

MEREDITH CORP
Form 10-Q
January 22, 2009
Click here for

[Table of Contents](#)

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **December 31, 2008**

Commission file number 1-5128

MEREDITH CORPORATION

(Exact name of registrant as specified in its charter)

Iowa

(State or other jurisdiction of incorporation or
organization)

42-0410230

(I.R.S. Employer Identification No.)

1716 Locust Street, Des Moines, Iowa

(Address of principal executive offices)

50309-3023

(Zip Code)

Registrant's telephone number, including area code:

(515) 284-3000

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 No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Shares of stock outstanding at December 31, 2008	
Common shares	35,794,997
Class B shares	9,160,735
Total common and Class B shares	44,955,732

TABLE OF CONTENTS

	Page
Part I - Financial Information	
<u>Item 1.</u> Financial Statements	
Condensed Consolidated	1
<u>Balance Sheets</u> as of December 31, 2008, and June 30, 2008	
Condensed Consolidated Statements of	2
<u>Earnings</u> for the Three Months and Six Months Ended December 31, 2008 and 2007	
Condensed Consolidated Statement of	3
<u>Shareholders' Equity</u> for the Six Months Ended December 31, 2008	
Condensed Consolidated Statements of	4
<u>Cash Flows</u> for the Six Months Ended December 31, 2008 and 2007	

Notes to Condensed Consolidated Financial Statements 5

<u>Item 2.</u>	Management's Discussion and Analysis of Financial Condition and Results of Operations	12
<u>Item 3.</u>	Quantitative and Qualitative Disclosures About Market Risk	24
<u>Item 4.</u>	Controls and Procedures	24
Part II - Other Information		
<u>Item 1A.</u>	Risk Factors	25
<u>Item 2.</u>	Unregistered Sales of Equity Securities and Use of Proceeds	25
<u>Item 4.</u>	Submission of Matters to a Vote of Security Holders	25
<u>Item 6.</u>	Exhibits	26
<u>Signature</u>		28
<u>Index</u> to Attached Exhibits		E-1

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements
Meredith Corporation and Subsidiaries
Condensed Consolidated Balance Sheets

	(Unaudited) December 31, 2008	June 30, 2008
Assets		
(In thousands)		
Current assets		
Cash and cash equivalents	\$ 33,359	\$ 37,644
Accounts receivable, net	217,091	230,978
Inventories	40,659	44,085
Current portion of subscription acquisition costs	60,988	59,939
Current portion of broadcast rights	17,391	10,779

Edgar Filing: MEREDITH CORP - Form 10-Q

Other current assets	20,500	19,665
Total current assets	389,988	403,090
Property, plant, and equipment	457,469	446,935
Less accumulated depreciation	(258,292)	(247,147)
Net property, plant, and equipment	199,177	199,788
Subscription acquisition costs	60,588	60,958
Broadcast rights	6,816	7,826
Other assets	73,653	74,472
Intangible assets, net	777,309	781,154
Goodwill	531,256	532,332
Total assets	\$ 2,038,787	\$ 2,059,620
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of long-term debt	\$ 130,000	\$ 75,000
Current portion of long-term broadcast rights payable	18,702	11,141
Accounts payable	67,174	79,028
Accrued expenses and other liabilities	101,589	102,707
Current portion of unearned subscription revenues	177,263	175,261
Total current liabilities	494,728	443,137
Long-term debt	325,000	410,000
Long-term broadcast rights payable	15,512	17,186
Unearned subscription revenues	160,124	157,872
Deferred income taxes	153,303	139,598
Other noncurrent liabilities	107,215	103,972
Total liabilities	1,255,882	1,271,765
Shareholders' equity		
Series preferred stock	-	-
Common stock	35,795	36,295
Class B stock	9,161	9,181
Additional paid-in capital	50,365	52,693
Retained earnings	699,948	701,205
Accumulated other comprehensive loss	(12,364)	(11,519)
Total shareholders' equity	782,905	787,855

Total liabilities and shareholders' equity	\$ 2,038,787	\$ 2,059,620
--	--------------	--------------

See accompanying Notes to Condensed Consolidated Financial Statements.

-1-

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

Periods Ended December 31, (In thousands except per share data)	Three Months		Six Months	
	2008	2007	2008	2007
Revenues				
Advertising	\$ 204,213	\$ 239,256	\$ 419,749	\$ 493,591
Circulation	69,274	72,959	143,296	153,245
All other	92,753	84,030	173,633	153,482
Total revenues	366,240	396,245	736,678	800,318
Operating expenses				
Production, distribution, and editorial	165,744	166,122	338,956	341,830
Selling, general, and administrative	161,735	153,046	310,658	308,616
Depreciation and amortization	10,778	12,025	21,636	24,143
Total operating expenses	338,257	331,193	671,250	674,589
Income from operations	27,983	65,052		
			65,428	125,729
Interest income	107	296	227	648
Interest expense	(5,353)	(5,734)	(10,787)	(11,897)
Earnings from continuing operations before income taxes	22,737	59,614	54,868	114,480
Income taxes	10,194	24,401	23,688	45,799
Earnings from continuing operations	12,543	35,213	31,180	68,681
Income from discontinued operations, net of taxes	-	846	-	-