MEREDITH CORP
Form 10-K
August 24, 2007
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2007 Commission file number 1-5128

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

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

Registrant's telephone number, including area code: **(515) 284-3000**

Securities registered pursuant to Section 12 (b) of the Act:

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

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and non-accelerated filer" in Rule 12b-2 of the Exchange Act (check one):
Large accelerated filer [X] Accelerated filer [ ] Non-accelerated filer [ ]

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

The registrant estimates that the aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant at December 31, 2006, was $2,081,000,000 based upon the closing price on the New York Stock Exchange at that date.

Shares of stock outstanding at July 31, 2007	
Common shares	38,837,246
Class B shares	9,261,565
Total common and Class B shares	48,098,811

DOCUMENT INCORPORATED BY REFERENCE

Certain portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on November 5, 2007, are incorporated by reference in Part III to the extent described therein.

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

PART I

ITEM 1. BUSINESS

GENERAL

Meredith Corporation is one of the nation's leading media and marketing companies. Meredith began in 1902 as an agricultural publisher. The Company entered the television broadcasting business in 1948. Today Meredith is engaged in magazine and book publishing, television broadcasting, integrated marketing, and interactive media. The Company is incorporated under the laws of the State of Iowa. Our common stock is listed on the New York Stock Exchange under the ticker symbol MDP.

The Company has two operating segments: publishing and broadcasting. Financial information about industry segments can be found in *Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations* and in *Item 8-Financial Statements and Supplementary Data* under Note 14.

The publishing segment focuses on the home and family market. It is a leading publisher of magazines serving women. Over twenty-five subscription magazines, including *Better Homes and Gardens*, *Family Circle*, *Ladies' Home Journal*, *Parents*, *American Baby*, *Fitness*, and *More* and approximately 180 special interest publications were published in fiscal 2007. The publishing segment also includes book publishing, which has over 400 books in print; integrated marketing, which has relationships with some of America's leading companies; a large consumer database;

an extensive Internet presence that consists of 25 websites and strategic alliances with leading Internet destinations; brand licensing activities; and other related operations.

The broadcasting segment includes 13 network-affiliated television stations located across the United States (U.S.) and one AM radio station. The television stations consist of six CBS affiliates, three FOX affiliates, two MyNetworkTV affiliates, one NBC affiliate, and one CW affiliate. The broadcasting segment also includes 18 websites, including five specialty sites and video related operations.

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

BUSINESS DEVELOPMENTS

In November 2006, the Company acquired ReadyMade, a multimedia brand targeting adults in their 20s and 30s. The ReadyMade brand includes a do-it-yourself lifestyle magazine, a website, a branded book, branded products such as project plans and kits, and custom marketing operations.

During fiscal 2007, Meredith strengthened its consumer and custom marketing interactive capabilities through the acquisition of three online businesses: Genex, an interactive marketing services firm that specializes in online customer relationship marketing; New Media Strategies, an interactive word-of-mouth marketing company; and Healia, a consumer health search engine specializing in finding high quality and personalized health information online.

Meredith announced in April 2007 the launch of Better.tv (*www.better.tv*), our first broadband network. Better.tv features over 20 channels of video information covering a comprehensive range of topics that include food, family, home, style, remodeling, entertainment, relationships, fitness, and health. Programs and videos featured on Better.tv range in length from two to 30 minutes. In addition to the stand-alone Better.tv Internet site, Better.tv is also available on *BHG.com*, Meredith's flagship website. *BHG.com* was relaunched in April 2007 with an enhanced array of Web 2.0 features including videos, recipe wikis, and blogs from 10 editorial contributors.

In June 2007, Meredith sold an ownership stake in the *Living the Country Life* brand to Learfield Communications, Inc. (Learfield). Meredith and Learfield then formed a joint venture and contributed their respective ownership stakes in the *Living the Country Life* brand. The joint venture will be managed jointly by the two companies under the name *Living the Country Life, L.L.C*. Meredith maintains a controlling interest in the joint venture company.

In the last three years, Meredith has expanded its reach from one international license to almost 20, including recent launches of *Better Homes and Gardens China*, *Parents Indonesia*,

Fitness Indonesia, and *More Indonesia*. Other licensing agreements include *Better Homes and Gardens Australia*, *Family Circle Australia*, *Better Homes and Gardens India*, *Parents China, Fitness China*, *More Canada*, and *Diabetic Living Spain*. We also currently have license agreements for several *Better Homes and Gardens* books in Spain.

In March 2007, management committed to a restructuring plan that included the discontinuation of the print operations of *Child* magazine following the publication of the June/July 2007 issue.

The Company undertook a restructuring plan of Meredith Books in the fourth quarter of fiscal 2007. As part of a comprehensive performance improvement initiative, Meredith Books is refocusing operations on its core content areas of cooking, gardening, remodeling, and decorating on behalf of its own and clients' brands. Less emphasis will be placed on children's books and non-core titles.

During the third quarter of fiscal 2007, the Company announced its intent to sell WFLI, our CW affiliate serving the Chattanooga, Tennessee market. Management is currently negotiating the sale of this station.

Meredith completed the sale of KFXO, the low-power FOX affiliate serving the Bend, Oregon market in May 2007.

DESCRIPTION OF BUSINESS

Publishing

Publishing represented 78 percent of Meredith's consolidated revenues in fiscal 2007. *Better Homes and Gardens*, our flagship magazine, continues to account for a significant percentage of revenues and operating profit of the publishing segment and the Company.

Magazines

Information for major subscription magazine titles as of June 30, 2007, follows:

Title	Description	Frequency per Year	Year-end **Rate Base** (1)
Better Homes and Gardens	Shelter and women's service	12	7,600,000
Family Circle	Women's service	15	3,800,000
Ladies' Home Journal	Women's service	12	3,800,000
Parents	Parenthood	12	2,200,000
American Baby	Parenthood	12	2,000,000
Fitness	Women's lifestyle	11	1,500,000

Country Home	Home decorating	10	1,250,000
More	Women's lifestyle (age 40+)	10	1,100,000
Traditional Home	Home decorating	8	950,000
Midwest Living	Travel and lifestyle	6	925,000

(1)

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

Meredith's other subscription magazines include *WOOD*, *Successful Farming*, *Siempre Mujer*, and *ReadyMade*.

We publish approximately 180 special interest publications under approximately 80 titles, primarily under the *Better Homes and Gardens* and Creative Collection brands. The titles are issued from one to six times annually and sold primarily on newsstands. A limited number of subscriptions are also sold to certain special interest publications. The following titles are published quarterly or more frequently:

Beautiful Homes; *Before & After*; *Country Gardens*; *Creative Home*; *Decorating*; *Diabetic Living*; *Do It Yourself*; *Garden, Deck & Landscape*; *Garden Ideas & Outdoor Living*; *Heart Healthy Living*; *Kitchen and Bath Ideas*; *100 Decorating Ideas Under $100*; *Quilts and More*; *Remodel*; *Renovation Style*; and *Scrapbooks etc.*

Magazine Advertising

--Advertising revenues are generated primarily from sales to clients engaged in consumer marketing. Many of Meredith's larger magazines offer regional and demographic editions that contain similar editorial content but allow advertisers to customize their messages to target markets or audiences. The Company sells two primary types of magazine advertising: display and direct-response. Advertisements are either run-of-press (printed along with the editorial portions of the magazine) or inserts (preprinted pages). Most of the publishing segment's advertising revenues are derived from run-of-press display advertising. Meredith Corporate Sales and Marketing brings together all of the Company's publishing resources to create multi-platform marketing programs that meet each client's unique advertising and promotional requirements.

Magazine Circulation

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

Meredith Interactive Media

Meredith Interactive Media has extended many of the Company's magazine brands to the Internet. In April 2007, we relaunched *BHG.com*, our flagship home and family site, adding significant community applications, useful tools, and video anchored by Better.tv. Today the site attracts approximately 5 million unique visitors and averages 75 million page views each month. In July 2007, we completed work on a new online portal, *Parents.com*, for our parenthood brands. This parenthood portal leverages the editorial strengths of *Parents*, *American Baby*, *Child*, and *Family Circle* magazines. Our websites provide sources of advertising and other revenues and serve to reduce subscription acquisition costs through online magazine subscription orders. We secured over 2.8 million online orders in fiscal 2007, an increase of nearly 40 percent over the prior year.

Other Sources of Revenues

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

Meredith Books

--The over 400 books Meredith publishes and promotes are directed primarily at the home and family markets. They are published under the *Better Homes and Gardens* trademark and under licensed trademarks such as The Home Depot® books and Scotts Miracle Gro® books. Meredith also publishes books based on properties of Sandra Lee Semi-Homemade® and the Food Network® and Discovery Channel® cable networks. The books are sold through retail book and specialty stores, mass merchandisers, and other channels. During fiscal 2007, we published over 100 new or revised titles.

Meredith Integrated Marketing

--Meredith Integrated Marketing is the business-to-business arm of the Company and sells a range of customer relationship marketing services including direct, database, custom publishing, digital, and word-of-mouth marketing to corporate customers, providing a revenue source that is independent of advertising and circulation. Sometimes these services are sold in conjunction with Meredith's 85 million-name database of consumers to help clients better target marketing messages according to consumers needs and interests. In fiscal 2007, Meredith acquired two digital businesses (Genex and New Media Strategies) that add complementary skills to further enhance its ability to service clients' growing online needs. Fiscal 2007 clients included DIRECTV, Nestlé, Daimler Chrysler, Carnival Cruise Lines, Charming Shoppes, Publix, Honda, and Sony.

Production and Delivery

Paper, printing, and postage costs accounted for approximately 44 percent of the publishing segment's fiscal 2007 operating expenses.

The major raw materials essential to the publishing segment are coated publication and book-grade papers. Meredith direct-purchases all of the paper for its magazine production and its custom publishing business and a majority of the paper for its book production. Average paper prices declined approximately 4 percent in fiscal 2007. The price of paper is driven by overall market conditions and is therefore difficult to predict. Management anticipates paper prices will increase over the next year due to tight supplies. The Company has contractual agreements with major paper manufacturers to ensure adequate supplies for planned publishing requirements.

Meredith has printing contracts with several major domestic printers for all of its magazine titles. The Company has a contract with a major U.S. printer for the majority of its book titles. Other titles are manufactured on a title-by-title basis by either domestic or foreign printers.

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Because of the large volume of magazine and subscription promotion mailings, postage is a significant expense of the publishing segment. We continually seek the most economical and effective methods for mail delivery including cost-saving strategies that leverage worksharing opportunities offered within the postal rate structure. The

United States Postal Service (USPS) followed a 5.3 percent rate increase in January of 2006 with another increase that was implemented in two parts. Postage on periodicals, which accounts for approximately 75 percent of Meredith's postage costs, was increased effective July 15, 2007. The increase for our other mail items--direct mail, replies, and bills--took effect May 14, 2007. The 2007 increases are expected to add approximately $13.2 million to the Company's annual postage costs. Meredith continues to work with others in the industry and through trade organizations to encourage the USPS to implement efficiencies and contain rate increases. We cannot, however, predict future changes in the efficiency of the USPS and postal rates or the impact they will have on our publishing business.

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

Competition

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

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Broadcasting

Broadcasting represented 22 percent of Meredith's consolidated revenues in fiscal 2007. Certain information about the Company's television stations at June 30, 2007, follows:

Station,
Market

DMA
National
Rank *(1)*

Network
Affiliation

Analog
Channel

				Expiration Date of FCC License	Average Audience Share *(2)*
WGCL-TV Atlanta, GA	9	CBS	46	4-1-2005 *(3)*	7.3 %
KPHO-TV Phoenix, AZ	13	CBS	5	10-1-2006 *(3)*	8.7 %
KPTV Portland, OR	23	FOX	12	2-1-2007 *(3)*	8.3 %

KPDX-TV

23

MyNetworkTV

49

2-1-2007 *(3)*

3.0 %

Portland, OR

WFSB-TV

28

CBS

3

4-1-2007 *(3)*

13.7 %

Hartford, CT

New Haven, CT

WSMV-TV

30

NBC

4

8-1-2005 *(3)*

11.7 %

Nashville, TN

KCTV

	31	CBS	5	2-1-2006 *(3)*	14.3 %
Kansas City, MO					
KSMO-TV	31	MyNetworkTV	62	2-1-2006 *(3)*	2.3 %
Kansas City, MO					
WHNS-TV	36	FOX	21	12-1-2004 *(3)*	6.3 %
Greenville, SC					
Spartanburg, SC					
Asheville, NC					
KVVU-TV					

43

FOX

5

10-1-2006 *(3)*

5.7 %

Las Vegas, NV

WNEM-TV

66

CBS

5

10-1-2005 *(3)*

16.3 %

Flint, MI

Saginaw, MI

Bay City, MI

WFLI-TV

(4)

86

CW

53

8-1-2013

1.3 %

Chattanooga, TN

WSHM-LP	109	CBS	67	4-1-2007 *(3)*	9.7 %
Springfield, MA					
Holyoke, MA					

(1) Designated Market Area (DMA) is a registered trademark of, and is defined by, Nielsen Media Research. The national rank is from the 2006-2007 DMA ranking.

(2) Average audience share represents the estimated percentage of households using television tuned to the station. The percentages shown reflect the average total day shares (9:00 a.m. to midnight) for the November 2006, February 2007, and May 2007 measurement periods.

(3) Renewal application pending. Under FCC rules, a license is automatically extended pending FCC processing and granting of the renewal application.

(4) In fiscal 2007, Meredith announced its intent to sell WFLI-TV.

Operations

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

Typically 30 to 40 percent of a market's television advertising revenue is generated by local newscasts. Station personnel are continually working to grow their news ratings, which in turn will augment revenues. While the late night newscast continues to generate the most revenue, early morning broadcasts are also growing news viewers and revenues. We have added local morning newscasts at our Atlanta and Greenville stations and expanded our local morning programming in Nashville, Kansas City, Las Vegas, and Portland during the past year.

The national network affiliations of Meredith's 13 television stations influence advertising rates. Generally a network affiliation agreement provides a station the exclusive right to broadcast network programming in its local service area. In return, the network has the right to sell most of the commercial advertising aired during network programs. Network-affiliated stations generally pay networks for certain programming such as professional football. The Company's FOX affiliates pay the FOX network for additional advertising spots in prime-time programming.

The Company's affiliation agreements for its six CBS affiliates have expiration dates that range from April 2010 to December 2016. Affiliation agreements for our two MyNetworkTV affiliates expire at the end of the 2011-2012 broadcast season, the CW affiliation agreement expires at the end of the 2016-2017 broadcast season, and the agreement for our NBC affiliate expires in December 2013. The Company is currently renegotiating a renewal of the affiliation agreements, which expired in June 2007, for our three FOX-affiliated stations. Several of our stations are broadcasting a second programming stream on their digital channel. Our Las Vegas, Phoenix, and Hartford stations are broadcasting a weather channel, our Nashville station is broadcasting Telemundo network programming, and Flint-Saginaw has a MyNetworkTV affiliate that airs Detroit Tiger and Piston games. While Meredith's relations with the networks historically have been excellent, the Company can make no assurances they will remain so over time.

The costs of locally produced programming and purchased syndicated programming are significant. Syndicated programming costs are based largely on demand from stations in the market and can fluctuate significantly. The Company continues to increase its locally produced news and entertainment programming to control content and costs and to attract advertisers.

Meredith has been successful in creating nontraditional revenue streams in the broadcasting segment. Our unique Cornerstone programs differentiate Meredith from other local television broadcasters. These programs leverage our publishing brands by packaging content from our magazines with print and on-air advertising from local advertisers. We more than doubled our Internet revenues in fiscal 2007. We improved the look of our websites and hired dedicated Internet content employees and Internet sellers at each station to drive more traffic to the sites and generate more revenues. All of our Broadcasting station websites were expanded and enhanced in fiscal 2007. Our television station sites experienced strong growth in average monthly page views, up more than 60 percent, and in unique visitors, up nearly 40 percent.

We also are beginning to see increasing revenues from retransmission fees. Most retransmission fees are from satellite providers, but we are collecting more revenues from smaller cable systems in our markets and expect to receive fees from phone companies entering the local cable market as well. Most of our retransmission consent agreements with major cable operators expire during fiscal 2009. Thus a full year of revenues from renegotiated agreements will be reflected in our fiscal 2010 financial statements. Over time, we expect retransmission fees to considerably exceed our historical network compensation.

In fiscal 2006, we formed Meredith Video Solutions to take advantage of the broadcasting segment's video production capabilities as another means of capitalizing on magazine content and brand strength. Meredith Video Solutions works across both our publishing and broadcasting operations to turn the wealth of knowledge and information we have at *Better Homes and Gardens*, *Ladies' Home Journal*, *More*, and other magazines into video content. This video content can then be distributed across multiple platforms. Meredith Video Solutions has increased production of broadcast-quality video for use by Meredith's television stations and websites, and is producing custom video for clients as well.

In fiscal 2007, Meredith Video Solutions launched Better.tv, our first broadband video network, and then launched Parents.tv in July 2007. Both video networks offer multiple-themed 'channels' that a visitor can click on to find dozens of short videos on related subjects. In September 2007, Meredith Video Solutions will begin producing our BETTER television show, which has been very successful in Portland and Las Vegas. The show will be aired on eight Meredith stations and a handful of non-Meredith stations.

Competition

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

Regulation

Television and radio broadcasting operations and ownership are subject to regulation by the Federal Communications Commission (FCC) under the Communications Act of 1934 as amended (Communications Act) and the rules and policies of the FCC (FCC Regulations). Among other things, the FCC allots channels for television and radio broadcasting; determines the particular frequencies, locations, and operating power of television and radio stations; issues, renews, and modifies station licenses; determines whether to approve changes in ownership or control of station licenses; regulates equipment used by stations; adopts and implements regulations and policies that directly or indirectly affect the ownership, operation, program content, employment practices, and business of stations; and has the power to impose penalties, including license revocations, for violations of its rules or the Communications Act.

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

In early 2003, Congress enacted a national television ownership cap that allows one entity to own an unlimited number of television stations, provided these stations together do not reach more than 39 percent of U.S. television households. As of June 30, 2007, the Company's television household coverage was less than eight percent (per the FCC calculation method).

In June 2003, the FCC adopted several significant changes to its media ownership restrictions. These changes eased restrictions on the combination of television stations, radio stations, and newspapers that a single entity could own in a local market. In September 2003, a federal appeals court stayed the effective date of these new media ownership regulations and, in June 2004, remanded certain aspects of the June 2003 action to the FCC for further proceedings and continued the stay. In June 2005, the U.S. Supreme Court declined to review the appellate court's decision. In July 2006, the FCC commenced a proceeding to address the issues raised by the appellate court and to embark upon other possible revisions to the ownership rules. The Company is unable to predict the outcome of these proceedings, which are likely to continue into 2008. If the FCC modifies the current restrictions, it could present opportunities for the Company to acquire additional properties in markets it currently serves.

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

On February 1, 2006, Congress passed the Digital Television Transition and Public Safety Act (DTV Act), and set February 17, 2009, as the deadline for the digital television (DTV) transition. The purpose of the DTV Act is to prepare U.S. consumers for the end of free, over-the-air, analog broadcasts. Most full power television stations will continue broadcasting both analog and digital programming until February 17, 2009, when all analog broadcasting from full power television stations will cease. After that date, owners of analog televisions receiving over-the-air programming will need to purchase converter boxes to convert digital broadcasts into analog format. The federal government is going to subsidize the purchase of these digital-to-analog converter boxes. The law allows the proceeds from the auction of returned analog television spectrum to be used for other national communications priorities.

All of the Company's television stations with the exception of WSHM, which is a low-power station and therefore not subject to these requirements, are currently transmitting DTV signals on their assigned digital channels.

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

EXECUTIVE OFFICERS OF THE COMPANY

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

Stephen M. Lacy

--President and Chief Executive Officer (2006-present) and a director of the Company since 2004. Formerly President and Chief Operating Officer (2004-2006), President-Publishing Group (2000-2004), President-Interactive and Integrated Marketing Group (2000), and Vice President-Chief Financial Officer (1998-2000). Age 53.

John H. (Jack) Griffin, Jr.

--President-Publishing Group (2004-present). Formerly President-Magazine Group (2003-2004). From 1999 to 2003, Mr. Griffin served as President of Parade Publications, Inc. and Publisher of Parade magazine. Age 47.

Paul A. Karpowicz

--President-Broadcasting Group (2005-present). Prior to joining Meredith, Mr. Karpowicz spent 16 years with LIN Television Corporation and in 1994 was named Vice President-Television for LIN's 23 properties in 14 markets. Mr. Karpowicz served on LIN's Board of Directors from 1999 to 2005. Age 54.

Suku V. Radia

--Vice President-Chief Financial Officer (2000-present). Age 56.

John S. Zieser

--Chief Development Officer/General Counsel and Secretary (2006-present). Formerly Vice President-Corporate Development/General Counsel and Secretary (2004-2006), Vice President-Corporate and Employee Services/General Counsel and Secretary (2002-2004), and Vice President-General Counsel and Secretary (1999-2002). Age 48.

EMPLOYEES

As of June 30, 2007, the Company had approximately 3,040 full-time and 120 part-time employees. Only a small percentage of our workforce is unionized. We consider relations with our employees to be good.

OTHER

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

The Company had no material expenses for research and development during the past three fiscal years.

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

AVAILABLE INFORMATION

The Company's corporate website is www.meredith.com. Meredith makes available free of charge through its website its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished to the Securities and Exchange Commission (SEC) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practical after such documents are electronically filed or furnished to the SEC. Meredith also makes available on its website its corporate governance information including charters of all of its Board Committees, its Corporate Governance Guidelines, its Code of Business Conduct and Ethics, its Code of Ethics for CEO and Senior Financial Officers, and its Bylaws. Copies of such documents are also available free of charge upon written request.

FORWARD LOOKING STATEMENTS

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

ITEM 1A. RISK FACTORS

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

Advertising represents the largest portion of our revenues.

Approximately 60 percent of our revenues are derived from advertising. Advertising constitutes about half of our publishing segment revenues and almost all of our broadcasting segment revenues. Demand for advertising is highly dependent upon the strength of the U.S. economy. During an economic downturn, demand for advertising may decrease. The growth in alternative forms of media, for example the Internet, has increased the competition for advertising dollars, which could in turn reduce expenditures for magazine and television advertising or suppress advertising rates.

Circulation revenues represent a significant portion of our revenues.

Magazine circulation is another significant source of revenue, representing 21 percent of total revenues and 27 percent of publishing segment revenues. Preserving circulation is critical for maintaining advertising sales. Magazines face increasing competition from alternative forms of media and entertainment. As a result, sales of magazines through subscriptions and at the newsstand could decline. As publishers compete for subscribers, subscription prices could decrease and marketing expenditures may increase.

Client relationships are important to our book and integrated marketing businesses.

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

Paper and postage prices may be difficult to predict or control.

Paper and postage represent significant components of our total cost to produce, distribute, and market our printed products. In fiscal 2007, these expenses accounted for approximately 28 percent of the publishing segment's operating costs. Paper is a commodity and its price has been subject to significant volatility. Historically, we have been able to realize favorable paper pricing through volume discounts and multi-year contracts; however, all of our paper supply contracts currently provide for price adjustments based on prevailing market prices. The USPS distributes substantially all of our magazines and many of our marketing materials. Postal rates are dependent on the operating efficiency of the USPS and on legislative mandates imposed upon the USPS. Although we work with others in the industry and through trade organizations to encourage the USPS to implement efficiencies that will contain rate increases, we cannot predict with certainty the magnitude of future price changes in paper and postage. Further, we may not be able to pass such increases on to our customers.

World events may result in unexpected adverse operating results for our broadcasting segment.

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

Our broadcasting operations are subject to FCC regulation.

Our broadcasting stations operate under licenses granted by the FCC. The FCC regulates many aspects of television station operations including employment practices, political advertising, indecency and obscenity, programming, signal carriage, and various technical matters. Violations of these regulations could result in penalties and fines. Changes in these regulations could impact the results of our operations. The FCC also regulates the ownership of television stations. Changes in the ownership rules could affect our ability to consummate future transactions. It is uncertain how the FCC-mandated transition to DTV will affect viewership. Details regarding regulation and its impact on our broadcasting operations are provided in *Item 1-Business* beginning on page 6.

Loss of affiliation agreements could adversely affect operating results for our broadcasting segment

. Our broadcast television station business owns and operates 13 television stations.

Six are affiliated with CBS, three with FOX, two with MyNetworkTV, one with NBC, and one with CW. These television networks produce and distribute programming in exchange for each of our stations' commitment to air the programming at specified times and for commercial announcement time during the programming. The non-renewal or termination of any of our network affiliation agreements would prevent us from being able to carry programming of the affiliate network. This loss of programming would require us to obtain replacement programming, which may involve higher costs and which may not be as attractive to our target audiences, resulting in reduced revenues.

We have two classes of stock with different voting rights

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

We could incur non-cash charges due to the impairment of goodwill and intangible assets.

We test our goodwill and intangible assets, including FCC licenses, for impairment during the fourth quarter of every fiscal year and on an interim basis if indicators of impairment exist. If the fair value of a reporting unit or an intangible asset declines, a potentially material non-cash impairment charge could be incurred.

Acquisitions pose inherent financial and other risks and challenges.

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

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

The publishing segment operates mainly from the Des Moines offices and from leased facilities at 125 Park Avenue and 375 Lexington Avenue in New York, NY. The New York facilities are used primarily as advertising sales offices for all Meredith magazines and as headquarters for *Ladies' Home Journal*, *Family Circle*, *Parents*, *Fitness*, *More*, *Siempre Mujer*, and the American Baby Group properties. The publishing segment also maintains leased sales offices in Chicago, IL; Detroit, MI; Los Angeles, CA; and San Francisco, CA. These offices are adequate for their intended use.

The broadcasting segment operates from facilities in the following locations: Atlanta, GA; Phoenix, AZ; Beaverton, OR; Rocky Hill, CT; Nashville, TN; Fairway, KS; Greenville, SC; Henderson, NV; Springfield, MA; Saginaw, MI; and Chattanooga, TN. All of these properties are adequate for their intended use. The properties in Springfield and

Chattanooga are leased while the other properties are owned by the Company. Each of the broadcast stations also maintains one or more owned or leased transmitter sites.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters have been submitted to a vote of shareholders since the Company's last annual meeting held on November 8, 2006.

PART II

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

MARKET INFORMATION, DIVIDENDS, AND HOLDERS

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

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

	High	Low	Dividends
Fiscal 2006			
First Quarter	$51.10	$48.11	$0.140
Second Quarter	52.64	47.60	0.140
Third Quarter	56.83	51.55	0.160
Fourth Quarter	56.83	46.50	0.160

	High	Low	Dividends
Fiscal 2007			
First Quarter	$50.59	$45.04	$0.160
Second Quarter	57.29	49.18	0.160
Third Quarter	60.39	55.68	0.185
Fourth Quarter	63.41	57.25	0.185

Meredith stock became publicly traded in 1946, and quarterly dividends have been paid continuously since 1947. Meredith has increased its dividend in each of the last 14 years. It is anticipated that comparable dividends will continue to be paid in the future.

On July 31, 2007, there were approximately 1,360 holders of record of the Company's common stock and 783 holders of record of Class B stock.

ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth information with respect to the Company's repurchases of common and Class B stock during the quarter ended June 30, 2007.

Period	(a) Total number of shares purchased [1]	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced programs	(d) Maximum number of shares that may yet be purchased under the programs
April 1 to April 30, 2007	119,658	$ 57.85	119,658	3,659,458
May 1 to May 31, 2007	42,977	59.35	42,977	3,616,481
June 1 to June 30, 2007	13,817	62.67	13,817	3,602,664
Total	176,452	58.59	176,452	3,602,664

1.

Total number of shares purchased includes the following purchases of Class B stock: 232 shares in April 2007, 1,172 shares in May 2007, and 4,559 shares in June 2007; and the following shares withheld upon the exercise of stock options: 13,996 in April 2007, 15,005 in May 2007, and 4,690 in June 2007.

In May 2006, Meredith announced the Board of Directors had authorized the repurchase of up to 2.5 million additional shares of the Company's common stock through public and private transactions.

In August 2006, Meredith announced the Board of Directors had authorized the repurchase of up to 3.0 million additional shares of the Company's common stock through public and private transactions.

For more information on the Company's share repurchase program, see *Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations*, under the heading Share repurchase program on page 32.

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data for the years 2003 through 2007 is contained under the heading "Eleven-Year Financial History with Selected Financial Data" beginning on page 76 and is derived from consolidated financial statements for those years audited by KPMG LLP, an independent registered public accounting firm. Information contained in that table is not necessarily indicative of results of operations in future years and should be read in conjunction with *Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations* and *Item 8-Financial Statements and Supplementary Data* of this Form 10-K.

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

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

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

EXECUTIVE OVERVIEW

Meredith is one of the nation's leading media and marketing companies, one of the leading magazine publishers serving women, and a broadcaster with television stations in top markets such as Atlanta, Phoenix, and Portland. Each month we reach more than 85 million American consumers through our magazines, books, custom publications, websites, and television stations. Our businesses serve well-defined readers and viewers, deliver the messages of advertisers, and extend our brand franchises and expertise to related markets. Our products and services distinguish themselves on the basis of quality, customer service, and value that can be trusted.

Meredith operates two business segments. Publishing consists of magazine and book publishing, integrated marketing, interactive media, database-related activities, brand licensing, and other related operations. Broadcasting consists of 13 network-affiliated television stations, one radio station, related interactive media operations, and video related operations. Both segments operate primarily in the U.S. and compete against similar media and other types of media on both a local and national basis. In fiscal 2007, publishing accounted for 78 percent of the Company's $1.6 billion in revenues while broadcasting revenues contributed 22 percent.

Meredith is committed to building value for its shareholders. We have three primary growth strategies. The first is to increase our online presence and develop new revenue streams. This strategy entails a significant commitment to expanding our online businesses. We continue to build our presence online, driving revenue growth across our interactive properties. Our web-based corporate marketing activity continues to grow as we cultivate existing client relationship opportunities while expanding our capabilities through online marketing acquisitions. The second strategy is to expand our powerful publishing base by broadening our magazine portfolio, extending and developing our brands, capturing the potential in the Hispanic market, and expanding our custom marketing businesses. Our primary focus has been on acquiring properties targeted at women between the ages of 30 and 40. Topics of interest to this age group include fitness, health, and parenting. The third strategy is to strengthen our broadcasting business by improving ratings and share especially for newscasts, aggressively selling the improved ratings, creating additional revenue sources, and managing costs. We continue to create a strong local news culture, which is driving ratings and audience share gains. Key to our broadcasting strategy is expanding our local presence and maximizing local advertising revenues. An emphasis is locally produced programming, which is generally more profitable than either syndicated or network programming.

We continued to execute these strategies in fiscal 2007. In November 2006, the Company acquired ReadyMade, a multimedia brand targeting adults in their 20s and 30s. Meredith also strengthened its consumer and custom marketing interactive capabilities through the acquisition of three online businesses: Genex, an interactive marketing services firm that specializes in online customer relationship marketing; New Media Strategies, an interactive word-of-mouth marketing firm; and Healia, a consumer health search engine specializing in finding high quality and personalized health information online. In April 2007, Meredith launched Better.tv, our first broadband network; in July 2007, we launched Parents.tv.

PUBLISHING

Advertising revenues made up 50 percent of fiscal 2007 publishing revenues. These revenues were generated from the sale of advertising space in the Company's magazines and on websites to clients interested in promoting their brands, products, and services to consumers. Changes in advertising revenues tend to correlate with changes in the level of economic activity in the U.S. Indicators of economic activity include changes in the level of gross domestic product, consumer spending, housing starts, unemployment rates, auto sales, and interest rates. Circulation levels of Meredith's magazines, reader demographic data, and the advertising rates charged relative to other comparable available advertising opportunities also affect the level of advertising revenues.

Circulation revenues accounted for 27 percent of fiscal 2007 publishing revenues. Circulation revenues result from the sale of magazines to consumers through subscriptions and by single copy sales on newsstands, primarily at major retailers and grocery/drug stores. In the short term, subscription revenues, which accounted for 70 percent of circulation revenues, are less susceptible to economic changes because subscriptions are generally sold for terms of one to three years. The same economic factors that affect advertising revenues also can influence consumers' response to subscription offers and result in lower revenues and/or higher costs to maintain subscriber levels over time. A key factor in Meredith's subscription success is our industry-leading database. It contains approximately 85 million entries that include information about three-quarters of American homeowners, providing an average of 700 data points on each name. This size and depth is a key to our circulation model and allows more precise consumer targeting. Newsstand revenues are more volatile than subscription revenues and can vary significantly month to month depending on economic and other factors.

The remaining 23 percent of publishing revenues came from a variety of activities that included the sale of books and integrated marketing services as well as brand licensing, product sales, and other related activities. Meredith Integrated Marketing offers integrate