.3

Advertising Revenue

The following table presents advertising page information according to Publishers Information Bureau for our major subscription-based magazines for the last three fiscal years:

Years ended June 30,	2011	Change	2010	Change	2009
Better Homes and Gardens	1,588	(11)%	1,780	10 %	1,618
Family Circle	1,523	(14)%	1,766	7 %	1,645
Parents	1,388	1 %	1,368	(3)%	1,413
Ladies' Home Journal	1,044	(10)%	1,161		