

Meredith Delivers Strong Fiscal 2013 Second Quarter And First Half Results

Local Media Group Posts Record Revenue and Profit Performance

National Media Group Doubles Digital Advertising Revenues and Audience

DES MOINES, Iowa, Jan. 24, 2013 [/PRNewswire/](http://www.prnewswire.com) -- Meredith Corporation (NYSE: MDP; www.meredith.com), the leading media and marketing company serving American women, today reported fiscal 2013 second quarter earnings per share of \$0.79, including a previously announced special charge of \$0.10 per share. Total Company revenues rose 10 percent to \$361 million, including an 18 percent increase in advertising revenues to \$217 million.

(Logo: <http://photos.prnewswire.com/prnh/20090810/CG58830LOGO>)

Excluding the special charge, earnings per share grew 27 percent from the prior-year period to a record \$0.89, and operating profit margin increased more than a full percentage point to 18 percent. Information on the special charge is available in Tables 1 and 2 of this press release.

"Our Local Media Group delivered record-setting revenue and operating profit performance for the second quarter and the first half of fiscal 2013," said Meredith Chairman and CEO Stephen M. Lacy. "Our digital business continued its rapid growth, and our recent acquisitions again delivered strong contributions. We once again delivered higher cash flow and returns to shareholders, and we expect to continue to do so over time."

For the first six months of fiscal 2013, Meredith's earnings per share were \$1.34. Total Company revenues increased 9 percent to \$715 million, including a 15 percent increase in advertising revenues. Excluding the special charge, earnings per share rose 22 percent from the prior-year period to \$1.44.

Lacy noted the following business highlights achieved during the first half of fiscal 2013:

- **Local Media Group revenues grew nearly 30 percent to \$198 million, a record high for a first half.** Net political advertising revenues were a record \$38 million. Operating profit grew nearly 90 percent to \$72 million. Excluding the special charge, operating profit grew more than 90 percent to \$74 million, and the Group's EBITDA margin was 43 percent, both record highs for a fiscal first half.
- **National Media Group revenues grew 3 percent.** Advertising revenues increased 9 percent, driven by the acquisitions of the Allrecipes.com, EveryDay with Rachael Ray and FamilyFun brands. Absent these recent acquisitions, advertising revenues were down 9 percent.
- **Total Company digital advertising revenues nearly doubled, reaching a record high for a fiscal first half.** National Media Group digital advertising revenues increased more than 110 percent, while Local Media Group digital advertising revenues rose approximately 15 percent.
- **Consumer engagement strengthened across all of Meredith's media platforms.** Meredith magazine readership is at an all-time high of 116 million, while several of Meredith's local television stations delivered strong performances during the November ratings period. Traffic to Meredith's websites rose

approximately 85 percent to 40 million average monthly unique visitors.

Meredith remains strongly committed to a Total Shareholder Return (TSR) financial strategy. Key elements of Meredith's TSR program include: (1) A current annual dividend of \$1.53 per share; (2) A \$100 million share repurchase program; and (3) Ongoing strategic investments to scale the business and increase shareholder value over time.

OPERATING GROUP DETAIL

LOCAL MEDIA GROUP

Meredith's Local Media Group – which consists of local television affiliates, many in fast-growing markets, and a video content creation unit that produces national broadcast and custom programming – delivered record performance during the second quarter and first half of fiscal 2013.

Fiscal 2013 second quarter Local Media Group operating profit grew 65 percent from the prior-year period to \$45 million. Revenues rose 32 percent to \$111 million. Excluding the special charge, operating profit grew 70 percent to \$46 million and EBITDA margin was 47 percent. All were records for any quarter in the Group's history.

For the first six months of fiscal 2013, Local Media Group operating profit grew nearly 90 percent from the prior-year period to \$72 million. Revenues rose 29 percent to \$198 million. Excluding the special charge, operating profit grew 93 percent to \$74 million, and EBITDA margin was 43 percent. All were records for a first half in the Group's history.

Looking more closely at performance for the first half of fiscal 2013 compared to the prior-year period:

- Net political advertising revenues were a record \$38 million. Performance was particularly strong at Meredith's stations in Las Vegas, Hartford and Phoenix.
- Non-political advertising revenues were down slightly, as record demand for political advertising prior to the November 6 elections displaced non-political advertising. However, non-political advertising revenues rose 3 percent for the period following the election.
- Automotive, Meredith's largest non-political advertising category, rose 10 percent.
- Other revenues and operating expenses both increased, due primarily to growth in retransmission revenues from cable and satellite television operators, and programming fees paid to affiliated networks.
- Meredith successfully renewed long-term affiliation agreements with CBS Corp. and Fox Broadcasting Co.

Meredith's connection with viewers also strengthened in the important November ratings period, and its stations in Hartford, Portland, Las Vegas and Saginaw maintained their market leadership in news.

"We continued to excel at our goal of delivering compelling content to viewers across broadcast, digital and mobile media platforms," said Local Media Group President Paul Karpowicz. "At the same time, we did a great job monetizing the strength of our audience, as local over-the-air television once again demonstrated its unique ability to build brands and deliver unmatched results for advertising clients."

NATIONAL MEDIA GROUP

Meredith's National Media Group includes leading national consumer media brands delivered over multiple platforms that offer clients access to 100 million unduplicated American women every month – a reach unmatched in the industry. It also features brand licensing activities and business-to-business marketing products and services.

Meredith continues to execute on a series of strategic initiatives including growing its market share of magazine advertising; expanding its digital footprint; and increasing revenues not dependent on advertising.

Fiscal 2013 second quarter National Media Group revenues grew 2 percent compared to the prior-year period to \$249 million. Operating profit was \$22 million, compared to \$36

million. Excluding the special charge, operating profit was \$28 million.

For the first six months of fiscal 2013, National Media Group revenues grew 3 percent compared to the prior-year period to \$516 million. Operating profit was \$52 million, compared to \$72 million. Excluding the special charge, operating profit was \$57 million.

Operating profit declines in both periods were due primarily to lower advertising revenues at comparable magazine titles, investments in digital and circulation initiatives, and weaker performance at Meredith Xcelerated Marketing.

Looking more closely at advertising performance for the first half of fiscal 2013 compared to the prior-year period:

- Total advertising revenues grew 9 percent compared to the year-ago period. Excluding recent acquisitions, total advertising revenues declined 9 percent.
- The food and beverage, retail, and media and entertainment categories were stronger in Meredith's titles. The direct response and financial categories were weaker.
- Meredith's share of total magazine advertising revenues grew to 11.0 percent from 10.3 percent, according to the most recent data by Publishers Information Bureau. The average net revenue per magazine page also rose 2 percent.
- Digital advertising revenues grew more than 110 percent, boosted by the addition of Allrecipes.com. Excluding recent acquisitions, digital advertising revenues grew almost 15 percent.

The Meredith Sales Guarantee demonstrates quantitatively that advertising in Meredith magazines increases retail sales. Currently, 13 consumer brands are participating in the program.

Circulation revenues grew 9 percent in the first half of fiscal 2013 compared to the prior-year period, and were down 2 percent excluding the recent acquisitions. Meredith generated more than 2 million digital orders for print magazine subscriptions in the first half of fiscal 2013, up nearly 60 percent from what was generated in the prior-year period.

Meredith's connection to consumers strengthened as well. Readership for Meredith's magazines stands at a record 116 million, according to the most recent data from Mediamark Research and Intelligence. Digital traffic more than doubled to nearly 35 million average unique visitors in the first half of fiscal 2013, driven primarily by the acquisition of Allrecipes.com – along with aggressive digital marketing initiatives.

"We continue to develop multi-platform capabilities for our consumers and clients, deliver innovative sales programs – such as the Meredith Sales Guarantee – and grow the scale of our digital properties," said National Media Group President Tom Harty. "As a result, we are growing our consumer connection; increasing our advertising market share; and our digital activities are performing at record levels."

Other revenues were \$121 million in the first half of fiscal 2013, compared to \$141 million in the prior-year period. This was due primarily to performance at Meredith Xcelerated Marketing which, as previously communicated, experienced reductions in programs from certain clients in calendar 2012. However, the pipeline for new business is strong, and Meredith expects growth for Meredith Xcelerated Marketing in calendar 2013 when compared to the prior year. Notably, Meredith Xcelerated Marketing recently secured several new accounts – including United Healthcare and Bank of America – along with expansions of its significant business with Chrysler.

OTHER FINANCIAL INFORMATION

Consistent with its Total Shareholder Return strategy, Meredith repurchased 750,000 shares of Company stock in the first half of fiscal 2013. At December 31, 2012, \$62 million remained under the current repurchase authorization.

Total debt was \$365 million at December 31, 2012. Meredith's debt-to-EBITDA ratio was 1.5 to 1 for the 12 months ended December 31, 2012, and the weighted average interest rate was 3.5 percent at December 31, 2012.

Fiscal 2013 first half total Company expenses increased 9 percent; however they declined 1 percent excluding the recent acquisitions, reflecting ongoing cost-management initiatives.

Cash flow from operations increased in the first half of fiscal 2013 compared to the prior-year period, and totaled approximately \$195 million for the 12 months ended December 31, 2012.

All earnings per share figures in the text of this release are diluted. Both basic and diluted earnings per share can be found in the attached Condensed Consolidated Statements of Earnings.

OUTLOOK

Meredith expects fiscal 2013 third quarter earnings per share to range from \$0.65 to \$0.70. Looking more closely at the third quarter of fiscal 2013 compared to the year-ago period:

- Total Local Media Group revenues are expected to increase in the high-single digits. Non-political advertising revenues are expected to be flat to up slightly.
- National Media Group advertising revenues are expected to be up in the mid-single digits including recent acquisitions, and down in the low-single digits on a comparable basis.

Meredith also reconfirms its original full fiscal year 2013 earnings per share expectation of \$2.60 to \$2.95, excluding the special charge.

A number of uncertainties remain that may affect Meredith's outlook as stated in this press release for the third quarter and full year fiscal 2013. These and other uncertainties are referenced below under "Safe Harbor" and in certain filings with the U.S. Securities and Exchange Commission.

CONFERENCE CALL WEBCAST

Meredith will host a conference call on January 24, 2013 at 11 a.m. ET to discuss fiscal 2013 second quarter results. A live webcast will be accessible to the public on the Company's website, www.meredith.com, and a replay will be available for two weeks. A transcript will be available within 48 hours of the call at www.meredith.com.

RATIONALE FOR USE AND ACCESS TO NON-GAAP RESULTS

Management uses and presents GAAP and non-GAAP results to evaluate and communicate the performance of the Company. Non-GAAP measures should not be construed as alternatives to GAAP measures. EBITDA is a common supplemental measure of performance used by investors and financial analysts. Management believes that EBITDA provides an additional analytical tool to clarify the Company's results from core operations and delineate underlying trends. Meredith does not use EBITDA as a measure of liquidity or funds available for management's discretionary use because they include certain contractual and non-discretionary expenditures.

Results excluding recent acquisitions (Allrecipes.com, EveryDay with Rachael Ray and FamilyFun) and the special charge recorded in the second quarter of fiscal 2013 are supplemental non-GAAP financial measures. While these adjusted results are not a substitute for reported results under GAAP, management believes this information is useful as an aid in better understanding Meredith's current performance, performance trends and financial condition. Reconciliations of non-GAAP to GAAP measures are attached to this press release and will be made available at www.meredith.com.

SAFE HARBOR

This release contains certain forward-looking statements that are subject to risks and uncertainties. These statements are based on management's current knowledge and estimates of factors affecting the Company and its operations. Statements in this announcement that are forward-looking include, but are not limited to, the statements regarding advertising revenues, along with the Company's revenue and earnings per share outlook for the third quarter and full year fiscal 2013.

Actual results may differ materially from those currently anticipated. 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. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

ABOUT MEREDITH CORPORATION

Meredith Corporation (**NYSE: MDP**; www.meredith.com) is the leading media and marketing company serving American women. Meredith features multiple well-known national brands – including Better Homes and Gardens, Parents, Family Circle, Allrecipes.com, Ladies' Home Journal, Fitness, More, American Baby, EveryDay with Rachael Ray and FamilyFun – along with local television brands in fast-growing markets. Meredith is the industry leader in creating content in key consumer interest areas such as home, family, food, health and wellness and self-development. Meredith uses multiple distribution platforms – including print, television, digital, mobile, tablets, and video – to give consumers content they desire and to deliver the messages of its advertising and marketing partners.

Additionally, Meredith uses its many assets to create powerful custom marketing solutions for many of the nation's top brands and companies. Meredith Xcelerated Marketing has significantly added to its capabilities in recent years through the acquisition of cutting-edge companies in digital, mobile, social, healthcare, database, and international marketing.

A hallmark of Meredith's business model and financial profile is its ability to consistently generate substantial free cash flow by leveraging the strength of its multi-platform portfolio. Meredith is committed to increasing Total Shareholder Return through dividend payments, share repurchases and strategic business investments. Meredith has paid a dividend for 65 straight years and increased its dividend for 19 consecutive years. Meredith currently pays an annual dividend of \$1.53 per share, resulting in a dividend yield of approximately 5 percent.

Meredith Corporation and Subsidiaries Condensed Consolidated Statements of Earnings (Unaudited)

| | Three Months | | Six Months | |
|---|---------------------|-------------|-------------------|-------------|
| Periods ended December 31, | 2012 | 2011 | 2012 | 2011 |
| <i>(In thousands except per share data)</i> | | | | |
| Revenues | | | | |
| Advertising | \$ 217,094 | \$ 183,636 | \$ 424,216 | \$ 367,953 |
| Circulation | 67,398 | 63,902 | 142,887 | 130,491 |
| All other | 76,103 | 81,179 | 147,649 | 158,182 |
| Total revenues | 360,595 | 328,717 | 714,752 | 656,626 |
| Operating expenses | | | | |
| Production, distribution, and editorial | 134,117 | 128,412 | 274,728 | 265,303 |
| Selling, general, and administrative | 158,058 | 134,940 | 314,372 | 277,905 |
| Depreciation and amortization | 10,967 | 10,505 | 22,894 | 20,337 |
| Total operating expenses | 303,142 | 273,857 | 611,994 | 563,545 |
| Income from operations | 57,453 | 54,860 | 102,758 | 93,081 |
| Interest expense, net | (3,316) | (2,897) | (7,002) | (5,616) |
| Earnings before income taxes | 54,137 | 51,963 | 95,756 | 87,465 |
| Income taxes | (18,566) | (20,369) | (35,330) | (34,244) |
| Net earnings | \$ 35,571 | \$ 31,594 | \$ 60,426 | \$ 53,221 |
| | \$ | \$ | \$ | \$ |

| | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Basic earnings per share | 0.80 | 0.70 | 1.36 | 1.18 |
| Basic average shares outstanding | 44,409 | 44,838 | 44,451 | 44,923 |
| | \$ | \$ | \$ | \$ |
| Diluted earnings per share | 0.79 | 0.70 | 1.34 | 1.18 |
| Diluted average shares outstanding | 44,936 | 45,044 | 44,989 | 45,115 |
| Dividends paid per share | \$ 0.3825 | \$ 0.3825 | \$ 0.7650 | \$ 0.6375 |

Meredith Corporation and Subsidiaries
Segment Information (Unaudited)

| Periods ended December 31, | Three Months | | Six Months | |
|--|--------------|-----------|------------|-----------|
| | 2012 | 2011 | 2012 | 2011 |
| <i>(In thousands)</i> | | | | |
| Revenues | | | | |
| National media | | | | |
| | \$ | \$ | \$ | \$ |
| Advertising | 120,133 | 107,180 | 252,797 | 231,637 |
| Circulation | 67,398 | 63,902 | 142,887 | 130,491 |
| Other revenues | 61,905 | 73,233 | 120,722 | 140,799 |
| Total national media | 249,436 | 244,315 | 516,406 | 502,927 |
| Local media | | | | |
| Non-political advertising | 71,255 | 75,382 | 133,501 | 134,659 |
| Political advertising | 25,706 | 1,074 | 37,918 | 1,657 |
| Other revenues | 14,198 | 7,946 | 26,927 | 17,383 |
| Total local media | 111,159 | 84,402 | 198,346 | 153,699 |
| | \$ | \$ | \$ | \$ |
| Total revenues | 360,595 | 328,717 | 714,752 | 656,626 |
| Operating profit | | | | |
| National media | \$ 22,177 | \$ 35,797 | \$ 51,601 | \$ 71,801 |
| Local media | 44,711 | 27,156 | 72,355 | 38,213 |
| Unallocated corporate | (9,435) | (8,093) | (21,198) | (16,933) |
| | | | \$ | |
| Income from operations | \$ 57,453 | \$ 54,860 | 102,758 | \$ 93,081 |
| Depreciation and amortization | | | | |
| National media | \$ 4,475 | \$ 3,832 | \$ 9,865 | \$ 7,193 |
| Local media | 6,070 | 6,175 | 12,172 | 12,164 |
| Unallocated corporate | 422 | 498 | 857 | 980 |
| Total depreciation and amortization | \$ 10,967 | \$ 10,505 | \$ 22,894 | \$ 20,337 |
| EBITDA¹ | | | | |
| National media | \$ 26,652 | \$ 39,629 | \$ 61,466 | \$ 78,994 |
| Local media | 50,781 | 33,331 | 84,527 | 50,377 |
| Unallocated corporate | (9,013) | (7,595) | (20,341) | (15,953) |
| | | | \$ | \$ |
| Total EBITDA¹ | \$ 68,420 | \$ 65,365 | 125,652 | 113,418 |

¹ EBITDA is net earnings before interest, taxes, depreciation, and amortization.

Meredith Corporation and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)

| | December 31, | June 30, |
|---------------------------|--------------|-----------|
| Assets | 2012 | 2012 |
| <i>(In thousands)</i> | | |
| Current assets | | |
| Cash and cash equivalents | \$ 24,714 | \$ 25,820 |
| Accounts receivable, net | 222,772 | 215,526 |

| | | |
|---|---------------------|---------------------|
| Inventories | 24,937 | 22,559 |
| Current portion of subscription acquisition costs | 89,436 | 75,446 |
| Current portion of broadcast rights | 6,753 | 3,408 |
| Other current assets | 21,084 | 16,677 |
| Total current assets | 389,696 | 359,436 |
| Property, plant, and equipment | 458,673 | 455,271 |
| Less accumulated depreciation | (268,081) | (260,967) |
| Net property, plant, and equipment | 190,592 | 194,304 |
| Subscription acquisition costs | 90,989 | 75,368 |
| Broadcast rights | 2,711 | 943 |
| Other assets | 66,813 | 66,858 |
| Intangible assets, net | 581,922 | 586,263 |
| Goodwill | 733,208 | 733,127 |
| Total assets | \$ 2,055,931 | \$ 2,016,299 |

Liabilities and Shareholders' Equity

| | | |
|---|---------------------|---------------------|
| Current liabilities | | |
| Current portion of long-term debt | \$ 50,000 | \$ 105,000 |
| Current portion of long-term broadcast rights payable | 9,619 | 6,752 |
| Accounts payable | 48,048 | 72,911 |
| Accrued expenses and other liabilities | 131,864 | 117,071 |
| Current portion of unearned subscription revenues | 190,997 | 180,852 |
| Total current liabilities | 430,528 | 482,586 |
| Long-term debt | 315,000 | 275,000 |
| Long-term broadcast rights payable | 4,468 | 3,695 |
| Unearned subscription revenues | 155,640 | 141,408 |
| Deferred income taxes | 223,534 | 204,054 |
| Other noncurrent liabilities | 109,409 | 112,111 |
| Total liabilities | 1,238,579 | 1,218,854 |
| Shareholders' equity | | |
| Common stock | 36,018 | 35,791 |
| Class B stock | 8,348 | 8,716 |
| Additional paid-in capital | 47,176 | 53,275 |
| Retained earnings | 748,197 | 722,778 |
| Accumulated other comprehensive loss | (22,387) | (23,115) |
| Total shareholders' equity | 817,352 | 797,445 |
| Total liabilities and shareholders' equity | \$ 2,055,931 | \$ 2,016,299 |

Meredith Corporation and Subsidiaries Condensed Consolidated Statements of Cash Flows (Unaudited)

| Six months ended December 31, | 2012 | 2011 |
|---|------------------|------------------|
| <i>(In thousands)</i> | | |
| Net cash provided by operating activities | \$ 80,383 | \$ 68,747 |
| Cash flows from investing activities | | |
| Acquisitions of businesses | (6,047) | (55,548) |
| Additions to property, plant, and equipment | (13,659) | (26,621) |
| Other | - | (1,563) |
| Net cash used in investing activities | (19,706) | (83,732) |
| Cash flows from financing activities | | |
| Proceeds from issuance of long-term debt | 40,000 | 85,000 |
| Repayments of long-term debt | (55,000) | (30,000) |
| Dividends paid | (34,129) | (28,722) |
| Purchases of Company stock | (25,471) | (15,311) |
| Proceeds from common stock issued | 12,067 | 2,332 |
| Excess tax benefits from share-based payments | 1,519 | 83 |
| Other | (769) | - |
| Net cash provided by (used in) financing activities | (61,783) | 13,382 |

| | | |
|--|-----------|-----------|
| Net decrease in cash and cash equivalents | (1,106) | (1,603) |
| Cash and cash equivalents at beginning of period | 25,820 | 27,721 |
| Cash and cash equivalents at end of period | \$ 24,714 | \$ 26,118 |

Meredith Corporation and Subsidiaries
Supplemental Disclosures Regarding Non-GAAP Financial Measures

Table 1

Special Items - The following table shows results of operations excluding special items and as reported with the difference being the special items. Results of operations excluding special items are non-GAAP measures. Management's rationale for presenting non-GAAP measures is included in the text of this earnings release.

| Periods Ended December 31, 2012 | Three Months | | | Six Months | | |
|--|----------------------------|------------------|----------------|----------------------------|------------------|----------------|
| | Excluding Special Items | Special Items | As Reported | Excluding Special Items | Special Items | As Reported |
| <i>(In thousands except per share data)</i> | | | | | | |
| Revenues | | | | | | |
| Advertising | \$ 217,094 | \$ - | \$ 217,094 | \$ 424,216 | \$ - | \$ 424,216 |
| Circulation | 67,398 | - | 67,398 | 142,887 | - | 142,887 |
| All other | 76,103 | - | 76,103 | 147,649 | - | 147,649 |
| Total revenues | 360,595 | - | 360,595 | 714,752 | - | 714,752 |
| Operating expenses | | | | | | |
| Production, distribution, and editorial | 134,117 | - | 134,117 | 274,728 | - | 274,728 |
| Selling, general, and administrative | 151,015 | 7,043 (a) | 158,058 | 307,329 | 7,043 (a) | 314,372 |
| Depreciation and amortization | 10,967 | - | 10,967 | 22,894 | - | 22,894 |
| Total operating expenses | 296,099 | 7,043 | 303,142 | 604,951 | 7,043 | 611,994 |
| Income from operations | 64,496 | (7,043) | 57,453 | 109,801 | (7,043) | 102,758 |
| Interest expense, net | (3,316) | - | (3,316) | (7,002) | - | (7,002) |
| Earnings before income taxes | 61,180 | (7,043) | 54,137 | 102,799 | (7,043) | 95,756 |
| Income taxes | (21,278) | 2,712 | (18,566) | (38,042) | 2,712 | (35,330) |
| Net earnings | \$ 39,902 | \$ (4,331) | \$ 35,571 | \$ 64,757 | \$ (4,331) | \$ 60,426 |
| Basic earnings per share | | | | | | |
| | \$ 0.90 | \$ (0.10) | \$ 0.80 | \$ 1.46 | \$ (0.10) | \$ 1.36 |
| Basic average shares outstanding | 44,409 | 44,409 | 44,409 | 44,451 | 44,451 | 44,451 |
| Diluted earnings per share | | | | | | |
| | \$ 0.89 | \$ (0.10) | \$ 0.79 | \$ 1.44 | \$ (0.10) | \$ 1.34 |
| Diluted average shares outstanding | 44,936 | 44,936 | 44,936 | 44,989 | 44,989 | 44,989 |
| (a) Severance costs of \$7.4 million and vacated lease accruals of \$0.4 million partially offset by a \$0.8 million reduction in previously accrued restructuring charges | | | | | | |

Meredith Corporation and Subsidiaries
Supplemental Disclosures Regarding Non-GAAP Financial Measures

Table 2

Special Items - The following table shows results of operations excluding special items and as reported with the difference being the special items. Results of operations excluding special items are non-GAAP measures. Management's rationale for presenting non-GAAP measures is included in the text of this earnings release.

| Periods Ended December 31, 2012 | Three Months | | | Six Months | | |
|------------------------------------|----------------------------|------------------|----------------|----------------------------|------------------|----------------|
| | Excluding Special Items | Special Items | As Reported | Excluding Special Items | Special Items | As Reported |
| <i>(In thousands)</i> | | | | | | |
| Revenues | | | | | | |
| National media group | | | | | | |
| Advertising | \$ 120,133 | \$ - | \$ 120,133 | \$ 252,797 | \$ - | \$ 252,797 |

| | | | | | | |
|----------------------------|-------------------|-------------|-------------------|-------------------|-------------|-------------------|
| Circulation | 67,398 | - | 67,398 | 142,887 | - | 142,887 |
| Other revenues | 61,905 | - | 61,905 | 120,722 | - | 120,722 |
| Total national media group | 249,436 | - | 249,436 | 516,406 | - | 516,406 |
| Local media group | | | | | | |
| Non-political advertising | 71,255 | - | 71,255 | 133,501 | - | 133,501 |
| Political advertising | 25,706 | - | 25,706 | 37,918 | - | 37,918 |
| Other revenues | 14,198 | - | 14,198 | 26,927 | - | 26,927 |
| Total local media group | 111,159 | - | 111,159 | 198,346 | - | 198,346 |
| Total revenues | \$ 360,595 | \$ - | \$ 360,595 | \$ 714,752 | \$ - | \$ 714,752 |

| | | | | | | |
|-------------------------------|------------------|------------------|-----|------------------|-------------------|-----------------------------|
| Operating profit | | | | | | |
| National media group | \$ 27,725 | \$(5,548) | (a) | \$ 22,177 | \$ 57,149 | \$(5,548) (a) \$ 51,601 |
| Local media group | 46,206 | (1,495) | (b) | 44,711 | 73,850 | (1,495) (b) 72,355 |
| Unallocated corporate | (9,435) | - | | (9,435) | (21,198) | (21,198) |
| Income from operations | \$ 64,496 | \$(7,043) | | \$ 57,453 | \$ 109,801 | \$(7,043) \$ 102,758 |

| | | | | | | |
|--|------------------|-------------|--|------------------|------------------|-----------------------|
| Depreciation and amortization | | | | | | |
| National media group | \$ 4,475 | \$ - | | \$ 4,475 | \$ 9,865 | \$ - \$ 9,865 |
| Local media group | 6,070 | - | | 6,070 | 12,172 | - 12,172 |
| Unallocated corporate | 422 | - | | 422 | 857 | - 857 |
| Total depreciation and amortization | \$ 10,967 | \$ - | | \$ 10,967 | \$ 22,894 | \$ - \$ 22,894 |

| | | | | | | |
|---------------------------------|------------------|------------------|-----|------------------|-------------------|-----------------------------|
| EBITDA¹ | | | | | | |
| National media group | \$ 32,200 | \$(5,548) | (a) | \$ 26,652 | \$ 67,014 | \$(5,548) (a) \$ 61,466 |
| Local media group | 52,276 | (1,495) | (b) | 50,781 | 86,022 | (1,495) (b) 84,527 |
| Unallocated corporate | (9,013) | - | | (9,013) | (20,341) | - (20,341) |
| Total EBITDA¹ | \$ 75,463 | \$(7,043) | | \$ 68,420 | \$ 132,695 | \$(7,043) \$ 125,652 |

¹ EBITDA is net earnings before interest, taxes, depreciation, and amortization.

- (a) Severance costs of \$5.9 million and a vacated lease accrual of \$0.4 million partially offset by a \$0.8 million reduction in previously accrued restructuring charges
- (b) Severance costs of \$1.5 million

Meredith Corporation and Subsidiaries
Supplemental Disclosures Regarding Non-GAAP Financial Measures

Table 3

EBITDA

Consolidated EBITDA, which is reconciled to net earnings in the following tables, is defined as net earnings before interest, taxes, depreciation, and amortization.

Segment EBITDA is a measure of segment earnings before depreciation and amortization.

Segment EBITDA margin is defined as segment EBITDA divided by segment revenues.

| | Three months ended December 31, 2012 | | | | Six months ended December 31, 2012 | | | |
|-------------------------------|--------------------------------------|-------------|-----------------------|------------|------------------------------------|-------------|-----------------------|------------|
| | National Media | Local Media | Unallocated Corporate | Total | National Media | Local Media | Unallocated Corporate | Total |
| <i>(In thousands)</i> | | | | | | | | |
| Revenues | \$ 249,436 | \$ 111,159 | \$ - | \$ 360,595 | \$ 516,406 | \$ 198,346 | \$ - | \$ 714,752 |
| Operating profit | \$ 22,177 | \$ 44,711 | \$ (9,435) | \$ 57,453 | \$ 51,601 | \$ 72,355 | \$ (21,198) | \$ 102,758 |
| Depreciation and amortization | 4,475 | 6,070 | 422 | 10,967 | 9,865 | 12,172 | 857 | 22,894 |
| EBITDA | \$ 26,652 | \$ 50,781 | \$ (9,013) | 68,420 | \$ 61,466 | \$ 84,527 | \$ (20,341) | 125,652 |
| Less: | | | | | | | | |
| Depreciation and amortization | | | | (10,967) | | | | (22,894) |
| Net interest expense | | | | (3,316) | | | | (7,002) |
| Income taxes | | | | (18,566) | | | | (35,330) |
| Net earnings | | | | \$ 35,571 | | | | \$ 60,426 |
| Segment EBITDA margin | 10.7% | 45.7% | | | 11.9% | 42.6% | | |

| | Three months ended December 31, 2011 | | | | Six months ended December 31, 2011 | | | |
|-------------------------------------|--------------------------------------|-------------|-----------------------|------------|------------------------------------|-------------|-----------------------|------------|
| | National Media | Local Media | Unallocated Corporate | Total | National Media | Local Media | Unallocated Corporate | Total |
| <i>(In thousands)</i> | | | | | | | | |
| Revenues | \$ 244,315 | \$ 84,402 | \$ - | \$ 328,717 | \$ 502,927 | \$ 153,699 | \$ - | \$ 656,626 |
| Operating profit | \$ 35,797 | \$ 27,156 | \$ (8,093) | \$ 54,860 | \$ 71,801 | \$ 38,213 | \$ (16,933) | \$ 93,081 |
| Depreciation and amortization | 3,832 | 6,175 | 498 | 10,505 | 7,193 | 12,164 | 980 | 20,337 |
| EBITDA | \$ 39,629 | \$ 33,331 | \$ (7,595) | 65,365 | \$ 78,994 | \$ 50,377 | \$ (15,953) | 113,418 |
| Less: Depreciation and amortization | | | | (10,505) | | | | (20,337) |
| Net interest expense | | | | (2,897) | | | | (5,616) |
| Income taxes | | | | (20,369) | | | | (34,244) |
| Net earnings | | | | \$ 31,594 | | | | \$ 53,221 |
| Segment EBITDA margin | 16.2% | 39.5% | | | 15.7% | 32.8% | | |

Meredith Corporation and Subsidiaries
Supplemental Disclosures Regarding Non-GAAP Financial Measures

Table 4

| Six months ended December 31, | 2012 | 2011 | Change |
|--|------------|------------|--------|
| National Media Advertising Revenues | | | |
| Excluding recent acquisitions ¹ | \$ 209,429 | \$ 229,254 | (9)% |
| Recent acquisitions ¹ | 43,368 | 2,383 | |
| Total | \$ 252,797 | \$ 231,637 | 9 % |
| National Media Circulation Revenues | | | |
| Excluding recent acquisitions ¹ | \$ 126,132 | \$ 128,524 | (2)% |
| Recent acquisitions ¹ | 16,755 | 1,967 | |
| Total | \$ 142,887 | \$ 130,491 | 9 % |
| National Media Digital Advertising Revenues | | | |
| Excluding recent acquisitions ¹ | \$ 22,498 | \$ 19,776 | 14 % |
| Recent acquisitions ¹ | 19,859 | 168 | |
| Total | \$ 42,357 | \$ 19,944 | 112 % |
| Total Company Operating Expenses | | | |
| Excluding recent acquisitions ¹ | \$ 554,779 | \$ 559,487 | (1)% |
| Recent acquisitions ¹ | 57,215 | 4,058 | |
| Total | \$ 611,994 | \$ 563,545 | 9 % |

¹ Recent acquisitions represent EveryDay with Rachael Ray, FamilyFun, and Allrecipes.com

SOURCE Meredith Corporation

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<https://dotdashmeredith.mediaroom.com/2013-01-24-Meredith-Delivers-Strong-Fiscal-2013-Second-Quarter-And-First-Half-Results>