BLACKROCK MUNIHOLDINGS INVESTMENT QUALITY FUND
Form N-CSR
November 03, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act file number 811-08349

Name of Fund: BlackRock MuniHoldings Investment Quality Fund (MFL)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniHoldings Investment Quality Fund, 55 East 52nd Street, New York, NY 10055

Registrant s telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 08/31/2015

Date of reporting period: 08/31/2015

Item 1 Report to Stockholders

AUGUST 31, 2015

ANNUAL REPORT

BlackRock Municipal Bond Investment Trust (BIE)

BlackRock Municipal Bond Trust (BBK)

BlackRock Municipal Income Investment Quality Trust (BAF)

BlackRock Municipal Income Quality Trust (BYM)

BlackRock Municipal Income Trust II (BLE)

BlackRock MuniHoldings Investment Quality Fund (MFL)

BlackRock MuniVest Fund, Inc. (MVF)

Table of Contents

The Markets in Review

Dear Shareholder,

Diverging monetary policies and shifting economic outlooks between regions were the broader themes underlying market conditions during the 12-month period ended August 31, 2015. The period began with investors caught between the forces of low interest rates and an improving U.S. economy, high asset valuations, oil price instability and lingering geopolitical risks in Ukraine and the Middle East. U.S. growth picked up considerably in the fourth quarter of 2014, while the broader global economy showed signs of slowing. Investors favored the stability of U.S. assets despite expectations that the Federal Reserve (Fed) would eventually be inclined to raise short-term interest rates. International markets continued to struggle even as the European Central Bank and the Bank of Japan eased monetary policy. Oil prices plummeted in late 2014 due to a global supply-and-demand imbalance, sparking a sell-off in energy-related assets and emerging markets. Investors piled into U.S. Treasury bonds as their persistently low yields had become attractive as compared to the even lower yields on international sovereign debt.

Equity markets reversed in early 2015, with international markets outperforming the United States as global risks abated. Investors had held high expectations for the U.S. economy, but a harsh winter and west coast port strike brought disappointing first-quarter data and high valuations took their toll on U.S. stocks, while bond yields fell to extreme lows. (Bond prices rise as yields fall.) In contrast, economic reports in Europe and Asia easily beat investors very low expectations, and accommodative policies from central banks in those regions helped international equities rebound. Oil prices stabilized, providing some relief for emerging market stocks, although a stronger U.S. dollar continued to be a headwind for the asset class.

U.S. economic data regained momentum in the second quarter, helping U.S. stocks resume an upward path; however, the improving data underscored the likelihood that the Fed would raise short-term rates before the end of 2015 and bond yields moved swiftly higher. The month of June brought a sharp, but temporary, sell-off across most asset classes as Greece s long-brewing debt troubles came to an impasse. Although these concerns abated in the later part of July when the Greek parliament passed a series of austerity and reform measures, the calm was short-lived. Chinese equity prices plunged and experienced extreme volatility despite policymakers attempts to stabilize the market. Financial markets broadly were highly volatile during the month of August as evidence of a further deceleration in China s economy stoked worries about global growth. Equity and high yield assets declined, with emerging markets especially hard hit given falling commodity prices and lower growth estimates for many of those economies. High quality fixed income assets such as U.S. Treasury and municipal bonds benefited from investors seeking shelter from global volatility.

At BlackRock, we believe investors need to think globally, extend their scope across a broad array of asset classes and be prepared to move freely as market conditions change over time. We encourage you to talk with your financial advisor and visit blackrock.com for further insight about investing in today s markets.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

Rob Kapito

President, BlackRock Advisors, LLC

Total Returns as of August 31, 2015

	6-month	**12-month**
	(5.32)%	0.48%

U.S. large cap equities (S&P 500® Index)		
U.S. small cap equities (Russell 2000® Index)	(5.36)	0.03
International equities (MSCI Europe, Australasia, Far East Index)	(6.30)	(7.47)
Emerging market equities (MSCI Emerging Markets Index)	(15.97)	(22.95)
3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index)	0.02	0.03
U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index)	(0.86)	3.24
U.S. investment-grade bonds (Barclays U.S. Aggregate Bond Index)	(0.68)	1.56
Tax-exempt municipal bonds (S&P Municipal Bond Index)	0.21	2.38
U.S. high yield bonds (Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	(2.85)	(2.93)

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

Municipal Market Overview

For the Reporting Period Ended August 31, 2015

Municipal Market Conditions

Municipal bonds generated positive performance for the period, thanks to a favorable supply-and-demand environment and declining interest rates in the earlier half. (Bond prices rise as rates fall.) Interest rates moved lower in 2014 even as the U.S. Federal Reserve (the Fed) curtailed its open-market bond purchases. This, coupled with reassurance from the Fed that short-term rates would remain low for a considerable amount of time, resulted in strong demand for fixed income investments in 2014, with municipal bonds being one of the stronger-performing sectors for the year. This trend continued into the beginning of 2015 until rate volatility ultimately increased in February as a result of uneven U.S. economic data and widening central bank divergence, i.e., rate cuts outside the United States while the Fed poised for normalizing U.S. rates. During the 12 months ended August 31, 2015, municipal bond funds garnered net inflows of approximately $20 billion (based on data from the Investment Company Institute).

For the same 12-month period, total new issuance remained relatively strong from a historical perspective at $417 billion (considerably higher than the $308 billion issued in the prior 12-month period). A noteworthy portion of new supply during this period was attributable to refinancing activity (roughly 60%) as issuers took advantage of low interest rates and a flatter yield curve to reduce their borrowing costs.

S&P Municipal Bond Index
Total Returns as of August 31, 2015
6 months: 0.21%
12 months: 2.38%

A Closer Look at Yields

From August 31, 2014 to August 31, 2015, yields on AAA-rated 30-year municipal bonds rose by 7 basis points (bps) from 3.03% to 3.10%, while 10-year rates rose by 9 bps from 2.07% to 2.16% and 5-year rates increased 25 bps from 1.08% to 1.33% (as measured by Thomson Municipal Market Data). Overall, the municipal yield curve remained relatively steep over the 12-month period even as the spread between 2- and 30-year maturities flattened by 22 bps and the spread between 2- and 10-year maturities flattened by 20 bps.

During the same time period, U.S. Treasury rates fell by 15 bps on 30-year bonds, 14 bps on 10-year bonds and 9 bps in 5-years. Accordingly, tax-exempt municipal bonds underperformed Treasuries across the yield curve, most notably in the intermediate part of the curve as a result of increased supply and tempered demand. In absolute terms, positive performance of muni bonds was driven largely by a supply/demand imbalance within the municipal market as investors sought income and incremental yield in an environment where opportunities had become scarce. More broadly, municipal bonds benefited from the greater appeal of tax-exempt investing in light of the higher tax rates implemented in 2014. The asset class is known for its lower relative volatility and preservation of principal with an emphasis on income as tax rates rise.

Financial Conditions of Municipal Issuers

The majority of municipal credits remain strong, despite well-publicized distress among a few issuers. The four largest states California, New York, Texas and Florida have exhibited markedly improved credit fundamentals during the slow national recovery. However, several states with the largest unfunded pension liabilities have seen their bond prices decline noticeably and remain vulnerable to additional price deterioration. On the local level, Chicago s credit quality downgrade is an outlier relative to other cities due to its larger pension liability and inadequate funding remedies. BlackRock maintains the view that municipal bond defaults will remain minimal and in the periphery while the overall market is fundamentally sound. We continue to advocate careful credit research and believe that a thoughtful approach to structure and security selection remain imperative amid uncertainty in a modestly improving economic environment.

The opinions expressed are those of BlackRock as of August 31, 2015, and are subject to change at any time due to changes in market or economic conditions. The comments should not be construed as a recommendation of any individual holdings or market sectors. Investing involves risk including loss of principal. Bond values fluctuate in price so the value of your investment can go down depending on market conditions. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. There may be less information on the financial condition of municipal issuers than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. Some investors may be subject to Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable.

The Standard & Poor s Municipal Bond Index, a broad, market value-weighted index, seeks to measure the performance of the U.S. municipal bond market. All bonds in the index are exempt from U.S. federal income taxes or subject to AMT. Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an index.

The Benefits and Risks of Leveraging

The Trusts may utilize leverage to seek to enhance the distribution rate on, and net asset value (NAV) of, their common shares (Common Shares). However, these objectives cannot be achieved in all interest rate environments.

In general, the concept of leveraging is based on the premise that the financing cost of leverage, which is based on short-term interest rates, is normally lower than the income earned by a Trust on its longer-term portfolio investments purchased with the proceeds from leverage. To the extent that the total assets of the Trusts (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Trusts shareholders benefit from the incremental net income. The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV.

To illustrate these concepts, assume a Trust s Common Shares capitalization is $100 million and it utilizes leverage for an additional $30 million, creating a total value of $130 million available for investment in longer-term income securities. If prevailing short-term interest rates are 3% and longer-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, a Trust s financing costs on the $30 million of proceeds obtained from leverage are based on the lower short-term interest rates. At the same time, the securities purchased by a Trust with the proceeds from leverage earn income based on longer-term interest rates. In this case, a Trust s financing cost of leverage is significantly lower than the income earned on a Trust s longer-term investments acquired from leverage proceeds, and therefore the holders of Common Shares (Common Shareholders) are the beneficiaries of the incremental net income.

However, in order to benefit Common Shareholders, the return on assets purchased with leverage proceeds must exceed the ongoing costs associated with the leverage. If interest and other costs of leverage exceed the Trusts return on assets purchased with leverage proceeds, income to shareholders is lower than if the Trusts had not used leverage. Furthermore, the value of the Trusts portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the value of the Trusts obligations under their respective leverage arrangements generally does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Trusts NAVs positively or negatively. Changes in the future direction of interest rates are very difficult to predict accurately, and there is no assurance that a Trust s intended leveraging strategy will be successful.

Leverage also generally causes greater changes in the Trusts NAVs, market prices and dividend rates than comparable portfolios without leverage. In a declining market, leverage is likely to cause a greater decline in the net asset value and market price of a Trust s Common Shares than if the Trusts were not leveraged. In addition, the Trusts may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause the Trusts to incur losses. The use of leverage may limit a Trust s ability to invest in certain types of securities or use certain types of hedging strategies. The Trusts incur expenses in connection with the use of leverage, all of which are borne by Common Shareholders and may reduce income to the Common Shares. Moreover, to the extent the calculation of the Trusts investment advisory fees includes assets purchased with the proceeds of leverage, the investment advisory fees payable to the Trusts investment advisor will be higher than if the Trusts did not use leverage.

To obtain leverage, each Trust has issued Variable Rate Demand Preferred Shares (VRDP Shares), or Variable Rate Muni Term Preferred Shares (VMTP Shares) (collectively, Preferred Shares) and/or leveraged its assets through the use of tender option bond trusts (TOB Trusts) as described in the Notes to Financial Statements.

Under the Investment Company Act of 1940, as amended (the 1940 Act), each Trust is permitted to issue debt up to 33$\frac{1}{3}$% of its total managed assets or equity securities (e.g., Preferred Shares) up to 50% of its total managed assets. A Trust may voluntarily elect to limit its leverage to less than the maximum amount permitted under the 1940 Act. In addition, a Trust may also be subject to certain asset coverage, leverage or portfolio composition requirements imposed by the Preferred Shares governing instruments or by agencies rating the Preferred Shares, which may be more stringent than those imposed by the 1940 Act.

If a Trust segregates or designates on its books and records cash or liquid assets having a value not less than the value of the Trusts obligations under the TOB Trust (including accrued interest), a TOB Trust is not considered a senior security and is not subject to the foregoing limitations and requirements under the 1940 Act.

Derivative Financial Instruments

The Trusts may invest in various derivative financial instruments. Derivative financial instruments are used to obtain exposure to a security, index and/or market without owning or taking physical custody of securities or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage. Derivative financial instruments also involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative financial instrument. The Trusts ability to use a derivative financial instrument successfully depends on the investment advisor s ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may limit the amount of appreciation a Trust can realize on an investment and/or may result in lower distributions paid to shareholders. The Trusts investments in these instruments are discussed in detail in the Notes to Financial Statements.

Trust Summary as of August 31, 2015

BlackRock Municipal Bond Investment Trust

Trust Overview

BlackRock Municipal Bond Investment Trust s (BIE) (the Trust) investment objective is to provide current income exempt from regular federal income tax and Florida intangible personal property tax. The Trust seeks to achieve its investment objective by investing at least 80% of its assets in municipal bonds the interest of which is exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and Florida intangible personal property tax. Under normal market conditions, the Trust invests at least 80% of its assets in municipal bonds that are investment grade quality at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives. Due to the repeal of the Florida intangible personal property tax, in September 2008, the Board gave approval to permit the Trust the flexibility to invest in municipal obligations regardless of geographic location since municipal obligations issued by any state or municipality that provides income exempt from regular federal income tax would now satisfy the foregoing objective and policy.

No assurance can be given that the Trust s investment objective will be achieved.

Trust Information

Symbol on New York Stock Exchange (NYSE)	BIE
Initial Offering Date	April 30, 2002
Yield on Closing Market Price as of August 31, 2015 ($14.10)[1]	6.47%
Tax Equivalent Yield[2]	11.43%
Current Monthly Distribution per Common Share[3]	$0.076
Current Annualized Distribution per Common Share[3]	$0.912
Economic Leverage as of August 31, 2015[4]	39%

1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

2 Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

3 The distribution rate is not constant and is subject to change.

4 Represents VRDP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VRDP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

Performance

Returns for the 12 months ended August 31, 2015 were as follows:

	Returns Based On	
	Market Price	**NAV[7]**
BIE[5]	2.85%	4.26%
Lipper General & Insured Municipal Debt Funds (Leveraged)[6]	3.91%	4.56%

5 All returns reflect reinvestment of dividends and/or distributions.

6 Average return.

7 The Trust s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV.

The following discussion relates to the Trust s absolute performance based on NAV:

U.S. municipal bonds finished the 12-month period in positive territory, as the contribution of yields to total returns more than offset the impact of a small decline in prices. Yields moved slightly higher in the period as investors began to prepare for the possibility of interest rate increases by the Fed. (Bond prices fall when rates rise.) The short end of the yield curve, which is most sensitive to Fed policy shifts, experienced the largest increase in yields. In contrast, yields on longer-term bonds rose only slightly amid the environment of moderate economic growth and low inflation.

Given the outperformance of longer-term bonds, the Trust s duration positioning (interest rate sensitivity) had a positive impact on performance. The Trust s longer-dated holdings in the transportation and health sectors were particularly strong contributors to performance. At a time of modest price gains for the municipal bond market, the income generated from coupon payments on the Trust s portfolio of tax-exempt bonds made a meaningful contribution to absolute performance. In addition, the use of leverage allowed the Trust to enhance its level of income.

The Trust s use of U.S. Treasury futures contracts to manage interest rate risk detracted slightly, as 10-year Treasury yields diverged from municipal bond yields and finished the period lower.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Market Price and Net Asset Value Per Share Summary

	8/31/15	8/31/14	Change	High	Low
Market Price	$ 14.10	$ 14.58	(3.29)%	$ 15.69	$ 13.93
Net Asset Value	$ 15.95	$ 16.27	(1.97)%	$ 16.76	$ 15.80

Market Price and Net Asset Value History For the Past Five Years

Overview of the Trust s Total Investments*

Sector Allocation

	8/31/15	8/31/14
Transportation	28%	25%
County/City/Special District/School District	24	23
Utilities	15	16
Health	12	14
Education	8	7
State	8	9
Tobacco	3	1
Corporate	1	1
Housing	1	4

Credit Quality Allocation[1]

	8/31/15	8/31/14
AAA/Aaa	7%	10%
AA/Aa	60	59
A	24	25
BBB/Baa	6	5
BB/Ba	1	
B	1	1
N/R	1	

1 For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either Standard & Poor s (S&P) or Moody s Investors Service (Moody s) if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

Call/Maturity Schedule[2]

Calendar Year Ended December 31,	
2015	
2016	2%
2017	1
2018	16
2019	30

2 Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

Trust Summary as of August 31, 2015

BlackRock Municipal Bond Trust

Trust Overview

BlackRock Municipal Bond Trust s (BBK) (the Trust) investment objective is to provide current income exempt from regular federal income tax. The Trust seeks to achieve its investment objective by investing primarily in municipal bonds exempt from regular federal income taxes (except that the interest may be subject to the federal alternative minimum tax). The Trust invests, under normal market conditions, at least 80% of its assets in municipal bonds that are investment grade quality. The Trust may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Trust s investment objective will be achieved.

Trust Information

Symbol on NYSE	BBK
Initial Offering Date	April 30, 2002
Yield on Closing Market Price as of August 31, 2015 ($15.23)[1]	5.91%
Tax Equivalent Yield[2]	10.44%
Current Monthly Distribution per Common Share[3]	$0.075
Current Annualized Distribution per Common Share[3]	$0.900
Economic Leverage as of August 31, 2015[4]	36%

1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

2 Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

3 The distribution rate is not constant and is subject to change.

4 Represents VMTP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VMTP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

Performance

Returns for the 12 months ended August 31, 2015 were as follows:

	Returns Based On	
	Market Price	**NAV[7]**
BBK[5]	3.83%	5.96%
Lipper General & Insured Municipal Debt Funds (Leveraged)[6]	3.91%	4.56%

5 All returns reflect reinvestment of dividends and/or distributions.

6 Average return.

7 The Trust s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV.

The following discussion relates to the Trust s absolute performance based on NAV:

U.S. municipal bonds finished the 12-month period in positive territory, as the contribution of yields to total returns more than offset the impact of a small decline in prices. Yields moved slightly higher in the period as investors began to prepare for the possibility of interest rate increases by the Fed. (Bond prices fall when rates rise.) The short end of the yield curve, which is most sensitive to Fed policy shifts, experienced the largest increase in yields. In contrast, yields on longer-term bonds rose only slightly amid the environment of moderate economic growth and low inflation.

With this as the backdrop, the Trust s position in longer-dated bonds benefited performance. The Trust s allocations to the health, transportation and utilities sectors were also positive contributors to performance. The Trust s investment-grade holdings in the AA and A rated categories contributed positively, as did its exposure to higher yielding bonds.

Given the modest total return for the municipal bond market, the income generated from coupon payments on the Trust s portfolio of tax-exempt bonds made a meaningful contribution to absolute performance. In addition, the use of leverage allowed the Trust to enhance its level of income.

The Trust s position in certain longer duration bonds detracted from performance. Its use of U.S. Treasury futures contracts to manage interest rate risk detracted slightly, as 10-year Treasury yields diverged from municipal bonds and finished the period lower.

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BlackRock Municipal Bond Trust

Market Price and Net Asset Value Per Share Summary

	8/31/15	8/31/14	Change	High	Low
Market Price	$15.23	$15.59	(2.31)%	$16.93	$14.82
Net Asset Value	$16.49	$16.54	(0.30)%	$17.35	$16.25

Market Price and Net Asset Value History For the Past Five Years

Overview of the Trust s Total Investments*

Sector Allocation

	8/31/15	8/31/14
Health	23%	21%
Education	16	12
County/City/Special District/School District	16	20
Transportation	13	17
Utilities	13	11
State	9	6
Corporate	6	7
Tobacco	3	1
Housing	1	5

Credit Quality Allocation[1]

	8/31/15	8/31/14
AAA/Aaa	6%	11%
AA/Aa	43	43
A	27	22
BBB/Baa	11	14
BB/Ba	6	5
N/R[2]	7	5

1 For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P s or Moody s if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

2 The investment advisor evaluates the credit quality of unrated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment advisor has deemed certain of these unrated securities as investment grade quality. As of August 31, 2015 and August 31,2014, the market value of unrated securities deemed by the investment advisor to be investment grade each representing 2%, respectively, of the Trust s total investments.

Call/Maturity Schedule[3]

Calendar Year Ended December 31,	
2015	2%
2016	2
2017	3
2018	11

2019	9

3 Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

Trust Summary as of August 31, 2015

BlackRock Municipal Income Investment Quality Trust

Trust Overview

BlackRock Municipal Income Investment Quality Trust s (BAF) (the Trust) investment objective is to provide current income exempt from federal income tax, including the alternative minimum tax and Florida intangible property tax. The Trust seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its assets in municipal bonds exempt from federal income taxes, including the alternative minimum tax. The Trust also invests at least 80% of its assets in municipal bonds that are investment grade quality at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives. Due to the repeal of the Florida intangible personal property tax, in September 2008, the Board gave approval to permit the Trust the flexibility to invest in municipal obligations regardless of geographic location since municipal obligations issued by any state or municipality that provides income exempt from regular federal income tax would now satisfy the foregoing objective and policy.

No assurance can be given that the Trust s investment objective will be achieved.

Trust Information

Symbol on NYSE	BAF
Initial Offering Date	October 31, 2002
Yield on Closing Market Price as of August 31, 2015 ($13.89)[1]	5.92%
Tax Equivalent Yield[2]	10.46%
Current Monthly Distribution per Common Share[3]	$0.0685
Current Annualized Distribution per Common Share[3]	$0.8220
Economic Leverage as of August 31, 2015[4]	35%

1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

2 Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

3 The distribution rate is not constant and is subject to change.

4 Represents VMTP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VMTP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

Performance

Returns for the 12 months ended August 31, 2015 were as follows:

	Returns Based On	
	Market Price	**NAV[7]**
BAF[5]	3.68%	4.71%
Lipper General & Insured Municipal Debt Funds (Leveraged)[6]	3.91%	4.56%

[5] All returns reflect reinvestment of dividends and/or distributions.

[6] Average return.

[7] The Trust s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV.

The following discussion relates to the Trust s absolute performance based on NAV:

U.S. municipal bonds finished the 12-month period in positive territory, as the contribution of yields to total returns more than offset the impact of a small decline in prices. Yields moved slightly higher in the period as investors began to prepare for the possibility of interest rate increases by the Fed. (Bond prices fall when rates rise.) The short end of the yield curve, which is most sensitive to Fed policy shifts, experienced the largest increase in yields. In contrast, yields on longer-term bonds rose only slightly amid the environment of moderate economic growth and low inflation.

Given the outperformance of longer-term bonds, the Trust s duration positioning (interest rate sensitivity) had a positive impact on performance. (Bond prices rise when rates fall.) The Trust s longer-dated holdings in the transportation, school districts, utilities and state tax-backed sectors were particularly strong contributors to performance. At a time of modest price gains for the municipal bond market, the income generated from coupon payments on the Trust s portfolio of tax-exempt bonds made a meaningful contribution to absolute performance. In addition, the use of leverage allowed the Trust to enhance its level of income.

The Trust s use of U.S. Treasury futures contracts to manage interest rate risk detracted slightly, as 10-year Treasury yields diverged from municipal bonds and finished the period lower.

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BlackRock Municipal Income Investment Quality Trust

Market Price and Net Asset Value Per Share Summary

	8/31/15	8/31/14	Change	High	Low
Market Price	$13.89	$14.18	(2.05)%	$15.29	$13.71
Net Asset Value	$15.80	$15.97	(1.06)%	$16.57	$15.60

Market Price and Net Asset Value History For the Past Five Years

Overview of the Trust s Total Investments*

Sector Allocation

	8/31/15	8/31/14
County/City/Special District/School District	31%	32%
Transportation	28	28
Utilities	17	19
Health	13	12
State	6	5
Education	3	2
Tobacco	1	1
Housing	1	1

Credit Quality Allocation[1]

	8/31/15	8/31/14
AAA/Aaa	3%	3%
AA/Aa	74	75
A	20	20
BBB/Baa	3	2

1 For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P s or Moody s if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

Call/Maturity Schedule[2]

Calendar Year Ended December 31,	
2015	
2016	
2017	
2018	15%
2019	19

2 Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

Trust Summary as of August 31, 2015

BlackRock Municipal Income Quality Trust

Trust Overview

BlackRock Municipal Income Quality Trust s (BYM) (the Trust) investment objective is to provide current income exempt from federal income taxes, including the alternative minimum tax. The Trust seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its assets in municipal bonds exempt from federal income taxes, including the alternative minimum tax. The Trust also invests at least 80% of its assets in municipal bonds that are investment grade quality at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Trust s investment objective will be achieved.

Trust Information	
Symbol on NYSE	BYM
Initial Offering Date	October 31, 2002
Yield on Closing Market Price as of August 31, 2015 ($13.67)[1]	6.28%
Tax Equivalent Yield[2]	11.10%
Current Monthly Distribution per Common Share[3]	$0.0715
Current Annualized Distribution per Common Share[3]	$0.8580
Economic Leverage as of August 31, 2015[4]	37%

1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

2 Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

3 The distribution rate is not constant and is subject to change.

4 Represents VMTP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VMTP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

Performance

Returns for the 12 months ended August 31, 2015 were as follows:

	Returns Based On	
	Market Price	**NAV[7]**
BYM[5]	4.03%	3.85%
Lipper General & Insured Municipal Debt Funds (Leveraged)[6]	3.91%	4.56%

5 All returns reflect reinvestment of dividends and/or distributions.

[6] Average return.

[7] The Trust s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV.

The following discussion relates to the Trust s absolute performance based on NAV:

Municipal bonds delivered a positive total return during the 12-month period. Long-term bonds outperformed short-term debt, leading to a flattening of the yield curve for the full 12 months. Performance trends differed significantly during throughout the 12-month period. In the first five months (September 2014 through February 2015), the market rallied significantly and the municipal yield curve flattened aggressively. During this time, long-term rates fell much more than intermediate rates, while two-year rates rose. In contrast, the final seven months of the period brought weaker price performance and a steepening of the yield curve.

Given the modest total return for the municipal bond market, the income generated from coupon payments on the Trust s portfolio of tax-exempt bonds made a meaningful contribution to absolute performance. The Trust s positions in the school district and transportation sectors also contributed positively.

The Trust s positions in Chicago general obligation bonds and related securities, as well as New Jersey state-appropriated credits, detracted from performance. The yield spreads on these securities widened significantly due to concerns over pension funding and the associated downgrades to the issuers credit ratings. The Trust was also negatively impacted by its duration exposure, as municipal yields increased slightly during the annual period. Additionally, the Trust s use of U.S. Treasury futures contracts to manage interest rate risk detracted slightly, as 10-year Treasury yields diverged from municipal bonds and finished the period lower.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

BlackRock Municipal Income Quality Trust

Market Price and Net Asset Value Per Share Summary

	8/31/15	8/31/14	Change	High	Low
Market Price	$13.67	$ 13.96	(2.08)%	$ 15.17	$ 13.29
Net Asset Value	$15.21	$ 15.56	(2.25)%	$ 16.14	$ 15.07

Market Price and Net Asset Value History For the Past Five Years

Overview of the Trust s Total Investments*

Sector Allocation

	8/31/15	8/31/14
County/City/Special District/School District	27%	32%
Transportation	25	25
Health	13	8
Utilities	11	13
State	11	12
Education	7	6
Tobacco	3	2
Corporate	3	2

Credit Quality Allocation[1]

	8/31/15	8/31/14
AAA/Aaa	15%	17%
AA/Aa	57	52
A	21	26
BBB/Baa	6	5
N/R	1	

1 For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P s or Moody s if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

Call/Maturity Schedule[2]

Calendar Year Ended December 31,	
2015	3%
2016	3
2017	8
2018	17
2019	8

2 Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

Trust Summary as of August 31, 2015

BlackRock Municipal Income Trust II

Trust Overview

BlackRock Municipal Income Trust II s (BLE) (the Trust) investment objective is to provide current income exempt from regular federal income tax. The Trust seeks to achieve its investment objective by investing primarily in municipal bonds exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). The Trust invests, under normal market conditions, at least 80% of its assets in municipal bonds that are investment grade quality at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Trust s investment objective will be achieved.

Trust Information	
Symbol on NYSE MKT	BLE
Initial Offering Date	July 30, 2002
Yield on Closing Market Price as of August 31, 2015 ($14.18)[1]	6.69%
Tax Equivalent Yield[2]	11.82%
Current Monthly Distribution per Common Share[3]	$0.079
Current Annualized Distribution per Common Share[3]	$0.948
Economic Leverage as of August 31, 2015[4]	38%

1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

2 Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

3 The distribution rate is not constant and is subject to change.

4 Represents VMTP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VMTP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

Performance

Returns for the 12 months ended August 31, 2015 were as follows:

	Returns Based On	
	Market Price	NAV[7]
BLE[5]	2.83%	5.01%
Lipper General & Insured Municipal Debt Funds (Leveraged)[6]	3.91%	4.56%

5 All returns reflect reinvestment of dividends and/or distributions.

[6] Average return.

[7] The Trust s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV.

The following discussion relates to the Trust s absolute performance based on NAV:

U.S. municipal bonds finished the 12-month period in positive territory, as the contribution of yields to total returns more than offset the impact of a small decline in prices. Yields moved slightly higher in the period as investors began to prepare for the possibility of interest rate increases by the Fed. (Bond prices fall when rates rise.) The short end of the yield curve, which is most sensitive to Fed policy shifts, experienced the largest increase in yields. In contrast, yields on longer-term bonds rose only slightly amid the environment of moderate economic growth and low inflation.

Given the modest total return for the municipal bond market, the income generated from coupon payments on the Trust s portfolio of tax-exempt bonds made a meaningful contribution to absolute performance. The Trust s investment-grade holdings in the AA and A rated categories contributed positively, as did its concentrations in the transportation, health, utilities and corporate-related sectors. The Trust s positioning with respect to duration (sensitivity to interest rate movements) and the yield curve made more modest contributions. In addition, the use of leverage allowed the Trust to enhance its level of income.

The Trust s use of U.S. Treasury futures contracts to manage interest rate risk detracted slightly, as 10-year Treasury yields diverged from municipal bonds and finished the period lower. Additionally, the Trust s positions in tax-backed bonds issued by Illinois and New Jersey underperformed due to increasing concerns regarding unfunded pension liabilities and future budget gaps.

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BlackRock Municipal Income Trust II

Market Price and Net Asset Value Per Share Summary

	8/31/15	8/31/14	Change	High	Low
Market Price	$14.18	$14.70	(3.54)%	$16.66	$13.82
Net Asset Value	$15.25	$15.48	(1.49)%	$16.09	$15.15

Market Price and Net Asset Value History For the Past Five Years

Overview of the Trust s Total Investments*

Sector Allocation

	8/31/15	8/31/14
Transportation	22%	20%
Utilities	16	16
County/City/Special District/School District	15	13
Health	12	14
Corporate	10	11
State	9	11
Education	9	8
Tobacco	5	4
Housing	2	3

Credit Quality Allocation[1]

	8/31/15	8/31/14
AAA/Aaa	7%	7%
AA/Aa	40	32
A	23	28
BBB/Baa	15	17
BB/Ba	5	5
B	1	2
N/R[2]	9	9

1 For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P s or Moody s if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

2 The investment advisor evaluates the credit quality of unrated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment advisor has deemed certain of these unrated securities as investment grade quality. As of August 31, 2015 and August 31, 2014, the market value of unrated securities deemed by the investment advisor to be investment grade representing 2% and 1%, respectively, of the Trust s total investments.

Call/Maturity Schedule[3]

Calendar Year Ended December 31,	
2015	7%
2016	4
2017	4

2018	6
2019	18

[3] Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

Trust Summary as of August 31, 2015

BlackRock MuniHoldings Investment Quality Fund

Trust Overview

BlackRock MuniHoldings Investment Quality Fund s (MFL) (the Trust) investment objective is to provide shareholders with current income exempt from federal income tax and to provide shareholders with the opportunity to own shares the value of which is exempt from Florida intangible personal property tax. The Trust seeks to achieve its investment objective by investing primarily in long-term, investment grade municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). Under normal market conditions, the Trust invests at least 80% of its assets in municipal obligations with remaining maturities of one year or more at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives. Due to the repeal of the Florida intangible personal property tax, in September 2008, the Board gave approval to permit the Trust the flexibility to invest in municipal obligations regardless of geographic location since municipal obligations issued by any state or municipality that provides income exempt from regular federal income tax would now satisfy the foregoing objective and policy.

No assurance can be given that the Trust s investment objective will be achieved.

Trust Information

Symbol on NYSE	MFL
Initial Offering Date	September 26, 1997
Yield on Closing Market Price as of August 31, 2015 ($14.06)[1]	6.10%
Tax Equivalent Yield[2]	10.78%
Current Monthly Distribution per Common Share[3]	$0.0715
Current Annualized Distribution per Common Share[3]	$0.8580
Economic Leverage as of August 31, 2015[4]	39%

1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

2 Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

3 The distribution rate is not constant and is subject to change.

4 Represents VRDP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VRDP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

Performance

Returns for the 12 months ended August 31, 2015 were as follows:

	Returns Based On	
	Market Price	**NAV[7]**
MFL[5]	7.28%	4.29%
Lipper General & Insured Municipal Debt Funds (Leveraged)[6]	3.91%	4.56%

5 All returns reflect reinvestment of dividends and/or distributions.

6 Average return.

7 The Trust s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV.

The following discussion relates to the Trust s absolute performance based on NAV:

U.S. municipal bonds finished the 12-month period in positive territory, as the contribution of yields to total returns more than offset the impact of a small decline in prices. Yields moved slightly higher in the period as investors began to prepare for the possibility of interest rate increases by the Fed. (Bond prices fall when rates rise.) The short end of the yield curve, which is most sensitive to Fed policy shifts, experienced the largest increase in yields. In contrast, yields on longer-term bonds rose only slightly amid the environment of moderate economic growth and low inflation.

Given the outperformance of longer-term bonds, the Trust s duration positioning (interest rate sensitivity) had a positive impact on performance. (Bond prices rise when rates fall.) The Trust s longer-dated holdings in the transportation and utilities sectors were particularly strong contributors to performance. At a time of modest price gains for the municipal bond market, the income generated from coupon payments on the Trust s portfolio of tax-exempt bonds made a meaningful contribution to absolute performance. In addition, the use of leverage allowed the Trust to enhance its level of income.

The Trust s use of U.S. Treasury futures contracts to manage interest rate risk detracted slightly, as 10-year Treasury yields diverged from municipal bonds and finished the period lower.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Market Price and Net Asset Value Per Share Summary

	8/31/15	8/31/14	Change	High	Low
Market Price	$14.06	$13.92	1.01%	$15.15	$13.19
Net Asset Value	$15.18	$15.46	(1.81)%	$16.01	$15.03

Market Price and Net Asset Value History For the Past Five Years

Overview of the Trust s Total Investments*

Sector Allocation

	8/31/15	8/31/14		
Transportation	36%	35%		
County/City/Special District/School District	18	18		
Utilities	17	19		
Health	10	11		
State	9	9		
Education	5	6		
Corporate	2			
Housing	2	1		
Tobacco	1		624,684	
Total			785,726	785,726
Intangible assets, net			$909,093	$913,877

Amortization expense was $4.8 million and $4.8 million for the three months ended September 30, 2016 and 2015, respectively. Annual amortization expense for intangible assets is expected to be as follows: $18.0 million in fiscal 2017, $15.0 million in fiscal 2018, $12.5 million in fiscal 2019, $11.6 million in fiscal 2020, and $7.6 million in fiscal 2021.

Changes in the carrying amount of goodwill were as follows:

Three months ended September 30,	2016			2015		
(In thousands)	National Media	Local Media	Total	National Media	Local Media	Total
Balance at beginning of period						
Goodwill	$931,303	$68,775	$1,000,078	$932,471	$68,775	$1,001,246
Accumulated impairment losses	(116,949)	—	(116,949)	—	—	—
Total goodwill	814,354	68,775	883,129	932,471	68,775	1,001,246
Acquisition adjustments	—	—	—	(2,986)	—	(2,986)
Balance at end of period						
Goodwill	931,303	68,775	1,000,078	929,485	68,775	998,260
Accumulated impairment losses	(116,949)	—	(116,949)	—	—	—
Total goodwill	$814,354	$68,775	$883,129	$929,485	$68,775	$998,260

4. Restructuring Accrual

During the first quarter of fiscal 2016, management committed to a performance improvement plan that included selected workforce reductions. In connection with this plan, the Company recorded pre-tax restructuring charges totaling $3.4 million for severance and related benefit costs related to the involuntary termination of employees. The plan affected approximately 45 employees. The Company also recorded $1.1 million in reversals of excess restructuring reserves accrued in prior fiscal years. The severance and related benefit costs and the credits for the reversal of excess restructuring reserves are recorded in the selling, general, and administrative line of the Condensed Consolidated Statements of Earnings.

Details of changes in the Company's restructuring accrual are as follows:

Three months ended September 30,	2016	2015
(In thousands)		
Balance at beginning of period	$7,388	$15,731
Severance accruals	—	3,366
Cash payments	(2,267)	(3,705)
Reversal of excess accrual	—	(1,070)
Balance at end of period	$5,121	$14,322

8

5. Long-term Debt

Long-term debt consists of the following:

(In thousands)	September 30, 2016	June 30, 2016
Variable-rate credit facilities		
Asset-backed bank facility of $100 million, due 10/20/2017	$ 80,000	$ 80,000
Revolving credit facility of $200 million, due 3/27/2019	50,000	40,000
Term loan due 3/27/2019	218,750	225,000
Private placement notes		
3.04% senior notes, due 3/1/2017	50,000	50,000
3.04% senior notes, due 3/1/2018	50,000	50,000
Floating rate senior notes, due 12/19/2022	100,000	100,000
Floating rate senior notes, due 2/28/2024	150,000	150,000
Total long-term debt	698,750	695,000
Unamortized debt issuance costs	(1,348)	(1,494)
Current portion of long-term debt	(75,000)	(75,000)
Long-term debt	$ 622,402	$ 618,506

In connection with the asset-backed bank facility, Meredith entered into a revolving agreement to sell all of its rights, title, and interest in the majority of its accounts receivable related to advertising and miscellaneous revenues to Meredith Funding Corporation, a special-purpose entity established to purchase accounts receivable from Meredith. At September 30, 2016, $169.1 million of accounts receivable net of reserves was outstanding under the agreement. Meredith Funding Corporation in turn may sell receivable interests to a major national bank. In consideration of the sale, Meredith receives cash and a subordinated note, bearing interest at the prime rate, 3.50 percent at September 30, 2016, from Meredith Funding Corporation. The agreement is structured as a true sale under which the creditors of Meredith Funding Corporation will be entitled to be satisfied out of the assets of Meredith Funding Corporation prior to any value being returned to Meredith or its creditors. The accounts of Meredith Funding Corporation are fully consolidated in Meredith's condensed consolidated financial statements.

The Company holds interest rate swap agreements to hedge variable interest rate risk on the $250.0 million floating-rate senior notes and on $50.0 million of the term loan. The expiration of the swaps is as follows: $50.0 million in August 2018, $100.0 million in March 2019, and $150.0 million in August 2019. Under the swaps the Company will pay fixed rates of interest (1.36 percent on the swap maturing in August 2018, 1.53 percent on the swap maturing in March 2019, and 1.76 percent on the swaps maturing in August 2019) and receive variable rates of interest based on the one to three-month London Interbank Offered Rate (LIBOR) (0.54 percent on the swap maturing in August 2018, 0.86 percent on the swap maturing in March 2019, and 0.84 percent on the swaps maturing in August 2019 as of September 30, 2016) on the $300.0 million notional amount of indebtedness. The swaps are designated as cash flow hedges. The Company evaluates the effectiveness of the hedging relationships on an ongoing basis by recalculating changes in fair value of the derivatives and related hedged items independently.

Unrealized gains or losses on cash flow hedges are recorded in other comprehensive income to the extent the cash flow hedges are effective. The amount of the swap that offsets the effects of interest rate changes on the related debt is subsequently reclassified into interest expense. Any ineffective portions on cash flow hedges are recorded in interest expense. No material ineffectiveness existed at either September 30, 2016 or 2015.

The fair value of the interest rate swap agreements is the estimated amount the Company would pay or receive to terminate the swap agreements. At September 30, 2016, the swaps had a fair value of $4.9 million liability. The

Company is exposed to credit-related losses in the event of nonperformance by counterparties to the swap

9

agreements. This exposure is managed through diversification and monitoring of the creditworthiness of the counterparties. There was no potential loss that the Company would incur on the interest rate swaps if the counterparties were to fail to meet their obligations under the agreements at September 30, 2016. Given the strong creditworthiness of the counterparties, management does not expect any of them to fail to meet their obligations. Additionally, the concentration of risk with any individual counterparty is not considered significant at September 30, 2016.

6. Pension and Postretirement Benefit Plans

The following table presents the components of net periodic benefit costs:

Three months ended September 30,	2016	2015
(In thousands)		
Pension benefits		
Service cost	$3,137	$2,977
Interest cost	1,225	1,469
Expected return on plan assets	(2,298)	(2,746)
Prior service cost amortization	48	49
Actuarial loss amortization	897	157
Net periodic benefit costs	$3,009	$1,906
Postretirement benefits		
Service cost	$23	$25
Interest cost	80	96
Prior service credit amortization	(98)	(107)
Actuarial gain amortization	(78)	(169)
Net periodic benefit credit	$(73)	$(155)

The amortization of amounts related to unrecognized prior service costs and net actuarial gain/loss was reclassified out of other comprehensive income as components of net periodic benefit costs.

7. Earnings per Share

The following table presents the calculations of earnings per share:

Three months ended September 30,	2016	2015
(In thousands except per share data)		
Net earnings	$33,973	$11,029
Basic average shares outstanding	44,558	44,612
Dilutive effect of stock options and equivalents	926	754
Diluted average shares outstanding	45,484	45,366
Earnings per share		
Basic earnings per share	$0.76	$0.25
Diluted earnings per share	0.75	0.24

For the three months ended September 30, 2016 and 2015, antidilutive options excluded from the above calculations totaled 0.5 million (with a weighted average exercise price of $54.11) and 1.2 million (with a weighted average exercise price of $49.47), respectively.

8. Fair Value Measurements

We estimated the fair value of our financial instruments using available market information and valuation methodologies we believe to be appropriate for these purposes. Considerable judgment and a high degree of subjectivity are involved in developing these estimates and, accordingly, they are not necessarily indicative of amounts we would realize upon disposition.

The fair value hierarchy consists of three broad levels of inputs that may be used to measure fair value, which are described below:

• Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities;
• Level 2	Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;
• Level 3	Assets or liabilities for which fair value is based on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth the carrying value and the estimated fair value of the Company's financial instruments not measured at fair value on a recurring basis:

June 30, 2016

(In thousands)	September 30, 2016			
	Carrying Value	Fair Value	Carrying Value	Fair Value
Broadcast rights payable	$21,787	$21,071	$10,173	$9,655
Total long-term debt	698,750	699,330	695,000	695,533

The fair value of broadcast rights payable was determined using the present value of expected future cash flows discounted at the Company's current borrowing rate with inputs included in Level 3. The fair value of total long-term debt was determined using the present value of expected future cash flows using borrowing rates currently available for debt with similar terms and maturities with inputs included in Level 2.

The following table sets forth the assets and liabilities measured at fair value on a recurring basis:

(In thousands)	September 30, 2016	June 30, 2016
Property, plant, and equipment		
Corporate airplanes, held for sale	$ 2,800	$ 2,800
Accrued expenses and other liabilities		
Interest rate swaps	2,059	2,768
Other noncurrent liabilities		
Contingent consideration	53,339	56,631
Interest rate swaps	2,794	4,511

The fair value of interest rate swaps is determined using discounted cash flows derived from market observable inputs including swap curves that are included in Level 2. The fair values of contingent consideration and corporate airplanes are based on significant inputs not observable in the market and thus represents Level 3 measurements.

Details of changes in the fair value of Level 3 contingent consideration and corporate airplanes are as follows:

Three months ended September 30,	2016	2015
(in thousands)		
Contingent consideration		
Balance at beginning of period	$56,631	$61,535
Payments	(4,000)	—
Change in present value of contingent consideration [1]	708	(1,000)
Balance at end of period	$53,339	$60,535
Corporate airplanes, held for sale		
Balance at beginning of period [2]	$2,800	$—
Fair market adjustment of corporate airplanes	—	—
Balance at end of period	$2,800	$—

(1) Change in present value of contingent consideration is recorded in the selling, general, and administrative expense line on the Condensed Consolidated Statements of Earnings and is comprised of changes in estimated earn out payments based on projections of performance and the amortization of the present value discount.

(2) Consistent with the decision to sell the corporate airplanes, these assets were adjusted to fair value in the fourth quarter of fiscal 2016.

9. Financial Information about Industry Segments

Meredith is a diversified media company focused primarily on the home and family marketplace. On the basis of products and services, the Company has established two reportable segments: national media and local media. There have been no changes in the basis of segmentation since June 30, 2016. There have been no material intersegment transactions.

There are two principal financial measures reported to the chief executive officer for use in assessing segment performance and allocating resources. Those measures are operating profit and earnings before interest, taxes, depreciation, and amortization (EBITDA). Operating profit for segment reporting, disclosed below, is revenues less operating costs excluding unallocated corporate expenses. Segment operating expenses include allocations of certain centrally incurred costs such as employee benefits, occupancy, information systems, accounting services, internal legal staff, and human resources administration. These costs are allocated based on actual usage or other appropriate methods, primarily number of employees. Unallocated corporate expenses are corporate overhead expenses not directly attributable to the operating groups. In accordance with authoritative guidance on disclosures about segments of an enterprise and related information, EBITDA is not presented below.

The following table presents financial information by segment:

Three months ended September 30,	2016	2015
(In thousands)		
Revenues		
National media	$247,293	$258,199
Local media	152,586	126,467
Total revenues	$399,879	$384,666
Segment profit		
National media	$24,111	$22,803
Local media	50,622	29,327
Unallocated corporate	(13,971)	(23,118)
Income from operations	60,762	29,012
Interest expense, net	(4,749)	(5,313)
Earnings before income taxes	$56,013	$23,699
Depreciation and amortization		
National media	$4,518	$4,565
Local media	8,990	9,978
Unallocated corporate	388	537
Total depreciation and amortization	$13,896	$15,080

Item 2. 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) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon management's current expectations and are subject to various uncertainties and changes in circumstances. Important factors that could cause actual results to differ materially from those described in forward-looking statements are set forth below under the heading “Forward Looking Statements."

EXECUTIVE OVERVIEW

Meredith Corporation has been committed to service journalism for nearly 115 years. Today, Meredith uses multiple distribution platforms—including broadcast television, print, digital, mobile, tablets, and video—to provide consumers with content they desire and to deliver the messages of its advertising and marketing partners.

Meredith operates two business segments: local media and national media. The local media segment includes 17 owned or operated television stations reaching 11 percent of United States (U.S.) households. Meredith’s portfolio is concentrated in large, fast-growing markets, with seven stations in the nation’s Top 25 markets—including Atlanta, Phoenix, St. Louis, and Portland—and 13 in Top 50 markets. Meredith’s stations produce nearly 700 hours of local news and entertainment content each week, and operate leading local digital destinations.

Our national media segment reaches 100 million unduplicated women and nearly 75 percent of American millennial women. Meredith is the leader at creating content across media platforms in key consumer interest areas such as food, home, parenthood, and health through well-known brands such as Better Homes and Gardens, Allrecipes, Parents, Shape, and EatingWell. The national media segment features robust brand licensing activities, including more than 3,000 SKUs of branded products at 4,000 Walmart stores across the U.S. Meredith Xcelerated Marketing (MXM) is a leader at developing and delivering custom content and customer relationship marketing programs for many of the world’s top brands.

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. The national media segment accounted for 62 percent of the Company's $399.9 million in revenues in the first three months of fiscal 2017 while the local media segment contributed 38 percent.

LOCAL MEDIA

Local media derives the majority of its revenues—66 percent in the first three months of fiscal 2017—from the sale of advertising, both over the air and on our stations' websites and apps. The remainder comes from television retransmission fees, station operation management fees, and other services. 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. Local media's major expense categories are employee compensation costs and programming fees paid to the networks.

NATIONAL MEDIA

Advertising revenues represented 51 percent of national media's first three months' revenues. These revenues were generated from the sale of advertising space in our magazines and on our websites and apps to clients interested in promoting their brands, products, and services to consumers. Circulation revenues accounted for 28 percent of national media's first three months' 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 and other media devices. The remaining 21 percent of national media's revenues came from a variety of activities which included the sale of customer relationship marketing products and services as well as brand licensing, product sales, and other related activities. National media's major expense categories are production and delivery of publications and promotional mailings and employee compensation costs.

FIRST QUARTER FISCAL 2017 FINANCIAL OVERVIEW

- Local media revenues increased 21 percent and operating profit rose 73 percent compared to the prior-year period reflecting higher retransmission revenues and increased cyclical political advertising.

- National media revenues declined 4 percent compared to the prior-year period as declines in the revenues of our magazine operations of $12.6 million and our brand licensing operations of $2.0 million more than offset increased revenues in our digital operations of $4.8 million. Approximately 30 percent of the decline in magazine operation revenues was due to the closure of MORE magazine effective following the April 2016 issue. National media operating profit increased 6 percent as improved operating results in our digital operations of $4.4 million and a lower severance and benefits accrual of $3.2 million compared to the prior-year period more than offset decreases in the operating profit of our brand licensing operations of $2.5 million, our MXM operations of $1.9 million, and our magazine operations of $1.7 million.

- Diluted earnings per share increased 213 percent to $0.75 from $0.24 in the prior-year first three months. Prior year earnings per share was impacted by merger-related expenses incurred by the Company in the first quarter of fiscal 2016.

RESULTS OF OPERATIONS

Three months ended September 30,	2016	2015	Change
(In thousands except per share data)			
Total revenues	$399,879	$384,666	4 %
Operating expenses	(339,117)	(355,654)	(5)%
Income from operations	$60,762	$29,012	109 %
Net earnings	$33,973	$11,029	208 %
Diluted earnings per share	0.75	0.24	213 %

The following sections provide an analysis of the results of operations for the local media and national media segments and an analysis of the consolidated results of operations for the three months ended September 30, 2016, compared with the prior-year period. This commentary should be read in conjunction with the interim condensed consolidated financial statements presented elsewhere in this report and with our Annual Report on Form 10 K (Form 10 K) for the year ended June 30, 2016.

LOCAL MEDIA

Local media operating results were as follows:

Three months ended September 30,	2016	2015	Change
(In thousands)			
Non-political advertising	$84,184	$89,310	(6)%
Political advertising	16,353	2,120	671 %
Other	52,049	35,037	49 %
Total revenues	152,586	126,467	21 %
Operating expenses	(101,964)	(97,140)	5 %
Operating profit	$50,622	$29,327	73 %
Operating profit margin	33.2 %	23.2 %	

Revenues
Local media revenues increased 21 percent in the first quarter of fiscal 2017. Political advertising revenues totaled $16.4 million in the first quarter of fiscal 2017 compared with $2.1 million in the prior-year first quarter. Fluctuations in political advertising revenues at our stations and throughout the broadcasting industry generally follow the biennial cycle of election campaigns. Political advertising displaces a certain amount of non-political advertising; therefore, the revenues are not entirely incremental. Non-political advertising revenues decreased 6 percent in the first quarter of fiscal 2017. Local non-political advertising revenues declined 6 percent in the first quarter while national non-political advertising revenues decreased 8 percent for this period. Digital advertising, a component of non-political advertising revenues, increased more than 20 percent in the first quarter of fiscal 2017 as a series of growth strategies continued to drive higher advertising rates across the station group.

Other revenues grew 49 percent in the first quarter of fiscal 2017 primarily due to increased retransmission fees.

Operating Expenses
Local media operating expenses increased 5 percent in the first quarter of fiscal 2017 primarily due to higher programming fees paid to affiliated networks.

Operating Profit
Local media operating profit increased 73 percent in the first quarter of fiscal 2017 primarily due to increases in higher-margin retransmission and political advertising revenues in the quarter.

NATIONAL MEDIA

National media operating results were as follows:

Three months ended September 30,	2016	2015	Change
(In thousands)			
Advertising	$125,352	$127,240	(1)%
Circulation	68,668	72,175	(5)%
Other	53,273	58,784	(9)%
Total revenues	247,293	258,199	(4)%
Operating expenses	(223,182)	(235,396)	(5)%
Operating profit	$24,111	$22,803	6 %
Operating profit margin	9.7 %	8.8 %	

Revenues

National media advertising revenues decreased 1 percent in the first quarter of fiscal 2017. Digital advertising revenues grew 15 percent in the first quarter of fiscal 2017. Magazine advertising revenues decreased 7 percent, primarily the result of mix changes, and advertising pages decreased 1 percent in the first quarter of fiscal 2017. Among our core advertising categories, the prescription drug, food, and direct response categories showed strength while demand was weaker for the toiletries and cosmetics, household supplies, and non-prescription drug categories.

Magazine circulation revenues decreased 5 percent in the first quarter of fiscal 2017. Subscription revenues decreased in the high-single digits in the first quarter. Newsstand revenues increased in the mid-single digits in the first quarter. Subscription revenues declined due primarily to a reduction in the frequency of Family Fun magazine resulting in one less issue in the quarter, the closure of MORE magazine effective following the April 2016 issue, and ongoing efforts to source magazine subscribers from Meredith’s own database instead of external agent sources. This direct-to-publisher strategy increases circulation profit but lowers revenues over time. The closing of MORE magazine and the direct-to-publisher strategy are expected to affect subscription revenues throughout fiscal 2017.

Other revenues decreased 9 percent in the first quarter of fiscal 2017 primarily due to a decline in brand licensing revenues of $2.0 million due to the renewal of certain contracts impacting the timing of revenues. In addition, in our magazine operations, decreases of book sales of $1.6 million and of marketing and print services of $1.2 million also contributed to the decline.

Operating Expenses

National media operating expenses decreased 5 percent in the first quarter of fiscal 2017 primarily due to declines in circulation expenses of $3.8 million, severance and related benefit accruals of $3.2 million, postage and other delivery costs of $2.5 million, non-payroll related editorial costs of $2.1 million, paper expenses of $2.0 million, and processing costs of $1.5 million. The closing of MORE magazine contributed to these declines. Paper expense also decreased due to a mid-single digit decline in average paper prices as compared to the year-ago period. These decreases more than offset an increase in accrued contingent consideration expense of $1.7 million. The increase accrued contingent consideration expense is primarily due to there being a credit balance in the first quarter of fiscal 2016.

Operating Profit

National media operating profit increased 6 percent in the first quarter of fiscal 2017 as growth in the operating profit of our digital operations of $4.4 million and lower severance and benefits expense of $3.2 million more than offset declines in the operating profit of our brand licensing operations of $2.5 million, MXM's operations of $1.9 million, and our magazine operations of $1.7 million.

UNALLOCATED CORPORATE EXPENSES

Unallocated corporate expenses are general corporate overhead expenses not attributable to the operating groups. These expenses were as follows:

Three months ended September 30,	2016	2015	Change
(In thousands)			
Costs and expenses	$13,971	$10,452	34 %
Merger-related costs	—	12,666	(100)%
Unallocated corporate expenses	$13,971	$23,118	(40)%

Unallocated corporate costs and expenses increased 34 percent as compared to the prior-year first quarter primarily due to increases in performance-based incentive accruals of $2.4 million and consulting costs of $0.9 million.

In September 2015, the Company entered into a merger agreement with Media General, Inc. This agreement was terminated in January 2016. During the first quarter of fiscal 2016, the Company incurred $12.7 million in merger-related expenses.

CONSOLIDATED

Consolidated Operating Expenses
Consolidated operating expenses were as follows:

Three months ended September 30,	2016	2015	Change
(In thousands)			
Production, distribution, and editorial	$150,228	$153,178	(2)%
Selling, general, and administrative	174,993	174,730	0 %
Depreciation and amortization	13,896	15,080	(8)%
Merger-related costs	—	12,666	(100)%
Operating expenses	$339,117	$355,654	(5)%

Fiscal 2017 production, distribution, and editorial costs decreased 2 percent in the first quarter as compared to the prior-year period. For the first quarter of fiscal 2017, declines in postage and other delivery costs of $2.5 million, employee compensation costs of $2.2 million, non-payroll related editorial costs of $2.1 million, paper expenses of $2.0 million, and processing costs of $1.5 million more than offset an increase in programming fees paid to affiliated networks of $4.3 million.

Selling, general, and administrative expenses were flat in the first quarter of fiscal 2017. For the first quarter, increased performance based incentive accruals of $3.8 million, and the reversal, in the prior year, of previously accrued restructuring costs of $1.1 million more than offset declines in circulation expenses of $3.8 million and lower severance and related benefit accruals of $3.4 million.

Depreciation and amortization expense declined 8 percent in the first quarter of fiscal 2017 primarily due to decreases in depreciation in our local media segment.

In September 2015, the Company entered into a merger agreement with Media General, Inc. This agreement was terminated in January 2016. During the first quarter of fiscal 2016, the Company incurred $12.7 million in merger-related expenses.

Income from Operations
Income from operations increased 109 percent in the first quarter of fiscal 2017 primarily due to the lack of $12.7 million of merger-related expenses as compared to the prior-year quarter and higher operating profits in our local media segment of $21.3 million.

Net Interest Expense
Net interest expense decreased to $4.7 million in the fiscal 2017 first quarter compared with $5.3 million in the prior-year first quarter. Average long-term debt outstanding was $693.4 million in the first quarter of fiscal 2017 compared with $807.3 million in the prior-year first quarter. The Company's approximate weighted average interest rate was 2.8 percent in the first three months of fiscal 2017 and 2.6 percent in the first three months of fiscal 2016. The weighted average interest rates include the effects of derivative financial instruments.

Income Taxes

Our effective tax rate was 39.3 percent in the first quarter of fiscal 2017 as compared to 53.5 percent in the first quarter of fiscal 2016. The fiscal 2016 first quarter effective tax rate was primarily impacted by anticipated

18

limitations on the tax deductibility of certain merger-related expenses incurred prior to the termination of the merger agreement.

Net Earnings and Earnings per Share

Net earnings were $34.0 million ($0.75 per diluted share) in the quarter ended September 30, 2016, up 208 percent from $11.0 million ($0.24 per diluted share) in the prior-year first quarter. The increases in net earnings were primarily due to the higher income from operations and a lower effective tax rate as discussed above. Average basic shares outstanding decreased slightly and average diluted shares outstanding increased slightly in the first quarter of fiscal 2017.

LIQUIDITY AND CAPITAL RESOURCES

Three months ended September 30,	2016	2015
(In thousands)		
Net earnings	$33,973	$11,029
Cash flows provided by operating activities	$35,360	$2,829
Cash flows used in investing activities	(2,232)	(73)
Cash flows provided by (used in) financing activities	(25,970)	4,351
Net increase in cash and cash equivalents	$7,158	$7,107

OVERVIEW

Meredith's primary source of liquidity is cash generated by operating activities. Debt financing is typically used for significant acquisitions. We expect cash on hand, internally generated cash flow, and available credit from financing agreements will provide adequate funds for operating and recurring cash needs (e.g., working capital, capital expenditures, debt repayments, and cash dividends) into the foreseeable future. As of September 30, 2016, we had up to $150.0 million of additional available borrowings under our revolving credit facility, and up to $20.0 million of additional available borrowings under our asset-backed bank facility (depending on levels of accounts receivable). While there are no guarantees that we will be able to replace current credit agreements when they expire, we expect to be able to do so.

SOURCES AND USES OF CASH

Cash and cash equivalents increased $7.2 million in the first three months of fiscal 2017 compared to $7.1 million in the first three months of fiscal 2016.

Operating Activities

The largest single component of operating cash inflows is cash received from advertising customers. Other sources of operating cash inflows include cash received from magazine circulation sales and other revenue generating transactions such as customer relationship marketing, retransmission consent fees, brand licensing, and product sales. Operating cash outflows include payments to vendors and employees and payments of interest and income taxes. Our most significant vendor payments are for production and delivery of publications and promotional mailings, broadcasting programming rights, employee benefit plans (including pension plans), and other services and supplies.

Cash provided by operating activities totaled $35.4 million in the first three months of fiscal 2017 compared with $2.8 million in the first three months of fiscal 2016. The increase in cash provided by operating activities is primarily due to increased net earnings.

Investing Activities
Investing cash inflows generally include proceeds from the sale of assets or a business. Investing cash outflows generally include payments for the acquisition of new businesses; investments; and additions to property, plant, and equipment.

Net cash used in investing activities increased to $2.2 million in the first three months of fiscal 2017 from $0.1 million in the prior-year period. Meredith received proceeds from the sale of assets in fiscal 2016. No such sales occurred in fiscal 2017.

Financing Activities
Financing cash inflows generally include borrowings under debt agreements and proceeds from the exercise of common stock options issued under share-based compensation plans. Financing cash outflows generally include the repayment of long-term debt, the payment of dividends, and repurchases of Company stock.

Net cash used by financing activities totaled $26.0 million in the three months ended September 30, 2016, compared with net cash provided by financing activities of $4.4 million for the three months ended September 30, 2015. The change in cash flows from financing activities is primarily due to a net $3.8 million of debt being issued in the current-year period compared to a net $24.3 million of debt being issued in the prior-year period. In addition, the Company spent an additional $12.6 million for purchases of Company stock in the current quarter.

Long-term Debt
At September 30, 2016, long-term debt outstanding totaled $698.8 million. The balance consisted of $218.8 million under a term loan, $100.0 million in fixed-rate unsecured senior notes, $250.0 million in floating-rate unsecured senior notes, $80.0 million under an asset-backed bank facility, and $50.0 million outstanding under a revolving credit facility.

The Company holds interest rate swap agreements to hedge variable interest rate risk on the $250.0 million floating-rate senior notes and on $50.0 million of the term loan. The expiration of the swaps is as follows: $50.0 million in August 2018, $100.0 million in March 2019, and $150.0 million in August 2019. Under the swaps the Company will pay fixed rates of interest (1.36 percent on the swap maturing in August 2018, 1.53 percent on the swap maturing in March 2019, and 1.76 percent on the swaps maturing in August 2019) and receive variable rates of interest based on the one to three-month London Interbank Offered Rate (LIBOR) (0.54 percent on the swap maturing in August 2018, 0.86 percent on the swap maturing in March 2019, and 0.84 percent on the swaps maturing in August 2019 as of September 30, 2016) on the $300.0 million notional amount of indebtedness.

The revolving credit facility has a capacity of up to $200.0 million. Both the revolving credit facility and the term loan have a five-year term which expires in March 2019. The interest rate under both the revolving credit facility and the term loan is variable based on LIBOR and Meredith's debt to trailing 12 month EBITDA (earnings before interest, taxes, depreciation, and amortization as defined in the debt agreement) ratio. The term loan is payable in quarterly installments based on an amortization schedule as set forth in the agreement. At September 30, 2016, $218.8 million was outstanding under the term loan and $50.0 million was outstanding under the revolver. Of the term loan, $25.0 million is due in the next 12 months. We expect to repay this with cash from operations and credit available under existing credit agreements.

Of the fixed-rate unsecured senior notes, $50.0 million is due in the next 12 months. We expect to repay these senior notes with cash from operations and credit available under existing credit agreements. The weighted average effective interest rate for the fixed-rate notes was 3.04 percent at September 30, 2016. The floating-rate unsecured senior notes are due in December 2022 and February 2024. The weighted average effective interest rate for $150.0 million of the floating-rate unsecured senior notes was 3.26 percent at September 30, 2016, after taking into account the effect of outstanding interest rate swap agreements. The weighted average effective interest rate for $100.0 million of the floating-rate unsecured senior notes was 3.03 percent at September 30, 2016, after taking into account the effect of the outstanding interest rate swap agreement. None of the floating-rate senior notes are due in the next 12 months. The interest rate on the asset-backed bank facility is variable based on LIBOR plus a fixed spread. As of

September 30, 2016, the asset-backed bank facility had a capacity of up to $100.0 million (depending on levels of accounts receivable). The asset-backed bank facility expires in October 2017.

All of our debt agreements include financial covenants, and failure to comply with any such covenants could result in the debt becoming payable on demand. The Company was in compliance with all financial covenants at September 30, 2016.

Contractual Obligations
As of September 30, 2016, there had been no material changes in our contractual obligations from those disclosed in our Form 10 K for the year ended June 30, 2016.

Merger-Related Expenses
In September 2015, the Company entered into a merger agreement with Media General, Inc. This agreement was terminated in January 2016. During the first quarter of fiscal 2016, the Company incurred $12.7 million in merger-related expenses.

Share Repurchase Program
As part of our ongoing share repurchase program, we spent $18.4 million in the first three months of fiscal 2017 to repurchase 340,000 shares of common stock at then-current market prices. We spent $5.7 million to repurchase 122,000 shares in the first three months of fiscal 2016. We expect to continue repurchasing shares from time to time subject to market conditions. Shares that are deemed to be delivered to us on tender of stock in payment for the exercise price of options do not reduce the repurchase authority granted by our Board of Directors. Of the 340,000 shares of common stock purchased during the first three months of the current fiscal year, 230,000 were deemed to be delivered to us on tender of stock in payment for the exercise price of options. As of September 30, 2016, $78.2 million remained available under the current authorization for future repurchases. The status of the repurchase program is reviewed at each quarterly Board of Directors meeting. See Part II, Item 2 (c), Issuer Repurchases of Equity Securities, of this Form 10 Q for detailed information on share repurchases during the quarter ended September 30, 2016.

Dividends
Dividends paid in the first three months of fiscal 2017 totaled $22.4 million, or $0.4950 per share, compared with dividend payments of $20.7 million, or $0.4575 per share, in the first three months of fiscal 2016.

Capital Expenditures
Investment in property, plant, and equipment totaled $2.2 million in the first three months of fiscal 2017 compared with prior-year first three months' investment of $1.8 million. Current year and prior year investment spending primarily relate to assets acquired in the normal course of business. We have no material commitments for capital expenditures. We expect funds for future capital expenditures to come from operating activities or, if necessary, borrowings under existing credit agreements.

OTHER MATTERS

CRITICAL ACCOUNTING POLICIES

Meredith's critical accounting policies are summarized in our Form 10 K for the year ended June 30, 2016. As of September 30, 2016, the Company's critical accounting policies had not changed from June 30, 2016.

The Company has a significant amount of goodwill and indefinite-lived intangible assets that are reviewed at least annually for impairment. At September 30, 2016, goodwill and intangible assets totaled $1.8 billion with $1.0 billion in the national media group and $0.8 billion in the local media group. Management is required to evaluate goodwill and intangible assets with indefinite lives for impairment on an annual basis or when events occur or circumstances change that would indicate the carrying value exceeds the fair value. See Item 1A. Risk Factors and

Note 4 to the consolidated financial statements in our Form 10-K for the year ended June 30, 2016, for additional information.

ACCOUNTING AND REPORTING DEVELOPMENTS

There were no new accounting pronouncements issued or effective during the fiscal year which have had or are expected to have a material impact on the consolidated financial statements. See Note 1 to the condensed consolidated financial statements for further detail on applicable accounting pronouncements that were adopted in the first three months of fiscal 2017 or will be effective in future periods.

FORWARD LOOKING STATEMENTS

Except for the historical information contained herein, the matters discussed in this Form 10-Q are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those predicted by such forward-looking statements. These statements are based on management's current knowledge and estimates of factors affecting the Company's operations. Readers are cautioned not to place undue reliance on such forward-looking information. Factors that could adversely affect future results include, but are not limited to, downturns in national and/or local economies; a softening of the domestic advertising market; world, national, or local events that could disrupt broadcast television; increased consolidation among major advertisers or other events depressing the level of advertising spending; the unexpected loss or insolvency of one or more major clients; the integration of acquired businesses; changes in consumer reading, purchasing and/or television viewing patterns; increases in paper, postage, printing, syndicated programming or other costs; changes in television network affiliation agreements; technological developments affecting products or methods of distribution; changes in government regulations affecting the Company's industries; increases in interest rates; and the consequences of acquisitions and/or dispositions. Meredith's Form 10 K for the year ended June 30, 2016, includes a more complete description of the risk factors that may affect our results. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Meredith is exposed to certain market risks as a result of our use of financial instruments, in particular the potential market value loss arising from adverse changes in interest rates. The Company does not utilize financial instruments for trading purposes and does not hold any derivative financial instruments that could expose the Company to significant market risk. Readers are referred to Item 7A, Quantitative and Qualitative Disclosures about Market Risk, in the Company's Form 10 K for the year ended June 30, 2016, for a more complete discussion of these risks.

Interest Rates
We generally manage our risk associated with interest rate movements through the use of a combination of variable and fixed-rate debt. At September 30, 2016, Meredith had $100.0 million outstanding in fixed-rate long-term debt. In addition, Meredith has effectively converted the $250.0 million floating-rate senior notes and $50.0 million of the term loan to fixed-rate debt through the use of interest rate swaps. Since the interest rate swaps hedge the variability of interest payments on variable-rate debt with the same terms, they qualify for cash flow hedge accounting treatment. There are no earnings or liquidity risks associated with the Company's fixed-rate debt. The fair value of the fixed-rate debt (based on discounted cash flows reflecting borrowing rates currently available for debt with similar terms and maturities) varies with fluctuations in interest rates. A 10 percent decrease in interest rates would have changed the fair value of the fixed-rate debt to $100.8 million from $100.6 million at September 30, 2016.

22

At September 30, 2016, $598.8 million of our debt was variable-rate debt before consideration of the impact of the swaps. The Company is subject to earnings and liquidity risks for changes in the interest rate on the portion of this debt that is not hedged by interest rate swaps. A 10 percent increase in interest rates would increase annual interest expense by $0.6 million.

The fair value of the interest rate swaps is the estimated amount, based on discounted cash flows, the Company would pay or receive to terminate the swap agreements. We intend to continue to meet the conditions for hedge accounting. However, if hedges were not to be highly effective in offsetting cash flows attributable to the hedged risk, the changes in the fair value of the derivatives used as hedges could have an impact on our consolidated net earnings.

Broadcast Rights Payable

There has been no material change in the market risk associated with broadcast rights payable since June 30, 2016.

Item 4. Controls and Procedures

Meredith's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10 Q, that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed in the reports that Meredith files or submits under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized, and reported within the time periods specified in the United States Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to Meredith's management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. There have been no significant changes in the Company's internal control over financial reporting in the quarter ended September 30, 2016, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes to the Company's risk factors as disclosed in Item 1A, Risk Factors, in the Company's Form 10 K for the year ended June 30, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Repurchases of Equity Securities

The following table sets forth information with respect to the Company's repurchases of common stock during the quarter ended September 30, 2016.

Period	(a) Total number of shares purchased [1, 2]	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced programs	(d) Approximate dollar value of shares that may yet be purchased under programs (in thousands)
July 1 to July 31, 2016	32,763	$55.71	4,748	$ 83,699
August 1 to August 31, 2016	274,689	54.34	77,649	79,515
September 1 to September 30, 2016	32,206	50.52	27,024	78,164
Total	339,658		109,421	

1 The number of shares purchased includes 2,861 shares in July 2016, 77,649 shares in August 2016, and 396 shares in September 2016 delivered or deemed to be delivered to us in satisfaction of tax withholding on option exercises and the vesting of restricted shares. These shares are included as part of our repurchase program and reduce the repurchase authority granted by our Board. The number of shares repurchased excludes shares we reacquired pursuant to forfeitures of restricted stock.

2 The number of shares purchased includes 28,015 shares in July 2016, 197,040 shares in August 2016, and 5,182 shares in September 2016 deemed to be delivered to us on tender of stock in payment for the exercise price of options. These shares do not reduce the repurchase authority granted by our Board.

In May 2014, Meredith announced the Board of Directors had authorized the repurchase of up to $100.0 million in additional shares of the Company's stock through public and private transactions.

For more information on the Company's share repurchase program, see Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, under the heading "Share Repurchase Program."

24

Item 6. Exhibits

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEREDITH CORPORATION
Registrant

/s/ Joseph Ceryanec
Joseph Ceryanec
Chief Financial Officer
(Principal Financial and Accounting Officer)
Date: October 27, 2016

26

INDEX TO ATTACHED EXHIBITS

	Item
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101.INS	XBRL Instance Document
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E-1