
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2015

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ 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 Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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

Yes ☐ No ☒

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 October 31, 2015	
Common shares.....	37,690,724
Class B shares	6,940,624
Total common and Class B shares	44,631,348

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

Meredith Corporation and Subsidiaries Condensed Consolidated Balance Sheets (Unaudited)

	September 30, 2015	June 30, 2015
Assets		
<i>(In thousands)</i>		
Current assets		
Cash and cash equivalents	\$ 29,940	\$ 22,833
Accounts receivable, net.....	278,199	284,646
Inventories	24,192	24,681
Current portion of subscription acquisition costs	133,696	122,350
Current portion of broadcast rights.....	14,929	4,516
Other current assets	39,096	23,505
Total current assets.....	520,052	482,531
Property, plant, and equipment.....	520,318	527,622
Less accumulated depreciation	(316,824)	(313,886)
Net property, plant, and equipment	203,494	213,736
Subscription acquisition costs	113,075	103,842
Broadcast rights	5,745	1,795
Other assets.....	70,664	67,750
Intangible assets, net.....	967,688	972,382
Goodwill	998,260	1,001,246
Total assets.....	\$ 2,878,978	\$ 2,843,282
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of long-term debt	\$ 65,625	\$ 62,500
Current portion of long-term broadcast rights payable	15,139	4,776
Accounts payable.....	96,946	93,944
Accrued expenses and other liabilities	144,223	163,655
Current portion of unearned subscription revenues.....	214,968	206,126
Total current liabilities.....	536,901	531,001
Long-term debt	753,750	732,500
Long-term broadcast rights payable	7,112	2,998
Unearned subscription revenues.....	158,629	151,221
Deferred income taxes	313,156	311,645
Other noncurrent liabilities	163,037	162,067
Total liabilities.....	1,932,585	1,891,432
Shareholders' equity		
Series preferred stock	—	—
Common stock.....	37,685	37,657
Class B stock	6,949	6,963
Additional paid-in capital	55,396	49,019
Retained earnings	861,220	870,859
Accumulated other comprehensive loss	(14,857)	(12,648)
Total shareholders' equity.....	946,393	951,850
Total liabilities and shareholders' equity.....	\$ 2,878,978	\$ 2,843,282

See accompanying Notes to Condensed Consolidated Financial Statements.

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

Three months ended September 30,	2015	2014
<i>(In thousands except per share data)</i>		
Revenues		
Advertising	\$ 218,670	\$ 218,031
Circulation	72,175	65,885
All other	93,821	87,268
Total revenues	384,666	371,184
Operating expenses		
Production, distribution, and editorial	153,178	141,887
Selling, general, and administrative	187,396	163,676
Depreciation and amortization	15,080	12,769
Total operating expenses	355,654	318,332
Income from operations	29,012	52,852
Interest expense, net	(5,313)	(4,242)
Earnings before income taxes	23,699	48,610
Income taxes	(12,670)	(19,245)
Net earnings	\$ 11,029	\$ 29,365
Basic earnings per share		
Basic average shares outstanding	44,612	44,459
Diluted earnings per share		
Diluted average shares outstanding	45,366	45,157
Dividends paid per share		
Dividends paid per share	\$ 0.4575	\$ 0.4325

See accompanying Notes to Condensed Consolidated Financial Statements.

Meredith Corporation and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

Three months ended September 30,	2015	2014
<i>(In thousands)</i>		
Net earnings.....	\$ 11,029	\$ 29,365
Other comprehensive income, net of income taxes		
Pension and other postretirement benefit plans activity.....	(1)	42
Unrealized gain (loss) on interest rate swaps	(2,208)	777
Other comprehensive income (loss), net of income taxes	(2,209)	819
Comprehensive income	\$ 8,820	\$ 30,184

See accompanying Notes to Condensed Consolidated Financial Statements.

Meredith Corporation and Subsidiaries
Condensed Consolidated Statement of Shareholders' Equity
(Unaudited)

<i>(In thousands except per share data)</i>	Common Stock - \$1 par value	Class B Stock - \$1 par value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at June 30, 2015	\$ 37,657	\$ 6,963	\$ 49,019	\$ 870,859	\$ (12,648)	\$ 951,850
Net earnings	—	—	—	11,029	—	11,029
Other comprehensive loss, net of income taxes	—	—	—	—	(2,209)	(2,209)
Shares issued under incentive plans, net of forfeitures	136	—	4,890	—	—	5,026
Purchases of Company stock	(122)	—	(5,616)	—	—	(5,738)
Share-based compensation	—	—	5,850	—	—	5,850
Conversion of Class B to common stock	14	(14)	—	—	—	—
Dividends paid						
Common stock	—	—	—	(17,489)	—	(17,489)
Class B stock	—	—	—	(3,179)	—	(3,179)
Tax benefit from share-based awards	—	—	1,253	—	—	1,253
Balance at September 30, 2015	\$ 37,685	\$ 6,949	\$ 55,396	\$ 861,220	\$ (14,857)	\$ 946,393

See accompanying Notes to Condensed Consolidated Financial Statements.

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

Three months ended September 30,	2015	2014
<i>(In thousands)</i>		
Cash flows from operating activities		
Net earnings	\$ 11,029	\$ 29,365
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation	10,296	9,239
Amortization.....	4,784	3,530
Share-based compensation	5,850	4,646
Deferred income taxes.....	6,427	7,326
Amortization of broadcast rights.....	4,209	4,106
Payments for broadcast rights	(4,040)	(3,906)
Fair value adjustments to contingent consideration	(1,000)	—
Excess tax benefits from share-based payments	(1,356)	(3,982)
Changes in assets and liabilities	(33,370)	(39,178)
Net cash provided by operating activities.....	2,829	11,146
Cash flows from investing activities		
Additions to property, plant, and equipment.....	(1,840)	(1,936)
Proceeds from disposition of assets	1,767	—
Net cash used in investing activities.....	(73)	(1,936)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	47,500	45,000
Repayments of long-term debt	(23,125)	(38,125)
Dividends paid.....	(20,668)	(19,393)
Purchases of Company stock.....	(5,738)	(17,012)
Proceeds from common stock issued	5,026	10,088
Excess tax benefits from share-based payments	1,356	3,982
Net cash provided by (used in) financing activities	4,351	(15,460)
Net increase (decrease) in cash and cash equivalents.....	7,107	(6,250)
Cash and cash equivalents at beginning of period.....	22,833	36,587
Cash and cash equivalents at end of period	\$ 29,940	\$ 30,337

See accompanying Notes to Condensed Consolidated Financial Statements.

Meredith Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation—The condensed consolidated financial statements include the accounts of Meredith Corporation and its wholly owned subsidiaries (Meredith or the Company), after eliminating all significant intercompany balances and transactions. Meredith does not have any off-balance sheet arrangements. The Company's use of special-purpose entities is limited to Meredith Funding Corporation, whose activities are fully consolidated in Meredith's condensed consolidated financial statements.

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (SEC). Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America (GAAP) for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements, which are included in Meredith's Annual Report on Form 10-K for the year ended June 30, 2015, filed with the SEC.

The condensed consolidated financial statements as of September 30, 2015, and for the three months ended September 30, 2015 and 2014, are unaudited but, in management's opinion, include all normal, recurring adjustments necessary for a fair presentation of the results of interim periods. The year-end condensed consolidated balance sheet data as of June 30, 2015, were derived from audited financial statements, but do not include all disclosures required by GAAP. The results of operations for interim periods are not necessarily indicative of the results to be expected for the entire fiscal year.

Adopted Accounting Pronouncements—In September 2015, the Financial Accounting Standards Board (FASB) issued guidance simplifying the accounting for measurement-period adjustments related to business combinations. The new guidance removes the requirement to restate prior periods to reflect adjustments made to provisional amounts. Rather, adjustments to the provisional amounts are to be recognized in the reporting period they are identified. In the period of adjustment, the portion that would have been recorded in a previous reporting period is to be presented separately on the face of the income statement or disclosed in the notes. Prospective adoption of the guidance is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The Company adopted this guidance in the first quarter of fiscal 2016. The adoption of this guidance requires a change in the format of disclosure only and it did not have an impact on our results of operations or cash flows.

2. Pending Merger Transaction

On September 7, 2015, the Company and Media General, Inc. (Media General) entered into a definitive merger agreement under which the companies will combine to form Meredith Media General. Under the terms of the merger agreement, Media General will acquire all of the outstanding common stock of the Company in a cash and stock transaction in which each share of Meredith common stock and Class B common stock will be converted into the right to receive \$34.57 in cash and 1.5214 shares of Meredith Media General voting common stock. Upon closing, it is estimated that Media General shareholders will own 65 percent and Meredith shareholders will own 35 percent of the fully-diluted shares of Meredith Media General.

The transaction has been approved by the Boards of Directors of the Company and Media General. It is anticipated that stations in six overlapping markets will be swapped or otherwise divested to address regulatory considerations. As set forth in the merger agreement, the closing of the merger agreement is subject to certain customary conditions, including but not limited to, approval from the Federal Communications Commission (FCC), clearance under the Hart-Scott-Rodino antitrust act, the absence of legal barriers to the closing of the merger, adoption of the

agreement by the shareholders of Meredith and of Media General, and certain customary third party consents. The Company and Media General will hold special shareholder meetings to vote on the merger. The merger is expected to close by June 30, 2016. The Company incurred \$12.7 million of investment banking, legal, accounting, and other professional fees and expenses in the first quarter of fiscal 2016 related to the pending merger. These costs are included in the selling, general, and administrative line in the Consolidated Statements of Earnings. The limited tax deductibility of certain of these merger-related expenses also caused an increase in the fiscal 2016 first quarter effective tax rate. For more information concerning the merger, refer to the Current Report on Form 8-K filed with the SEC on September 9, 2015.

3. Acquisitions

On October 31, 2014, Meredith acquired WGGB, the ABC affiliate in Springfield, Massachusetts. On December 19, 2014, Meredith acquired WALA, the FOX affiliate in Mobile, Alabama-Pensacola, Florida.

Effective November 1, 2014, Meredith completed its acquisition of *Martha Stewart Living* magazine and its related digital assets (collectively Martha Stewart Living Media Properties). In addition, Meredith entered into a 10-year licensing arrangement with Martha Stewart Living Omnimedia (MSLO) for the licensing of the Martha Stewart Living trade name. The acquired business operations include sales and marketing, circulation, production, and other non-editorial functions. Meredith sources editorial content from MSLO.

On November 13, 2014, Meredith acquired 100 percent of the membership interests in MyWedding, LLC (Mywedding). Mywedding operates mywedding.com, one of the top wedding websites in the U.S., providing couples with a complete wedding planning product suite.

On December 30, 2014, Meredith acquired 100 percent of the outstanding stock of Selectable Media, Inc. (Selectable Media), a leading native and engagement-based digital advertising company. During the first quarter of fiscal 2016, the provisional amounts recorded to goodwill were decreased \$2.9 million with a corresponding increase to deferred income taxes based on an updated valuation report and other fair value determinations.

Effective February 1, 2015, Meredith completed its acquisition of *Shape* magazine and related digital assets (collectively Shape). Shape is the women's active lifestyle category leader with content focusing on exercise, beauty, nutrition, health, fashion, wellness, and other lifestyle topics to help women lead a healthier, active lifestyle.

On June 19, 2015, Meredith completed the acquisition of Qponix, a leading shopper marketing data platform technology.

The results of these acquisitions have been included in the Company's consolidated operating results since their respective acquisition dates. The Company is in the process of obtaining third-party valuations of intangible assets; thus, the provisional measurements of intangible assets, goodwill, and deferred income tax balances are subject to change.

4. Inventories

Major components of inventories are summarized below. Of total net inventory values shown, 53 percent are under the last-in first-out (LIFO) method at September 30, 2015, and 52 percent at June 30, 2015.

<i>(In thousands)</i>	September 30, 2015	June 30, 2015
Raw materials.....	\$ 10,662	\$ 13,900
Work in process.....	14,884	12,053
Finished goods	2,346	2,428
	27,892	28,381
Reserve for LIFO cost valuation.....	(3,700)	(3,700)
Inventories.....	\$ 24,192	\$ 24,681

5. Intangible Assets and Goodwill

Intangible assets consist of the following:

	September 30, 2015			June 30, 2015		
<i>(In thousands)</i>	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Intangible assets						
subject to amortization						
National media						
Advertiser relationships	\$ 18,610	\$ (6,538)	\$ 12,072	\$ 20,879	\$ (7,660)	\$ 13,219
Customer lists.....	5,230	(3,133)	2,097	9,120	(6,679)	2,441
Other.....	19,425	(6,767)	12,658	20,675	(7,361)	13,314
Local media						
Network affiliation agreements...	229,309	(130,969)	98,340	229,309	(129,362)	99,947
Retransmission agreements.....	21,229	(4,339)	16,890	21,229	(3,454)	17,775
Other.....	1,214	(183)	1,031	1,212	(126)	1,086
Total.....	\$ 295,017	\$ (151,929)	143,088	\$ 302,424	\$ (154,642)	147,782
Intangible assets not						
subject to amortization						
National media						
Internet domain names			7,827			7,827
Trademarks.....			192,089			192,089
Local media						
FCC licenses			624,684			624,684
Total.....			824,600			824,600
Intangible assets, net.....			\$ 967,688			\$ 972,382

Amortization expense was \$4.8 million for the three months ended September 30, 2015. Annual amortization expense for intangible assets is expected to be as follows: \$19.5 million in fiscal 2016, \$18.0 million in fiscal 2017, \$15.0 million in fiscal 2018, \$12.2 million in fiscal 2019, and \$11.8 million in fiscal 2020.

Changes in the carrying amount of goodwill were as follows:

Three months ended September 30,	2015			2014		
(In thousands)	National Media	Local Media	Total	National Media	Local Media	Total
Balance at beginning of period	\$ 932,471	\$ 68,775	\$ 1,001,246	\$ 789,038	\$ 51,823	\$ 840,861
Acquisitions	(2,986)	—	(2,986)	—	(867)	(867)
Balance at end of period.....	\$ 929,485	\$ 68,775	\$ 998,260	\$ 789,038	\$ 50,956	\$ 839,994

6. Restructuring Accrual

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

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

Three months ended September 30,	2015	2014
(In thousands)		
Balance at beginning of period.....	\$ 15,731	\$ 13,545
Severance accruals.....	3,366	—
Cash payments.....	(3,705)	(4,986)
Reversal of excess accrual.....	(1,070)	—
Balance at end of period	\$ 14,322	\$ 8,559

7. Long-term Debt

Long-term debt consists of the following:

<i>(In thousands)</i>	September 30, 2015	June 30, 2015
Variable-rate credit facilities		
Asset-backed bank facility of \$100 million, due 10/21/2017.....	\$ 80,000	\$ 80,000
Revolving credit facility of \$200 million, due 3/27/2019	105,000	77,500
Term loan due 3/27/2019.....	234,375	237,500
Private placement notes		
3.04% senior notes, due 3/1/2016	50,000	50,000
3.04% senior notes, due 3/1/2017	50,000	50,000
3.04% senior notes, due 3/1/2018	50,000	50,000
Floating rate senior notes, due 12/19/2022	100,000	100,000
Floating rate senior notes, due 2/28/2024	150,000	150,000
Total long-term debt.....	819,375	795,000
Current portion of long-term debt.....	(65,625)	(62,500)
Long-term debt	\$ 753,750	\$ 732,500

In connection with the asset-backed bank facility, Meredith entered into a revolving agreement to sell all of its rights, title, and interest in the majority of its accounts receivable related to advertising and miscellaneous revenues to Meredith Funding Corporation, a special-purpose entity established to purchase accounts receivable from Meredith. At September 30, 2015, \$175.2 million of accounts receivable net of reserves was outstanding under the agreement. Meredith Funding Corporation in turn may sell receivable interests to a major national bank. In consideration of the sale, Meredith receives cash and a subordinated note, bearing interest at the prime rate, 3.25 percent at September 30, 2015, from Meredith Funding Corporation. The agreement is structured as a true sale under which the creditors of Meredith Funding Corporation will be entitled to be satisfied out of the assets of Meredith Funding Corporation prior to any value being returned to Meredith or its creditors. The accounts of Meredith Funding Corporation are fully consolidated in Meredith's condensed consolidated financial statements.

In October 2015, we renewed our asset-backed bank facility for an additional two-year period on terms substantially similar to those previously in place. The renewed facility will expire in October 2017.

The Company holds interest rate swap agreements to hedge variable interest rate risk on the \$250.0 million floating-rate senior notes and on \$50.0 million of the term loan. The expiration of the swaps is as follows: \$50.0 million in August 2018, \$100.0 million in March 2019, and \$150.0 million in August 2019. Under the swaps the Company will pay fixed rates of interest (1.36 percent on the swap maturing in August 2018, 1.53 percent on the swap maturing in March 2019, and 1.76 percent on the swaps maturing in August 2019) and receive variable rates of interest based on the one to three-month London Interbank Offered Rate (LIBOR) (0.22 percent on the swap maturing in August 2018, 0.33 percent on the swap maturing in March 2019, and 0.33 percent on the swaps maturing in August 2019 as of September 30, 2015) on the \$300.0 million notional amount of indebtedness. The swaps are designated as cash flow hedges. The Company evaluates the effectiveness of the hedging relationships on an ongoing basis by recalculating changes in fair value of the derivatives and related hedged items independently.

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

The fair value of the interest rate swap agreements is the estimated amount the Company would pay or receive to terminate the swap agreements. At September 30, 2015, the swaps had a fair value of \$5.8 million liability. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to the swap agreements. This exposure is managed through diversification and the monitoring of the creditworthiness of the counterparties. There was no potential loss that the Company would incur on the interest rate swaps if the counterparties were to fail to meet their obligations under the agreements at September 30, 2015. Given the strong creditworthiness of the counterparties, management does not expect any of them to fail to meet their obligations. Additionally, the concentration of risk with any individual counterparty is not considered significant at September 30, 2015.

8. Pension and Postretirement Benefit Plans

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

Three months ended September 30,	2015	2014
<i>(In thousands)</i>		
Pension benefits		
Service cost	\$ 2,977	\$ 3,043
Interest cost	1,469	1,396
Expected return on plan assets	(2,746)	(2,759)
Prior service cost amortization	49	56
Actuarial loss amortization	157	169
Net periodic benefit costs	\$ 1,906	\$ 1,905
Postretirement benefits		
Service cost	\$ 25	\$ 29
Interest cost	96	102
Prior service cost amortization	(107)	(108)
Actuarial gain amortization	(169)	(108)
Net periodic benefit credit	\$ (155)	\$ (85)

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

9. Earnings per Share

The following table presents the calculations of earnings per share:

Three months ended September 30,	2015	2014
<i>(In thousands except per share data)</i>		
Net earnings	\$ 11,029	\$ 29,365
Basic average shares outstanding	44,612	44,459
Dilutive effect of stock options and equivalents	754	698
Diluted average shares outstanding	45,366	45,157
Earnings per share		
Basic earnings per share	\$ 0.25	\$ 0.66
Diluted earnings per share	0.24	0.65

For the three months ended September 30, 2015 and 2014, antidilutive options excluded from the above calculations totaled 1.2 million (with a weighted average exercise price of \$49.47) and 1.7 million (with a weighted average exercise price of \$50.06), respectively.

10. Fair Value Measurements

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

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

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

The following table sets forth the carrying value and the estimated fair value of the Company's financial instruments:

	September 30, 2015		June 30, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>(In thousands)</i>				
Broadcast rights payable.....	\$ 22,251	\$ 21,361	\$ 7,774	\$ 7,490
Long-term debt	819,375	821,353	795,000	797,121

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

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

	September 30, 2015	June 30, 2015
<i>(In thousands)</i>		
Other assets		
Interest rate swaps	\$ —	\$ 1,139
Accrued expenses and other liabilities		
Contingent consideration.....	800	800
Interest rate swaps	3,278	3,295
Other noncurrent liabilities		
Contingent consideration.....	59,735	60,735
Interest rate swaps	2,498	—

The fair value of interest rate swaps is determined based on discounted cash flows derived using market observable inputs including swap curves that are included in Level 2. The fair value of the contingent consideration is determined based on probability-weighted discounted cash flow models that include significant inputs not observable in the market and thus represent Level 3 measurements.

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

Three months ended September 30,	2015	2014
<i>(in thousands)</i>		
Balance at beginning of period	\$ 61,535	\$ 1,700
Change in present value of contingent consideration ⁽¹⁾	(1,000)	—
Balance at end of period	\$ 60,535	\$ 1,700

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

11. Financial Information about Industry Segments

Meredith is a diversified media company focused primarily on the home and family marketplace. On the basis of products and services, the Company has established two reportable segments: national media and local media. There have been no changes in the basis of segmentation since June 30, 2015. There are no material intersegment transactions.

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

The following table presents financial information by segment:

Three months ended September 30,	2015	2014
<i>(In thousands)</i>		
Revenues		
National media.....	\$ 258,199	\$ 246,326
Local media	126,467	124,858
Total revenues.....	\$ 384,666	\$ 371,184
Segment profit		
National media.....	\$ 22,803	\$ 28,895
Local media	29,327	36,312
Unallocated corporate.....	(23,118)	(12,355)
Income from operations.....	29,012	52,852
Interest expense, net	(5,313)	(4,242)
Earnings before income taxes.....	\$ 23,699	\$ 48,610
Depreciation and amortization		
National media.....	\$ 4,565	\$ 3,625
Local media	9,978	8,715
Unallocated corporate.....	537	429
Total depreciation and amortization	\$ 15,080	\$ 12,769

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon management's current expectations and are subject to various uncertainties and changes in circumstances. Important factors that could cause actual results to differ materially from those described in forward-looking statements are set forth below under the heading "Forward Looking Statements."

EXECUTIVE OVERVIEW

Meredith Corporation has been committed to service journalism for more than 110 years. Today, Meredith uses multiple distribution platforms—including broadcast television, print, digital, mobile, tablets, and video—to provide consumers with content they desire and to deliver the messages of its advertising and marketing partners.

Meredith operates two business segments: local media and national media. The local media segment includes 17 owned or operated television stations reaching 11 percent of U.S. households. Meredith's portfolio is concentrated in large, fast-growing markets, with seven stations in the nation's Top 25 markets—including Atlanta, Phoenix, and Portland—and 13 in Top 50 markets. Meredith's stations produce approximately 650 hours of local news and entertainment content each week, and operate leading local digital destinations.

Our national media segment reaches a multi-channel audience of more than 220 million consumers monthly, including 100 million unduplicated women and 60 percent of American millennial women. Meredith is the leader at creating content across media platforms in key consumer interest areas such as food, home, parenthood, and health through well-known brands such as Better Homes and Gardens, Parents, Allrecipes and Shape. The national media segment features robust brand licensing activities, including more than 3,000 SKUs of branded products at 4,000 Walmart stores across the U.S. Meredith Xcelerated Marketing is a leader at developing and delivering custom content and customer relationship marketing programs for many of the world's top brands.

Both segments operate primarily in the U.S. and compete against similar media and other types of media on both a local and national basis. The national media segment accounted for 67 percent of the Company's \$384.7 million in revenues in the first three months of fiscal 2016 while the local media segment contributed 33 percent.

In September 2015, the Company entered into a definitive merger agreement with Media General, Inc. (Media General) to create Meredith Media General. Upon consummation of the merger, the combined company will be a multiplatform and diversified media company that will initially own television stations reaching 30 percent of U.S. households, possess a digital audience of over 200 million monthly unique visitors and magazine readership of more than 110 million, operate a top 3 global licensing program, and own a leading content-driven digital marketing services business. It is anticipated that stations in six overlapping markets will be swapped or otherwise divested to address regulatory considerations. The transaction has been approved by the Boards of Directors of the Company and Media General. As set forth in the merger agreement, the closing of the transaction is subject to certain customary conditions, including but not limited to, approval from the Federal Communications Commission, clearance under the Hart-Scott-Rodino antitrust act, the absence of legal barriers to the closing of the merger, adoption of the agreement by the shareholders of Meredith and of Media General, and certain customary third party consents. Meredith and Media General will hold special shareholder meetings to vote on the transaction. The merger is expected to close by June 30, 2016.

LOCAL MEDIA

Local media derives the majority of its revenues—72 percent in the first three months of fiscal 2016—from the sale of advertising, both over the air and on our stations' websites and apps. The remainder comes from television retransmission fees, station operation management fees, and other services. Political advertising revenues are cyclical in that they are significantly greater during biennial election campaigns (which take place primarily in odd-numbered fiscal years) than at other times. Local media's major expense categories are employee compensation costs and programming fees paid to the networks.

NATIONAL MEDIA

Advertising revenues made up 49 percent of national media's first three months' revenues. These revenues were generated from the sale of advertising space in our magazines and on our websites and apps to clients interested in promoting their brands, products, and services to consumers. Circulation revenues accounted for 28 percent of national media's first three months' revenues. Circulation revenues result from the sale of magazines to consumers through subscriptions and by single copy sales on newsstands in print form, primarily at major retailers and grocery/drug stores, and in digital form on tablets and other media devices. The remaining 23 percent of national media's revenues came from a variety of activities that included the sale of customer relationship marketing products and services and books as well as brand licensing, product sales, and other related activities. National media's major expense categories are production and delivery of publications and promotional mailings and employee compensation costs.

FIRST QUARTER FISCAL 2016 FINANCIAL OVERVIEW

- In September 2015, the Company entered into a definitive merger agreement under which Media General will acquire all of the outstanding common stock of Meredith in a cash and stock transaction. During the first quarter of fiscal 2016, the Company incurred \$12.7 million in merger-related expenses.
- National media revenues increased 5 percent compared to the prior-year period as revenue increases of \$31.3 million attributable to acquisitions more than offset revenue declines in our magazine operations which were primarily due to declines in magazine advertising. Operating expenses increased 8 percent compared to the prior-year period as expense increases of \$28.1 million attributable to the acquisitions and a severance and related benefits charge of \$3.2 million more than offset expense declines in our magazine operations. Operating profit margin on acquisitions during the quarter was impacted by the two acquired magazines publishing only two issues in our first fiscal quarter but carrying a full quarter of costs. National media operating profit declined 21 percent as a result of the changes in revenues and expenses discussed above.
- Local media revenues increased 1 percent as higher non-political advertising revenues and retransmission revenues attributable to the acquired stations and comparable stations more than offset the expected decline in political revenues. Operating profit declined 19 percent primarily due to the decline in high-margin political advertising revenues due to the cyclical nature of political advertising.
- Diluted earnings per share decreased 63 percent to \$0.24 from \$0.65 in the prior-year first three months primarily due to the \$12.7 million in Media General merger-related expenses incurred in the first quarter of fiscal 2016.

RESULTS OF OPERATIONS

Three months ended September 30,	2015	2014	Change
<i>(In thousands except per share data)</i>			
Total revenues.....	\$ 384,666	\$ 371,184	4 %
Operating expenses.....	(355,654)	(318,332)	12 %
Income from operations.....	\$ 29,012	\$ 52,852	(45)%
Net earnings.....	\$ 11,029	\$ 29,365	(62)%
Diluted earnings per share	0.24	0.65	(63)%

The following sections provide an analysis of the results of operations for the local media and national media segments and an analysis of the consolidated results of operations for the three months ended September 30, 2015, compared with the prior-year period. This commentary should be read in conjunction with the interim condensed consolidated financial statements presented elsewhere in this report and with our Annual Report on Form 10-K (Form 10-K) for the year ended June 30, 2015.

ACQUISITIONS

During fiscal 2015, Meredith completed several strategic acquisitions including the October 2014 acquisition of WGGB and the December 2014 acquisition of WALA in our local media segment, and the November 2014 acquisitions of the Martha Stewart Living media properties and related digital assets and of mywedding.com, the December 2014 acquisition of Selectable Media, the February 2015 acquisition of the Shape brand and its related digital assets, and the June 2015 acquisition of Qponix in our national media segment. The results of these acquisitions have been included in the Company's consolidated operating results since their respective acquisition dates. See Note 3 to the condensed consolidated financial statements for further information.

LOCAL MEDIA

Local media operating results were as follows:

Three months ended September 30,	2015	2014	Change
<i>(In thousands)</i>			
Non-political advertising.....	\$ 89,310	\$ 79,836	12 %
Political advertising.....	2,120	12,963	(84)%
Other.....	35,037	32,059	9 %
Total revenues.....	126,467	124,858	1 %
Operating expenses.....	(97,140)	(88,546)	10 %
Operating profit	\$ 29,327	\$ 36,312	(19)%
Operating profit margin.....	23.2%	29.1%	

Revenues

Local media revenues increased 1 percent in the first quarter of fiscal 2016. Non-political advertising revenues increased 12 percent. Non-political revenues from acquisitions accounted for approximately 70 percent of the increase in non-political advertising revenues in the period. In addition, as compared to the prior year, organic local non-political advertising increased 1 percent while organic national non-political advertising grew 10 percent. Political advertising revenues totaled \$2.1 million in the first quarter of the current fiscal year compared with \$13.0 million in the prior-year first quarter. Fluctuations in political advertising revenues at our stations and throughout the broadcasting industry generally follow the biennial cycle of election campaigns. Political advertising displaces a

certain amount of non-political advertising; therefore, the revenues are not entirely incremental. Online advertising for the first quarter of fiscal 2016 increased 6 percent as compared to the prior-year period.

Other revenues increased 9 percent in the first quarter primarily due to increased retransmission fees.

Operating Expenses

Local media operating expenses increased 10 percent in the first quarter of fiscal 2016 primarily due to the addition of acquisition operating expenses. Approximately 85 percent of the increase was due to the addition of acquisition operating expenses. In addition, programming fees paid to the networks increased \$2.7 million.

Operating Profit

Local media operating profit decreased 19 percent in the first quarter of fiscal 2016 compared with the prior-year primarily due to lower political advertising revenues due to the cyclical nature of political advertising.

NATIONAL MEDIA

National media operating results were as follows:

Three months ended September 30,	2015	2014	Change
<i>(In thousands)</i>			
Advertising	\$ 127,240	\$ 125,232	2 %
Circulation	72,175	65,885	10 %
Other	58,784	55,209	6 %
Total revenues.....	258,199	246,326	5 %
Operating expenses.....	(235,396)	(217,431)	8 %
Operating profit	\$ 22,803	\$ 28,895	(21)%
Operating profit margin.....	8.8%	11.7%	

Revenues

National media advertising revenues increased 2 percent in the first quarter. Online advertising revenues in our digital and mobile media operations grew almost 50 percent in the first quarter of fiscal 2016 primarily due to acquisitions and other organic growth. Magazine advertising revenues and ad pages declined in the high-single digits on a percentage basis in the first quarter. Excluding advertising revenues and ad pages from acquisitions, magazine advertising revenues and pages declined in the mid teens in the first quarter. Among our core advertising categories, demand was weaker for the food and beverage, toiletries and cosmetics, and retail categories while the household supplies, home, and travel categories showed strength.

Magazine circulation revenues increased 10 percent in the first quarter. Subscription revenues increased in the low teens on a percentage basis primarily due to subscription revenues from acquisitions. Newsstand revenues declined in the high-single digits primarily due to overall weaker newsstand demand.

Other revenues increased 6 percent in the first quarter primarily due to increases in marketing and print services revenues and book revenues in our magazine operations of \$4.7 million partially offset by a \$3.6 million decline in revenues in our customer relationship marketing operations.

Operating Expenses

National media operating expenses increased 8 percent in the first quarter primarily due to operating expenses from acquisitions of \$28.1 million. In addition, in the first quarter of fiscal 2016 the national media segment recorded \$3.2 million in accrued severance and related benefits related to an approved performance improvement plan. Offsetting these increases were declines in paper costs of \$2.9 million, customer relationship marketing expenses of

\$2.2 million, postage and other delivery costs of \$2.0 million, editorial costs of \$1.5 million, and performance-based incentive accruals of \$1.4 million.

Operating Profit

National media operating profit decreased 21 percent in the first quarter as a \$7.3 million decline in the operating profit of our magazine operations and a \$3.2 million pre-tax restructuring charge for severance and related benefit costs more than offset operating profit from acquisitions of \$3.2 million.

UNALLOCATED CORPORATE EXPENSES

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

Unallocated Corporate Expenses	2015	2014	Change
<i>(In thousands)</i>			
Three months ended September 30,	\$ 23,118	\$ 12,355	87%

Unallocated corporate expenses increased 87 percent in the first quarter primarily due to \$12.7 million in Media General merger-related expenses being incurred in the first quarter of fiscal 2016. This increase was partially offset by a \$1.5 million reduction in charitable contributions expense in the first quarter of fiscal 2016.

CONSOLIDATED

Consolidated Operating Expenses

Consolidated operating expenses were as follows:

Three months ended September 30,	2015	2014	Change
<i>(In thousands)</i>			
Production, distribution, and editorial	\$ 153,178	\$ 141,887	8%
Selling, general, and administrative	187,396	163,676	14%
Depreciation and amortization	15,080	12,769	18%
Operating expenses.....	\$ 355,654	\$ 318,332	12%

Fiscal 2016 production, distribution, and editorial costs increased 8 percent in the first quarter compared to the prior-year period primarily due to the addition of expenses of acquired businesses of \$12.9 million and increases in programming fees paid to the networks of \$2.7 million. In addition, customer relationship marketing expenses increased \$4.5 million primarily due to a change in product mix. Partially offsetting these increases were declines in paper expense of \$2.9 million, postage and other delivery costs of \$2.0 million, and editorial expenses of \$1.5 million.

Selling, general, and administrative expenses increased 14 percent in the first quarter of fiscal 2016 as the addition of expenses of acquired businesses of \$20.1 million and Media General merger-related expenses of \$12.7 million more than offset declines in employee compensation costs of \$2.4 million and charitable contributions of \$1.5 million. In addition, customer relationship marketing expenses decreased \$3.9 million primarily due to a change in product mix.

Depreciation and amortization expense increased 18 percent in the first quarter of fiscal 2016 due primarily to increased depreciation and amortization from acquisitions of \$2.4 million.

Income from Operations

Income from operations decreased 45 percent in the first quarter of fiscal 2016 as Media General merger-related expenses of \$12.7 million, lower operating profits in our local media segment of \$9.9 million due primarily to the cyclical nature of political revenues, and declines in the operating results of our magazine operations of \$7.3 million more than offset operating profits from acquisitions of \$5.1 million.

Net Interest Expense

Net interest expense increased to \$5.3 million in the fiscal 2016 first quarter compared with \$4.2 million in the prior-year first quarter. Average long-term debt outstanding was \$807.3 million in the first quarter of fiscal 2016 compared with \$716.7 million in the prior-year first quarter. The Company's approximate weighted average interest rate was 2.6 percent in the first three months of fiscal 2016 and 2.4 percent in the first three months of fiscal 2015. The weighted average interest rates include the effects of derivative financial instruments.

Income Taxes

Our effective tax rate was 53.5 percent in the first quarter of fiscal 2016 as compared to 39.6 percent in the first quarter of fiscal 2015. The fiscal 2016 first quarter effective tax rate was primarily impacted by limits on the tax deductibility of certain merger-related expenses.

Net Earnings and Earnings per Share

Net earnings were \$11.0 million (\$0.24 per diluted share) in the quarter ended September 30, 2015, down 62 percent from \$29.4 million (\$0.65 per diluted share) in the prior-year first quarter. The decreases in net earnings were primarily due to the decline in income from operations as discussed above, increased interest expense and a higher effective tax rate. Basic and diluted shares outstanding for the first quarter increased slightly in the first quarter.

LIQUIDITY AND CAPITAL RESOURCES

Three months ended September 30,	2015	2014	Change
<i>(In thousands)</i>			
Net earnings	\$ 11,029	\$ 29,365	(62)%
Cash flows provided by operating activities	\$ 2,829	\$ 11,146	(75)%
Cash flows used in investing activities	(73)	(1,936)	(96)%
Cash flows provided by (used in) financing activities	4,351	(15,460)	(128)%
Net increase (decrease) in cash and cash equivalents	\$ 7,107	\$ (6,250)	(214)%

OVERVIEW

Meredith's primary source of liquidity is cash generated by operating activities. Debt financing is typically used for significant acquisitions. We expect cash on hand, internally generated cash flow, and available credit from financing agreements will provide adequate funds for operating and recurring cash needs (e.g., working capital, capital expenditures, debt repayments, and cash dividends) into the foreseeable future. As of September 30, 2015, we had up to \$95.0 million of additional available borrowings under our revolving credit facility, and up to \$20.0 million of additional available borrowings under our asset-backed bank facility (depending on levels of accounts receivable). While there are no guarantees that we will be able to replace current credit agreements when they expire, we expect to be able to do so.

SOURCES AND USES OF CASH

Cash and cash equivalents increased \$7.1 million in the first three months of fiscal 2016; they decreased \$6.3 million in the first three months of fiscal 2015.

Operating Activities

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

Cash provided by operating activities totaled \$2.8 million in the first three months of fiscal 2016 compared with \$11.1 million in the first three months of fiscal 2015. The decrease in cash provided by operating activities is primarily due to decreased net earnings and a payment made to the Company's defined contribution benefit plan in the first quarter of fiscal 2016.

Investing Activities

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

Net cash used by investing activities decreased to \$0.1 million in the first three months of fiscal 2016 from \$1.9 million in the prior-year period primarily due to proceeds received from the sale of assets in the current year.

Financing Activities

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

Net cash provided by financing activities totaled \$4.4 million in the three months ended September 30, 2015, compared with net cash used in financing activities of \$15.5 million for the three months ended September 30, 2014. The change in cash provided by financing activities is primarily due to increased borrowings of long-term debt in the current quarter as compared to the prior-year quarter along with decreased purchases of Company stock, net of stock issuances.

Long-term Debt

At September 30, 2015, long-term debt outstanding totaled \$819.4 million. The balance consisted of \$234.4 million under a term loan, \$150.0 million in fixed-rate unsecured senior notes, \$250.0 million in floating-rate unsecured senior notes, \$80.0 million under an asset-backed bank facility, and \$105.0 million outstanding under a revolving credit facility.

The Company holds interest rate swap agreements to hedge variable interest rate risk on the \$250.0 million floating-rate senior notes and on \$50.0 million of the term loan. The expiration of the swaps is as follows: \$50.0 million in August 2018, \$100.0 million in March 2019, and \$150.0 million in August 2019. Under the swaps the Company will pay fixed rates of interest (1.36 percent on the swap maturing in August 2018, 1.53 percent on the swap maturing in March 2019, and 1.76 percent on the swaps maturing in August 2019) and receive variable rates of interest based on the one to three-month London Interbank Offered Rate (LIBOR) (0.22 percent on the swap maturing in August 2018, 0.33 percent on the swap maturing in March 2019, and 0.33 percent on the swaps maturing in August 2019 as of September 30, 2015) on the \$300.0 million notional amount of indebtedness.

The revolving credit facility has a capacity of up to \$200.0 million. Both the revolving credit facility and the term loan have a five-year term which expires in March 2019. The interest rate under both the revolving credit facility and the term loan is variable based on LIBOR and Meredith's debt to trailing 12 month EBITDA (earnings before interest, taxes, depreciation, and amortization as defined in the debt agreement) ratio. The term loan is payable in

quarterly installments based on an amortization schedule as set forth in the agreement. At September 30, 2015, \$234.4 million was outstanding under the term loan and \$105.0 million was outstanding under the revolver. Of the term loan, \$15.6 million is due in the next 12 months. We expect to repay this with cash from operations and credit available under existing credit agreements.

Of the fixed-rate unsecured senior notes, \$50.0 million is due in the next 12 months. We expect to repay these senior notes with cash from operations and credit available under existing credit agreements. The weighted average effective interest rate for the fixed-rate notes was 3.04 percent at September 30, 2015. The floating-rate unsecured senior notes are due in December 2022 and February 2024. The weighted average effective interest rate for \$150.0 million of the floating-rate unsecured senior notes was 3.26 percent at September 30, 2015, after taking into account the effect of outstanding interest rate swap agreements. The weighted average effective interest rate for \$100.0 million of the floating-rate unsecured senior notes was 3.03 percent at September 30, 2015, after taking into account the effect of outstanding interest rate swap agreement. None of the floating-rate senior notes are due in the next 12 months. The interest rate on the asset-backed bank facility is variable based on LIBOR plus a fixed spread. As of September 30, 2015, the asset-backed bank facility had a capacity of up to \$100.0 million (depending on levels of accounts receivable). In October 2015, we renewed our asset-backed bank facility for an additional two-year period on terms substantially similar to those previously in place. The renewed facility will expire in October 2017.

All of our debt agreements include financial covenants, and failure to comply with any such covenants could result in the debt becoming payable on demand. The Company was in compliance with all financial covenants at September 30, 2015.

Contractual Obligations

As of September 30, 2015, there had been no material changes in our contractual obligations from those disclosed in our Form 10-K for the year ended June 30, 2015.

Merger-Related Expenses

In the first quarter of fiscal 2016, the Company accrued \$12.7 million in Media General merger-related costs. Through the completion of the merger, we expect to incur approximately \$40 million of additional investment banking, legal, accounting, and other professional fees and expenses associated with the transaction. If the merger agreement is terminated in connection with Meredith entering into a definitive agreement with respect to a superior proposal, the termination fee payable by Meredith to Media General will be \$60 million. If the required Meredith shareholder vote is not obtained at a shareholder meeting duly held for such purpose, the amount of the termination fee will be \$15 million. The merger agreement also provides that Media General will be required to pay a termination fee to Meredith of \$60 million if the merger agreement is terminated under certain circumstances and a termination fee of \$15 million if the required Media General shareholder vote is not obtained at a shareholder meeting duly held for such purpose.

Share Repurchase Program

As part of our ongoing share repurchase program, we spent \$5.7 million in the first three months of fiscal 2016 to repurchase 122,000 shares of common stock at then-current market prices. We spent \$17.0 million to repurchase 365,000 shares in the first three months of fiscal 2015. We expect to continue repurchasing shares from time to time subject to market conditions. Shares that are deemed to be delivered to us on tender of stock in payment for the exercise price of options do not reduce the repurchase authority granted by our Board. Of the 122,000 shares of common stock purchased during the first three months of the current fiscal year, 64,000 were deemed to be delivered to us on tender of stock in payment for the exercise price of options. While \$94.4 million remained available under the current authorization for future repurchases as of September 30, 2015, the Company has suspended its open market repurchase program in accordance with the Media General merger agreement. The status of the repurchase program is reviewed at each quarterly Board of Directors meeting. See Part II, Item 2 (c), *Issuer Repurchases of Equity Securities*, of this Form 10-Q for detailed information on share repurchases during the quarter ended September 30, 2015.

Dividends

Dividends paid in the first three months of fiscal 2016 totaled \$20.7 million, or \$0.4575 per share, compared with dividend payments of \$19.4 million, or \$0.4325 per share, in the first three months of fiscal 2015.

Capital Expenditures

Investment in property, plant, and equipment totaled \$1.8 million in the first three months of fiscal 2016 compared with prior-year first three months' investment of \$1.9 million. Current year and prior year investment spending primarily relate to assets acquired in the normal course of business. We have no material commitments for capital expenditures. We expect funds for future capital expenditures to come from operating activities or, if necessary, borrowings under credit agreements.

OTHER MATTERS

CRITICAL ACCOUNTING POLICIES

Meredith's critical accounting policies are summarized in our Form 10-K for the year ended June 30, 2015. As of September 30, 2015, the Company's critical accounting policies had not changed from June 30, 2015.

The Company has a significant amount of goodwill and indefinite-lived intangible assets that are reviewed at least annually for impairment. At September 30, 2015, goodwill and intangible assets totaled \$2.0 billion with \$1.2 billion in the national media group and \$0.8 billion in the local media group.

Management is required to evaluate goodwill and intangible assets with indefinite lives for impairment on an annual basis or when events occur or circumstances change that would indicate the carrying value exceeds the fair value. In reviewing goodwill for impairment, the Company may first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. At May 31, 2015, the date the Company last performed its annual evaluation of impairment of goodwill, management elected to perform the two-step goodwill impairment test for all reporting units. The first step of this test is to compare the fair value of a reporting unit to its carrying value. In reviewing other indefinite-lived intangible assets for impairment, the Company compares the fair value of the asset to the asset's carrying value. No impairment was recorded as a result of the review.

Fair value is determined using a discounted cash flow model which requires us to estimate the future cash flows expected to be generated by the reporting unit or to result from the use of the assets. These estimates depend upon assumptions about future revenues (including projections of overall market growth and our share of market), estimated costs, and appropriate discount rates where applicable. Our assumptions are based on historical data, various internal estimates, and a variety of external sources and are consistent with the assumptions used in both our short-term financial forecasts and long-term strategic plans. Depending on the assumptions and estimates used, future cash flow projections can vary within a range of outcomes. Changes in key assumptions about the local media and national media businesses and their prospects or changes in market conditions could result in an impairment charge. See Item 1A. *Risk Factors*, in our Form 10-K for the year ended June 30, 2015, for other factors which could affect our assumptions. Also see Note 4 to the consolidated financial statements in our Form 10-K for the year ended June 30, 2015, for additional information. The impairment analysis of these assets is considered critical because of their significance to the Company and our local media and national media segments.

ACCOUNTING AND REPORTING DEVELOPMENTS

There were no new accounting pronouncements issued or effective during the fiscal year which have had or are expected to have a material impact on the consolidated financial statements. See Note 1 to the condensed consolidated financial statements for further detail on applicable accounting pronouncements that were adopted in the first three months of fiscal 2016 or will be effective for fiscal 2017.

FORWARD LOOKING STATEMENTS

Except for the historical information contained herein, the matters discussed in this Form 10-Q are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those predicted by such forward-looking statements. These statements are based on management's current knowledge and estimates of factors affecting the Company's operations. Readers are cautioned not to place undue reliance on such forward-looking information. Factors that could adversely affect future results include, but are not limited to, downturns in national and/or local economies; a softening of the domestic advertising market; world, national, or local events that could disrupt broadcast television; increased consolidation among major advertisers or other events depressing the level of advertising spending; the unexpected loss or insolvency of one or more major clients; the integration of acquired businesses; changes in consumer reading, purchasing and/or television viewing patterns; increases in paper, postage, printing, syndicated programming or other costs; changes in television network affiliation agreements; technological developments affecting products or methods of distribution; changes in government regulations affecting the Company's industries; increases in interest rates; the consequences of acquisitions and/or dispositions; and risks relating to the pending merger with Media General. Meredith's Form 10-K for the year ended June 30, 2015, includes a more complete description of the risk factors that may affect our results. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Meredith is exposed to certain market risks as a result of our use of financial instruments, in particular the potential market value loss arising from adverse changes in interest rates. The Company does not utilize financial instruments for trading purposes and does not hold any derivative financial instruments that could expose the Company to significant market risk. Readers are referred to Item 7A, *Quantitative and Qualitative Disclosures about Market Risk*, in the Company's Form 10-K for the year ended June 30, 2015, for a more complete discussion of these risks.

Interest Rates

We generally manage our risk associated with interest rate movements through the use of a combination of variable and fixed-rate debt. At September 30, 2015, Meredith had \$150.0 million outstanding in fixed-rate long-term debt. In addition, Meredith has effectively converted the \$250.0 million floating-rate senior notes and \$50.0 million of the term loan to fixed-rate debt through the use of interest rate swaps. Since the interest rate swaps hedge the variability of interest payments on variable-rate debt with the same terms, they qualify for cash flow hedge accounting treatment. There are no earnings or liquidity risks associated with the Company's fixed-rate debt. The fair value of the fixed-rate debt (based on discounted cash flows reflecting borrowing rates currently available for debt with similar terms and maturities) varies with fluctuations in interest rates. A 10 percent decrease in interest rates would have changed the fair value of the fixed-rate debt to \$152.4 million from \$152.0 million at September 30, 2015.

At September 30, 2015, \$669.4 million of our debt was variable-rate debt before consideration of the impact of the swaps. The Company is subject to earnings and liquidity risks for changes in the interest rate on this debt. A 10 percent increase in interest rates would increase annual interest expense by \$1.2 million.

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

Broadcast Rights Payable

There has been no material change in the market risk associated with broadcast rights payable since June 30, 2015.

Item 4. Controls and Procedures

Meredith's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed in the reports that Meredith files or submits under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized, and reported within the time periods specified in the United States Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to Meredith's management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. There have been no significant changes in the Company's internal control over financial reporting in the quarter ended September 30, 2015, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1A. Risk Factors

The following information updates, and should be read in conjunction with, the information disclosed in Part I, *Item 1A. Risk Factors* in our Form 10-K for the fiscal year ended June 30, 2015, which was filed with the Securities and Exchange Commission on August 26, 2015.

The Company's business could be adversely impacted by uncertainties related to the pending merger with Media General. As described elsewhere in this Quarterly Report on Form 10-Q, we have entered into a merger agreement, dated as of September 7, 2015, under which Media General will acquire all the outstanding common stock of the Company in a cash and stock transaction to create a new media company to be known as Meredith Media General. Uncertainty about the completion or effect of the pending merger with Media General may adversely affect the Company's business prior to and following the anticipated merger with Media General, including harming the Company's relationships with its customers, vendors, and other persons with whom the Company has business relationships. These uncertainties may cause customers, vendors, and others that deal with the Company to delay or defer doing business with the Company or cause them to seek to change existing business relationships with the Company, which could negatively impact the revenues, earnings, and cash flows of the Company regardless of whether the merger is completed. Uncertainty about the completion or effect of the pending merger also may lead to increased competition from the Company's competitors and may impair employee morale and the Company's ability to retain and motivate key employees. If key officers or other employees depart because of uncertainty about their future roles, lack of compensatory or financial incentives, or a desire not to remain with the business after the completion of the merger, the Company's business could be harmed. Any significant diversion of management attention away from ongoing business and any difficulties encountered in the merger process also could adversely affect the Company's business, results of operations, financial condition, or prospects.

The Company is subject to contractual restrictions on its business and operations while the anticipated merger with Media General is pending. Except as expressly permitted by the merger agreement or as required by

applicable law, subject to certain exceptions, until the closing of the merger, the merger agreement restricts the Company's ability to take certain actions and engage in certain transactions until the completion of the merger without the consent of Media General. These restrictions include, among other things, restrictions on the Company's ability to:

- declare or pay dividends, other than in accordance with past practice;
- purchase, redeem, or otherwise acquire its outstanding capital stock;
- acquire or agree to acquire by merging or consolidating with, by purchasing any assets or any equity securities of, or by any other manner, any business;
- sell, lease, exclusively license, subject to any lien (other than any permitted lien), or otherwise dispose of any of its properties or assets other than such sales, leases, licenses, liens, or other dispositions that are in the ordinary course of business and are not material to our business;
- other than borrowings under existing credit facilities in the ordinary course of business not in excess of certain specified amounts, incur, or materially amend the terms of any indebtedness for borrowed money;
- make any investment in, or loan or advance to, any person or entity other than ordinary course advances and reimbursements to employees;
- settle any tax liability in excess of \$100,000, amend any material tax return, enter into any contract with a governmental entity relating to material taxes;
- other than in the ordinary course of business consistent with past practice, enter into, terminate, modify, assign, or amend any material contract;
- modify or accede to the modification of any of the Company's television broadcast station licenses that is reasonable likely to be materially adverse to interests of the combined company;
- make any capital expenditures in excess of specified threshold amounts;
- except as required under a contract or plan currently in effect, grant, or pay to any current or former director, officer, or employee of the Company any increase in severance, compensation, or benefits (other than increases in compensation in the ordinary course of business consistent with past practice of employees of the Company who are not officers or directors of the Company and whose annual compensation would not exceed \$250,000 after giving effect to any such increase);
- enter into or modify any employment agreement with any current or former director or officer of the Company or with any employee of the Company whose annual compensation would exceed \$250,000 after giving effect to such action;
- adopt or enter into a plan of complete or partial liquidation, dissolution, reclassification, recapitalization, or other reorganization; and
- pay, discharge, settle, or satisfy any litigation, arbitration, proceeding, or claim which payment, discharge, settlement, or satisfaction would reasonably be expected to limit or restrict the operation of our business in any material respect, or would require the payment by us of an amount in excess of \$500,000 in the aggregate.

Among other potential impacts, these restrictions may prevent the Company from pursuing attractive business opportunities and making beneficial changes to its business prior to the anticipated completion of the merger.

Meredith will incur significant transaction and merger-related expenses in connection with the merger. We expect to pay significant transaction expenses in connection with the merger. These transaction expenses include investment banking, legal, and accounting fees and expenses; printing expenses; mailing expenses; and other related charges. A portion of the transaction expenses will be incurred regardless of whether the merger is consummated. We will generally pay our own costs and expenses in connection with the merger.

Any failure to complete or a significant delay in completing the merger could negatively impact the Company's business. The consummation of the merger with Media General is subject to the satisfaction of a number of conditions under the merger agreement, and the merger agreement may be terminated by Media General or the Company under certain circumstances. Accordingly, there is no assurance that the merger will occur on the terms and timeline currently contemplated or at all, or that the conditions to the merger will be satisfied in a timely manner or at all. If the proposed merger is not completed or becomes significantly delayed, the market price of the

Company's common stock may decline significantly. Additionally, if the merger is not completed, the Company's financial results may be adversely affected due to, among other things, the costs and expenses relating to the merger that the Company would still be required to pay.

In addition, the termination of the merger agreement under specified circumstances would require the Company to pay a termination fee. If the merger agreement is terminated in connection with Meredith entering into a definitive agreement with respect to a superior proposal, the termination fee payable by Meredith to Media General will be \$60 million. If the required Meredith shareholder votes to approve the merger are not obtained at a shareholder meeting duly held for such purpose, the amount of the termination fee will be \$15 million.

Any disruptions to the Company's business resulting from the announcement and pendency of the merger, including any adverse changes in the Company's relationships with its customers, employees, vendors, and other business partners or the Company's recruiting and retention efforts, could continue or accelerate in the event of a failed transaction. Any of the foregoing circumstances could negatively impact the Company's business, relationships or financial condition as compared to the Company's business, relationships or financial condition prior to the announcement of the merger.

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

(c) Issuer Repurchases of Equity Securities

The following table sets forth information with respect to the Company's repurchases of common stock during the quarter ended September 30, 2015.

Period	(a) Total number of shares purchased^{1, 2}	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced programs	(d) Approximate dollar value of shares that may yet be purchased under programs
				(in thousands)
July 1 to July 31, 2015	6,182	\$ 52.23	5,272	\$ 96,773
August 1 to August 31, 2015	60,163	45.50	44,427	94,748
September 1 to September 30, 2015	55,769	48.01	8,643	94,393
Total	122,114		58,342	

¹ The number of shares purchased includes 3,540 shares in July 2015, 44,427 shares in August 2015, and 7,700 shares in September 2015 delivered or deemed to be delivered to us in satisfaction of tax withholding on option exercises and the vesting of restricted shares. These shares are included as part of our repurchase program and reduce the repurchase authority granted by our Board. The number of shares repurchased excludes shares we reacquired pursuant to forfeitures of restricted stock.

² The number of shares purchased includes 910 shares in July 2015, 15,736 shares in August 2015, and 47,126 shares in September 2015 deemed to be delivered to us on tender of stock in payment for the exercise price of options. These shares do not reduce the repurchase authority granted by our Board.

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

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

Item 6. Exhibits

- 2.1 Agreement and Plan of Merger, dated as of September 7, 2015, is incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed September 9, 2015.
- 3.1 The Restated Bylaws, as amended.
- 10.1 Amendment No. 3 to First Amended and Restated Receivables Purchase Agreement dated as of October 21, 2015, among Meredith Funding Corporation (a wholly-owned subsidiary of Meredith Corporation) as Seller, Meredith Corporation, as Servicer, The Financial Institutions from time to time party hereto and JPMorgan Chase Bank, N.A., as Agent.
- 10.2 Voting and Support Agreement, dated as of September 7, 2015, is incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 9, 2015.
- 10.3 Voting and Support Agreement, dated as of September 7, 2015, is incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed September 9, 2015.
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 32 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURE

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

MEREDITH CORPORATION

Registrant

/s/ Joseph Ceryanec

Joseph Ceryanec

Chief Financial Officer

(Principal Financial and Accounting Officer)

Date: November 6, 2015

INDEX TO ATTACHED EXHIBITS

Item	
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**BYLAWS
OF
MEREDITH CORPORATION
(Effective September 7, 2015)**

ARTICLE I. OFFICES

The principal office of the corporation in the State of Iowa shall be located in the City of Des Moines, County of Polk, or as otherwise or more particularly identified in the most recently filed (at any time), annual report of the corporation on file with the Iowa Secretary of State.

ARTICLE II. SHAREHOLDERS

Section 1. ANNUAL MEETING. The annual meeting of the shareholders shall be held on the second Monday in the month of November in each year, at the hour of 10:00 a.m., at the principal office of the corporation, or at such other date, time and place as may be fixed from time to time by resolution of the Board of Directors and set forth in the notice of the meeting, for the purpose of electing directors and transacting such other business as may properly come before the meeting.

At an annual meeting of the shareholders, only such business shall be conducted as shall have been properly brought before an annual meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of the meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors or (iii) otherwise properly brought before the meeting by a shareholder of the corporation who was a shareholder of record at the time of giving of notice provided for in this Section, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section. For business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the corporation at the principal executive offices of the corporation. To be timely, a shareholder's notice shall be delivered not earlier than the close of business on the 120th day nor later than the close of business on the 90th day prior to the first anniversary of the preceding year's meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the shareholder, to be timely, must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement (as defined herein) of the date of such meeting is first made.

Such shareholder's notice shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made; and (ii) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made (A) the name and address of such shareholder, as they appear on the corporation's books, and the name and address of such beneficial owner and (B) the class and number of shares of the corporation which are owned beneficially and of record by such shareholder and such beneficial owner; and (iii) in the event that such business includes a proposal to amend either the Articles of Incorporation or the Bylaws of the corporation, the language of the proposed amendment. Notwithstanding anything in these Bylaws to the contrary, no business shall be

conducted at any annual meeting except in accordance with this paragraph, and the Chairman of the Board or other person presiding at an annual meeting of shareholders, may refuse to permit any business to be brought before an annual meeting without compliance with the foregoing procedures. For the purposes of this paragraph "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition to the provisions of this paragraph, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in these Bylaws shall be deemed to affect any rights of shareholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2. SPECIAL MEETINGS. Special meetings of the shareholders, for any purpose or purposes, may be called by the Chairman of the Board, the Chief Executive Officer, the Secretary or the Board of Directors. If the holders of shares having at least fifty percent of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date and deliver to the corporation's Secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held, the Board of Directors, or, at its discretion, the Chairman, shall establish a reasonable time, date and place for holding such special meeting. Business transacted at a special meeting of the shareholders shall be confined to the purpose or purposes of the meeting described in the notice of the meeting.

Section 3. PLACE OF SHAREHOLDERS' MEETING. The Board of Directors may designate any place, either within or without the State of Iowa as the place of meeting for any annual meeting or for any special meeting of shareholders. If no designation is made the place of meeting shall be the principal office of the corporation in the State of Iowa.

Section 4. NOTICE OF MEETING. Notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days, nor more than sixty days before the date of the meeting, by or at the direction of the Chairman of the Board, the Chief Executive Officer, the Secretary or the Board of Directors, to each shareholder of record entitled to vote at such meeting.

Section 5. POSTPONEMENT OF MEETINGS. Any previously scheduled annual or special meeting of shareholders may be postponed by resolution of the Board of Directors upon public announcement (as defined in Article II, Section 1 of these Bylaws) made on or prior to the date previously scheduled for such annual or special meeting.

Section 6. FIXING OF RECORD DATE. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors of the corporation may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the day before the first date on which notice of the meeting is mailed or the day before the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may

be, shall be the record date for such determination of shareholders. In order to determine the shareholders entitled to demand a special meeting, the record date shall be the sixtieth day preceding the date of receipt by the corporation of written demands sufficient to require the calling of such meeting, unless otherwise fixed by the Board of Directors. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the Board of Directors selects a new record date or unless a new record date is required by law.

Section 7. VOTING LISTS. After the record date for a meeting has been fixed, the officer or agent having charge of the stock transfer books for shares of the corporation shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, or any adjournment thereof, arranged by voting group and within each voting group, in alphabetical order, with the address of and the number and class of shares held by each, which list, for a period beginning two business days after notice of the meeting was first given for which the list was prepared and continuing through the meeting, shall be kept on file at the principal office of the corporation or at the place identified in the meeting notice in the city where the meeting will be held. The list shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The list furnished to the corporation by its stock transfer agent shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders.

Section 8. QUORUM. At any meeting of the shareholders, a majority of the votes entitled to be cast on the matter by a voting group constitutes a quorum of that voting group for action on that matter, unless the representation of a different number is required by law, and in that case, the representation of the number so required shall constitute a quorum. If a quorum shall fail to attend any meeting, the chairman of the meeting or a majority of the votes present may adjourn the meeting to another place, date or time. When a meeting is adjourned to another place, date or time, notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than one hundred twenty (120) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, date and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 9. PROXIES. At all meetings of shareholders, a shareholder may vote by proxy executed by the shareholder or by the shareholder's duly authorized attorney in fact. A shareholder or shareholder's agent or attorney-in-fact may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form or by electronic transmission. An electronic transmission must contain or be accompanied by information from which one can determine that the shareholder, the shareholder's agent or the shareholder's attorney-in-fact authorized the electronic transmission. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. No holder of any share of any class of stock of the corporation shall sell the vote pertaining to such share or issue a proxy to vote such share in consideration of any sum of money or anything of value.

Section 10. VOTING OF SHARES. Each outstanding share entitled to vote shall be entitled to vote as follows:

- (a) At each annual or special meeting of shareholders, each holder of common stock shall be entitled to one [1] vote in person or by proxy for each share of common stock standing in the holder's name on the stock transfer records of the corporation, and (except as provided in subsection [b] of this Section 10) each holder of class B stock shall be entitled to ten [10] votes in person or by proxy for each share of class B stock standing in the holder's name on the stock transfer records of the corporation. Except as required pursuant to the Business Corporation Act of the State of Iowa, all actions submitted to a vote of shareholders shall be voted on by the holders of common stock and class B stock voting together as a single class.
- (b) Notwithstanding subsection [a] of this Section 10, each holder of class B stock shall be entitled to only one [1] vote, in person or by proxy, for each share of class B stock standing in the holder's name on the stock transfer records of the corporation with respect to the following matters:
 - (i) The removal of any director of the corporation pursuant to Article IV of the Articles of Incorporation;
 - (ii) Any amendment to the Articles of Incorporation which would permit the holders of stock of the corporation to amend, alter, change or repeal the Bylaws or any part thereof, pursuant to Article V of the Articles of Incorporation; and
 - (iii) Any repeal or amendment of Article IV or Article VI of the Articles of Incorporation.

Section 11. VOTING OF SHARES BY CERTAIN HOLDERS. Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the Bylaws of such corporation may prescribe, or, in the absence of such provision, as the board of directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted, either in person or by proxy, without a transfer of such shares. Shares standing in the name of a trustee may be voted by the trustee, either in person or by proxy, but no trustee shall be entitled to vote shares so held without a transfer of such shares into the name of the trustee.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof if authority to do so is contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Neither treasury shares nor, absent special circumstances, shares held by another

corporation if a majority of the shares entitled to vote for the election of directors of such other corporation is held by the corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares at any given time.

Section 12. VOTING BY BALLOT. Voting by shareholders on any question or in any election may be viva voce unless the presiding officer shall order or any shareholder shall demand that voting be by ballot.

Section 13. INSPECTOR OF ELECTIONS. The Board of Directors in advance of any meeting of shareholders shall appoint inspectors to act at such meeting or any adjournment thereof. In case any person appointed as inspector shall fail to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting, or at the meeting by the officer or person acting as chairperson. The inspectors shall ascertain the number of shares outstanding and the voting power of each; determine the shares represented at a meeting; determine the validity of proxies and ballots; count all votes; and determine the result. Each inspector shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of the inspector's ability. The maximum number of such inspectors appointed shall be three, and no inspector, whether appointed by the Board of Directors or by the officer or person acting as chairperson, need be a shareholder.

Section 14. NOTICE TO SHAREHOLDERS. (a) Notice may be communicated in person, by mail, or other method of delivery, or by telephone, voice mail, or other electronic means. If these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published; or by radio, television, or other form of public broadcast communication. Written notice by the corporation to its shareholders, if in a comprehensible form, is effective according to one of the following: (i) if mailed, when deposited in the United States mail, addressed to the shareholder at the address as it appears on the stock transfer books of the corporation, with postage thereon prepaid; or (ii) when electronically transmitted to the shareholder in a manner authorized by the shareholder; (b) Notice to a shareholder shall not be required to be given if either of the following applies: (i) notice of two consecutive annual meetings, and all notices of meetings during the period between such two consecutive annual meetings, have been sent to the shareholder at such shareholder's address as shown on the records of the corporation and have been returned undeliverable; or (ii) all, but not less than two, payments of dividends on securities during a twelve month period, or two consecutive payments of dividends on securities during a period of more than twelve months, have been sent to the shareholder at such shareholder's address as it appears on the stock transfer books of the corporation and have been returned undeliverable. If any such shareholder shall deliver to the corporation a written notice setting forth such shareholder's then-current address, the requirement that notice be given to such shareholder shall be reinstated.

ARTICLE III. BOARD OF DIRECTORS

Section 1. GENERAL POWERS. The business and affairs of the corporation shall be managed by its Board of Directors.

Section 2. NUMBER, TENURE AND QUALIFICATIONS; NOMINATIONS. Within the limits set forth in Article IV of the Articles of Incorporation, the number of directors of the corporation shall be as fixed from time to time by resolution of the Board of Directors. The directors shall be divided into classes, and hold office for the terms as provided in Article IV of the Articles of Incorporation. Directors need not be residents of the State of Iowa or shareholders of the corporation.

Nominations of persons for election as directors may be made by the Board of Directors or by any shareholder entitled to vote for the election of directors. Any shareholder entitled to vote for the election of directors may nominate a person or persons for election as director only if written notice of such shareholder's intent is delivered to the Secretary of the corporation at the principal executive offices of the corporation (i) with respect to an election to be held at an annual meeting of shareholders, not earlier than the close of business on the 120th day nor later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting, or as set out below, and (ii) with respect to an election to be held at a special meeting of shareholders for the election of directors, not later than the close of business on the 10th day following the date on which public announcement (as defined in Article II, Section 1 of these Bylaws) of the date of such meeting is first made. In the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from the anniversary date of the annual meeting, notice by the shareholder must be delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Notwithstanding anything in the foregoing sentence to the contrary, in the event that the number of directors to be elected to the Board of Directors of the corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 100 days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice required by this Section shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the corporation not later than the close of business on the 10th day following the day on which such public announcement is first made.

Such shareholder's notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination and the name, address, age, and principal occupation or employment of the person or persons to be nominated; (b) a representation that the shareholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) the number and class of shares of the corporation which are owned by such shareholder and the beneficial owner, if any, and the number and class of shares, if any, beneficially owned by the nominee; (d) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (e) such other information regarding each nominee that is required to be disclosed in connection with the solicitation of proxies for the election of directors, or as otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including, without limitation, such person's written consent to being named in a proxy statement as a nominee and to serving as a director if nominated). The Chairman of the Board or other person presiding at a meeting of shareholders may refuse to acknowledge the nomination of any person not made in accordance with the procedures prescribed by these Bylaws, and in that event the defective nomination shall be disregarded.

Section 3. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of shareholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Iowa, for the holding of additional regular meetings without other notice than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the Chief Executive Officer, the Secretary or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Iowa, as the place for holding any special meeting of the Board of Directors called by them.

Section 5. NOTICE. Notice of any special meeting of the Board of Directors shall be given at least two days previously thereto by written notice delivered personally or mailed to each director at the director's business address, or by telephone, cable, telefax, wireless or telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. QUORUM. A majority of the number of directors fixed pursuant to Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 7. MANNER OF ACTING. Except as otherwise specified in these Bylaws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. VACANCIES. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for a term which shall expire at the next election of directors by the shareholders. A director elected by the shareholders to fill a vacancy shall be elected for the unexpired term of the director last elected by the shareholders with respect to the position being filled. Any directorship to be filled by reason of any increase in the number of directors by not more than thirty percent (30%) of the number of directors last approved by the shareholders, may be filled by the Board of Directors for a term of office continuing only until the next election of directors by the shareholders.

Section 9. COMPENSATION. By resolution of the Board of Directors, those directors who are not at the time active employees of the corporation may be paid an annual retainer. All directors may be reimbursed for expenses incurred in connection with their services. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 10. PRESUMPTION OF ASSENT. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless the director's dissent shall be entered in the minutes of the meeting or unless the director shall file a written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered or certified mail to the Secretary of the corporation immediately after the

adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 11. INFORMAL ACTION BY DIRECTORS. Any action required to be taken at a meeting of the directors, or any other action which may be taken at a meeting of the directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 12. EXECUTIVE COMMITTEE. An Executive Committee consisting of two or more members of the Board of Directors may be designated by the Board of Directors at the time of the annual meeting or at such other time as the Board of Directors may determine. The chairman of said committee shall be the person elected by the Board of Directors to the office of Chairman of the Executive Committee, and such officer shall be designated a member of said committee. If an Executive Committee is designated, it shall, during the intervals between the meetings of the Board of Directors and so far as it lawfully may, possess and exercise all of the authority of the Board of Directors in the management of the business of the corporation, in all cases in which specific directions shall not have been given by the Board of Directors, provided that notwithstanding the foregoing, the Executive Committee shall not have authority:

- (1) to authorize dividends or other distributions;
- (2) to approve or propose to shareholders actions or proposals required by the Iowa Business Corporation Act to be approved by shareholders;
- (3) to fill vacancies on the Board of Directors or any committee thereof;
- (4) to amend the Articles of Incorporation of the corporation;
- (5) to adopt, amend or repeal Bylaws;
- (6) to approve a plan of merger not requiring shareholder approval;
- (7) to authorize or approve the reacquisition of shares unless pursuant to a general formula or method specified by the Board of Directors;
- (8) to authorize or approve the issuance or sale of, or any contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares; except that the Board of Directors may authorize a committee or senior officer to do so within limits specifically prescribed by the Board of Directors; or
- (9) to remove the Chairman of the Board, Chairman of the Executive Committee, Chief Executive Officer or the President, or to appoint any person to fill a vacancy in any such office.

Section 13. FINANCE COMMITTEE. A Finance Committee consisting of two or more members of the Board of Directors may be designated by the Board of Directors at the time of the annual meeting or at such time as the Board of Directors may determine. If a Finance Committee is designated, said committee's duties shall be to:

- (1) review corporate financial policies and procedures and make

recommendations to the Board of Directors or the Executive Committee in regard thereto;

- (2) provide financial advice and counsel to management;
- (3) formulate dividend policy and make recommendations to the Board of Directors in regard thereto;
- (4) make provisions for the appointment of depositories of funds of the corporation and the specification of conditions of deposit and withdrawal of said funds;
- (5) review specific corporate financing plans and advise the Board of Directors or Executive Committee in regard thereto;
- (6) supervise corporate investment portfolios;
- (7) give consideration and approval or disapproval of capital expenditure requests by management within limits established by the Board of Directors;
- (8) review annual capital and operating budgets and advise the Board of Directors or Executive Committee regarding the financial implications thereof;
- (9) monitor the corporation's financial condition and standing in the financial and investment communities;
- (10) review and make recommendations to the Board of Directors concerning acquisitions and dispositions;
- (11) monitor the risk management activities of the corporation; and
- (12) consider any other matters concerning the corporation's financial structure, condition, financing plans and policies and make recommendations to the Board of Directors on such matters.

Section 14. COMPENSATION COMMITTEE. A Compensation Committee consisting of two or more members of the Board of Directors may be designated by the Board of Directors at the time of the annual meeting, or at such other time as the Board of Directors may determine. Each member of the Committee shall satisfy such requirements as: (i) the Securities and Exchange Commission may establish for administrators acting under plans intended to qualify for exemption under Rule 16b-3 or its successor under the Exchange Act; (ii) the Internal Revenue Service may establish for outside directors acting under plans intended to qualify for exemption under Section 162(m) of the Internal Revenue Code of 1986, as amended; and (iii) the New York Stock Exchange may establish pursuant to its rule-making authority, unless the Company has claimed a "Controlled Company Exemption" for the Compensation Committee as defined in Section 303.A.00 of the New York Stock Exchange Listed Company Manual.

If a Compensation Committee is designated, said committee's authority and responsibilities shall be as set forth in the charter established for such committee.

Section 15. AUDIT COMMITTEE. An Audit Committee consisting of two or more members of the Board of Directors who are independent of management within the meaning of the policy statement on audit committees issued by the New York Stock Exchange shall be designated by the Board of Directors at the time of the annual meeting, or at such other time as the board may determine. The duties of said committee shall be to:

- (1) pursuant to the Audit Committee Charter, on an annual basis, review and retain the independent auditor to audit the books and records of the corporation and its subsidiaries. The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee;
- (2) meet prior to the start of any audit by the outside audit firm and review the scope of the audit to be performed;
- (3) meet prior to the publication of the annual report and review results of the audit by the outside audit firm for the year;
- (4) meet with and determine the responsibilities and scope of the internal audit department and review internal audit reports;
- (5) review the corporation's accounting principles and policies and internal accounting controls;
- (6) review the effect of changes in accounting principles or of other developments emanating from the profession, its standard board or any governmental authority;
- (7) carry on such other activities so as to give additional assurance regarding the financial information used by the Board of Directors in making decisions;
- (8) carry on such other activities so as to give additional assurance regarding the financial information distributed to outsiders; and
- (9) review the standards and policies of proper business conduct and practices for the corporation and its employees and monitor the implementation of, and the compliance with the standards and policies.

Section 16. PENSION COMMITTEE. A Pension Committee consisting of two or more members of the Board of Directors may be designated by the Board of Directors at the time of the annual meeting or at such time as the Board of Directors may determine. If a Pension Committee is designated, said committee's duties shall be to:

- (1) review the corporation's pension plans and propose amendments thereto for approval by the Board of Directors;
- (2) review the levels and types of benefits provided under the corporation's pension plans and other features thereof, including eligibility, vesting and the

form of payment of benefits;

- (3) recommend to the Board of Directors investment policy and objectives for all employee pension funds, review the investment performance of such funds and recommend revision of the policy and objectives as may be required;
- (4) recommend to the Board of Directors the funding policies for all employee pension funds;
- (5) recommend to the Board of Directors the appointment of such management personnel or committees as it deems desirable for the administration, detailed study, or recommendation of possible changes in the corporation's pension plans; and
- (6) engage in such additional review and assessment as it may deem necessary or appropriate to perform the foregoing duties.

Section 17. LEGAL AFFAIRS COMMITTEE. A Legal Affairs Committee consisting of two or more members of the Board of Directors may be designated by the Board of Directors at the time of the annual meeting, or such other time as the board may determine. If a Legal Affairs Committee is designated, said committee's duties shall be to:

- (1) review the structure, functions and personnel of the corporation's internal legal staff;
- (2) review the procedures established for the engagement of outside counsel and the monitoring of their activities;
- (3) meet with the general counsel of the corporation, and outside counsel engaged by the corporation, to review all significant threatened, pending and settled litigation involving the corporation; including the impact, or potential impact, of such matters upon the policies, planning, operations or finances of the corporation;
- (4) receive reports from the general counsel and outside counsel, as to changes in the law which have or could have an effect upon the corporation or its policies, planning, operations or finances, and assist in the development of strategies in response thereto; and
- (5) inquire into the existence, and encourage the development, of practices and procedures, including legal audits, which could benefit the corporation in avoiding litigation or other legal problems.

Section 18. COMMITTEE PROCEDURES. The chairman of each committee, other than the Executive Committee, shall be selected by the Board of Directors or by the Executive Committee. In the absence of the chairman of any committee, a temporary chairman may be appointed from among the members of the committee. Each committee shall keep minutes of the proceedings of its meetings which shall be submitted to the Board of Directors at the next meeting of the Board of Directors. A majority of members of any committee shall constitute a quorum for the transaction of business. Meetings of any committee shall be called upon the request of any member of the committee or the Chairman of the Board, Chief Executive Officer or the Secretary, and notice of

such meetings shall in each instance be given to each member of the committee at least twenty-four hours before the meeting either orally or in writing. Expenses of attendance, if any, shall be paid for attendance at each meeting of any committee. Each director serving on a committee shall hold such office until the annual meeting held next after such director's designation, or until such director's successor shall have been designated.

Section 19. NOMINATING / GOVERNANCE COMMITTEE. A Nominating / Governance Committee consisting of no fewer than three members of the Board of Directors each of which shall meet the independence requirements of the New York Stock Exchange, unless the Company has claimed a "Controlled Company Exemption" for the Nominating / Governance Committee as defined in Section 303.A.00 of the New York Stock Exchange Listed Company Manual, shall be designated by the Board of Directors at the time of the annual meeting or at such other time as the Board of Directors may determine. The Nominating / Governance Committee's authority and responsibilities shall be as set forth in the charter established for such committee.

To the extent the authority of the Nominating / Governance Committee set in the Nominating / Governance Committee Charter overlaps or conflicts with the authority prescribed for any other committee set forth in these Bylaws, the authority vested in the Nominating / Governance Committee shall be construed to take precedence over any such other overlapping or conflicting provision.

ARTICLE IV. OFFICERS

Section 1. NUMBER. The officers of the corporation shall be a Chairman of the Board, a Chief Executive Officer, a President (who, unless otherwise determined by the Board, shall be the Chief Operating Officer of the corporation), one or more Group Presidents, one or more Executive Vice Presidents, one or more Senior Vice Presidents or one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Controller, and such other officers as the Board of Directors may from time to time designate by resolution, each of whom shall be elected by the Board of Directors. Any two or more offices may be held by the same person. In its discretion, the Board of Directors may delegate the powers or duties of any officer to any other officer or agents, notwithstanding any provision of these Bylaws, and the Board of Directors may leave unfilled for any such period as it may fix, any office except those of Chairman of the Board, Chief Executive Officer, President (unless the duties of President are performed by the Chief Executive Officer), Vice President-Finance and Secretary.

Section 2. ELECTION AND TERM OF OFFICE. The officers of the corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the meeting of the Board of Directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until such officer's successor shall have been duly elected or until death or until such officer shall resign or shall have been removed in the manner hereinafter provided.

Section 3. REMOVAL. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer or agent elected by the Board of Directors except the Chairman of the Board, Chairman of the Executive Committee, Chief Executive Officer

and President, may be removed by the Executive Committee. Any officer or agent elected by the Board of Directors except the Chairman of the Board and the Chairman of the Executive Committee may be removed by the Chief Executive Officer.

Section 4. VACANCIES. A vacancy in the office of Chairman of the Board, Chairman of the Executive Committee, Chief Executive Officer or President because of death, resignation, removal, disqualification or otherwise, may be filled only by the Board of Directors for the unexpired portion of the term. A vacancy in any other office may be filled by the Executive Committee or the Chief Executive Officer.

Section 5. CHAIRMAN OF THE BOARD. The Chairman of the Board shall preside at all meetings of the shareholders and of the Board of Directors and shall be a member of the Executive Committee. The Chairman of the Board shall perform such other duties as may be prescribed by the Board of Directors from time to time and shall have the general powers and duties usually vested in the Chairman of the Board.

Section 6. CHAIRMAN OF THE EXECUTIVE COMMITTEE. The Chairman of the Executive Committee shall be a member of that committee and preside at all of its meetings, and in the absence of the Chairman of the Board, shall preside at all meetings of the shareholders and the Board of Directors. The Chairman of the Executive Committee shall perform such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be the principal executive officer of the corporation and, in general shall, subject to the authority of the Board of Directors, supervise and control all of the business, policies and affairs of the corporation and all other officers of the corporation except for the Chairman of the Board and the Chairman of the Executive Committee. The Chief Executive Officer shall have the general powers and duties usually vested in the principal executive officer of a corporation, unless the Board of Directors shall elect another person as President and shall delegate some or all of such powers and duties to the President. The Chief Executive Officer shall perform such other duties as may be prescribed by the Board of Directors from time to time.

Section 8. PRESIDENT. The President shall be the Chief Operating Officer of the corporation (unless otherwise determined by the Board of Directors). As the Chief Operating Officer, the President shall have the management of and exercise general supervision over the corporation's operating groups and all its Group Presidents, subject to the control and supervision of the Chief Executive Officer. The President shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer from time to time.

Section 9. GROUP PRESIDENTS. Each Group President, within the limitations placed by the policies adopted by the Board of Directors or the Chief Executive Officer, shall be a corporate officer and shall be the Chief Operating Officer of the operating group assigned and shall in general supervise and control such business and affairs of the group and operations assigned thereto and perform such other duties as may be prescribed from time to time by the Board of Directors or the Chief Executive Officer.

Section 10. EXECUTIVE VICE PRESIDENTS, SENIOR VICE PRESIDENTS AND VICE PRESIDENTS. Each corporate Executive Vice President, Senior Vice President or Vice President shall perform such duties as may be assigned by the Board of Directors or the Chief Executive Officer. An Executive Vice President, Senior Vice President or Vice President may be assigned

the operating authority for managing one or more operating units or service operations of the corporation as established by the Board of Directors. Upon assignment by the Board of Directors of operating authority for an operation or service unit, such Executive Vice President, Senior Vice President or Vice President shall in general supervise and control all of the business and affairs of such operation or service unit, subject only to such supervision and direction as the Board of Directors or the Chief Executive Officer may provide. Each Executive Vice President, Senior Vice President and Vice President shall be authorized to sign contracts and other documents related to the corporation or to the operations under such officer's supervision and control.

Section 11. VICE PRESIDENT-FINANCE. The Vice President-Finance shall be the principal and chief accounting and principal and chief finance officer of the corporation. In that capacity, the Vice President-Finance shall keep and maintain, or cause to be kept and maintained accurate, correct books and records of accounts of the properties and business transactions of the corporation, including accounts of the assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The Vice President-Finance shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors or by the Finance Committee appointed by the Board of Directors. The Vice President-Finance shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the Chairman of the Board, the Chief Executive Officer, the President and the Board of Directors, upon their request, an account of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors or the Chief Executive Officer.

Section 12. THE SECRETARY. The Secretary shall: (a) prepare and keep the minutes of the meetings of the shareholders, the Board of Directors, and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder, unless such register is maintained by the transfer agent or registrar of the corporation; (e) authenticate the records of the corporation; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors or the Chief Executive Officer.

Section 13. THE TREASURER. Subject to the supervision of the Vice President-Finance, the Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VI of these Bylaws; (b) be responsible for filing all required tax returns, and (c) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the Board of Directors, the Chief Executive Officer or the Vice President-Finance.

Section 14. THE CONTROLLER. The Controller shall maintain adequate records showing the financial condition of the corporation and the results of its operations by established accounting periods, and see that adequate audits thereof are regularly and currently made. The Controller

shall perform such other duties as from time to time may be assigned by the Board of Directors, the Chief Executive Officer or the Vice President-Finance.

Section 15. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The Assistant Secretaries, when authorized by the Board of Directors, may sign with the Chairman of the Board, the Chief Executive Officer, the President or a Vice President certificates for shares of the corporation, the issuance of which shall have been authorized by a resolution of the Board of Directors. The Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Secretary, the Chief Executive Officer or the Board of Directors. The Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Treasurer, the Chief Executive Officer, the Board of Directors or the Vice President-Finance.

Section 16. OTHER ASSISTANT AND ACTING OFFICERS. The Board of Directors or the Chief Executive Officer shall have the power to appoint any person to act as assistant to any officer, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer so appointed by the Board of Directors or the Chief Executive Officer shall have the power to perform all the duties of the office to which the person is so appointed to be assistant, or as to which the person is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors.

Section 17. SALARIES. The salaries of the officers shall be fixed from time to time by the Compensation Committee of the Board of Directors and no officer shall be prevented from receiving such salary by reason of also being a director of the corporation.

ARTICLE V. GROUPS AND STAFF

Section 1. ESTABLISHMENT OF GROUPS. The Board of Directors or the Chief Executive Officer may cause the business to be divided into one or more groups, based upon product manufactured, geographical territory, character and type of operations, or upon such other basis as the Board of Directors or the Chief Executive Officer may from time to time determine to be advisable. The groups shall operate under the authority and direction of a Group President and may operate under trade names approved for such purpose as may be authorized by the Board of Directors or the Chief Executive Officer.

Section 2. GROUP OFFICERS. The Group President of a group may appoint any number of group officers (who shall not, by virtue of such appointment, be corporate officers), and may remove any such group officer. Such officers shall have such authority as may from time to time be assigned by the Group President.

Section 3. STAFF OFFICERS. The Chief Executive Officer may appoint any number of staff officers (who shall not, by virtue of such appointment, be corporate officers), and may remove any such staff officer as the Chief Executive Officer may deem appropriate from time to time. Such officers shall have such authority as may from time to time be assigned by the Chief Executive Officer.

ARTICLE VI. CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Chairman of the Board, the Chairman of the Executive Committee, the Chief Executive Officer or the President may at any time execute and deliver any

deeds, mortgages or bonds which the Board of Directors has authorized to be executed and delivered and may at any time execute and deliver any lease, bid, application, note, guarantee, consent, election, notice or other contract, document or instrument as may be required in the ordinary course and scope of the business of the corporation or as may be specifically authorized by the Board of Directors. The Chairman of the Board, the Chairman of the Executive Committee, the Chief Executive Officer or the President may in writing delegate the foregoing authority, and may delegate authority to re-delegate such authority, to any other officer or officers, agent or agents, or other persons and the authority so delegated may be general or confined to specific instances. The Board of Directors may authorize any other officer or officers, agent or agents or other persons to execute and deliver any other contracts, documents or instruments and such authority may be general or confined to specific instances.

Section 2. LOANS. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. EVIDENCES OF INDEBTEDNESS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. DEPOSITS. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors or the Finance Committee, or committees or officers to whom the Board of Directors or the Finance Committee have delegated such authority may select.

ARTICLE VII. CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 1. CERTIFICATED AND UNCERTIFICATED SHARES. Shares of the corporation's stock may be certificated or uncertificated as provided under Iowa law. All certificates of stock of the corporation shall be numbered and shall be entered in the books of the corporation as they are issued. They shall exhibit the holder's name and number of shares and shall be signed by the Chairman of the Board, the Chief Executive Officer, the President or a Vice President and by the Secretary. Any or all of the signatures on the certificate may be a facsimile.

Section 2. TRANSFERS OF SHARES. Transfers of stock shall be made on the books of the corporation only by the record holder of such stock, or by attorney lawfully constituted in writing, and, in the case of stock represented by a certificate, upon surrender of the certificate.

Section 3. RESTRICTIONS ON OWNERSHIP, TRANSFER AND VOTING. So long as the corporation or any of its subsidiaries is subject to any law of the United States or any state therein which restricts ownership or voting of capital stock by Aliens (as defined herein), not more than one-fifth of the shares outstanding shall be owned of record or voted by or for the account of Aliens or their representatives or affiliates. The Board of Directors may issue share certificates representing not more than one-fifth of the shares of the stock of the corporation at any time outstanding in special form which may be owned or held by Aliens, such certificates to be known as "Foreign Share Certificates" and to be so marked, but under no circumstances shall the total amount of voting stock of any class represented by Foreign Share Certificates, plus the amount of voting stock of that class owned by or for the account of Aliens and represented by certificates not so marked, exceed one-fifth of the aggregate number of outstanding shares of such class.

Shares of stock shall be transferable on the books of the corporation by the holder thereof, in person or by duly authorized attorney, upon the surrender of the certificate representing the shares to be transferred, properly endorsed; provided, however, that shares of stock other than shares represented by Foreign Share Certificates shall be transferable to Aliens or any person holding for the account thereof only when the aggregate number of shares of stock owned by or for the account of Aliens will not then be more than one-fifth of the number of shares of stock outstanding. The Board of Directors may direct that, before shares of stock shall be transferred on the books of the corporation, the corporation may require information as to whether the proposed transferee is an Alien or will hold the stock for the account of an Alien.

If the stock records of the corporation shall at any time disclose Alien ownership of one-fifth or more of the voting stock of any class and it shall be found by the corporation that any certificate for shares marked "Domestic Share Certificate" is, in fact, held by or for the account of any Alien, the holder of the shares represented by that certificate shall not be entitled to vote, to receive dividends or to have any other rights with respect to such shares, except the right to transfer the shares to a Non-Alien (as defined herein).

If the stock records of the corporation shall at any time disclose Alien ownership of one-fifth or more of the voting stock of any class and a request is made by an Alien to have shares registered in its name or for its account, the corporation shall be under no obligation to effect the transfer or to issue or reissue any stock certificates to or for the account of the Alien. In addition, if a proposed transferee of any shares is an Alien, and the transfer to such Alien would result in Alien ownership of one-fifth or more of the voting stock of any class, the corporation shall be under no obligation to effect the transfer or to issue or reissue any stock certificates to or for the account of the Alien. Further, if it is determined at any time that a transfer has resulted in Alien ownership of one-fifth or more of the voting stock of any class, the holder of the shares which resulted in the Alien ownership of one-fifth or more of the voting stock shall not be entitled to vote, to receive dividends or have any other rights with respect to such shares, except the right to transfer those shares to a Non-Alien.

The Board of Directors shall establish rules, regulations and procedures to assure compliance with and enforcement of this Article VII, Section 3.

The term "Alien" is defined to mean and include the following:

- (1) Any person (including an individual, a partnership, a corporation or an association or any other entity) who is not a United States citizen or is the representative of or fiduciary for any person who is not a United States citizen;
- (2) Any foreign government or the representative thereof;
- (3) Any corporation any officer of which is an Alien, or of which more than 25% of its directors are Aliens;
- (4) Any corporation or association organized under the laws of any foreign government;
- (5) Any corporation of which more than 20% of its stock is owned beneficially or of record or may be voted by Aliens, or which by any other means whatsoever

direct or indirect control of the corporation is held or permitted to be exercised by Aliens;

- (6) Any partnership, association or other entity which is owned or controlled by Aliens;
- (7) Any other person, corporation, trust, partnership or association deemed by the Board of Directors to be an Alien as to the United States or the corporation (or any subsidiary of the corporation).

No person, holding shares of class B stock (hereinafter such class B stock is called "class B stock" and such holder thereof is called a "class B holder") may transfer, and the corporation shall not register the transfer of, such shares of class B stock, whether by sale, assignment, gift, bequest, appointment or otherwise, except to a Permitted Transferee of such class B holder, which term shall have the following meanings:

- (i) In the case of a class B holder who is a natural person and the holder of record and beneficial owner of the shares of class B stock subject to said proposed transfer, "Permitted Transferee" means (A) the spouse of such class B holder, (B) a lineal descendant of a grandparent of such class B holder or a spouse of any such lineal descendant, (C) the trustee of a trust (including a voting trust) for the benefit of one or more class B holders, other lineal descendants of a grandparent of such class B holder, the spouse of such class B holder the spouses of such other lineal descendants and an organization contributions to which are deductible for federal income, estate or gift tax purposes (hereinafter called a "Charitable Organization"), and for the benefit of no other person, provided that such trust may grant a general or special power of appointment to such class B holder, the spouse of such class B holder, any lineal descendant of such class B holder or the spouse of any such lineal descendant, and may permit trust assets to be used to pay taxes, legacies and other obligations of the trust or the estate of such class B holder payable by reason of the death of such class B holder and provided that such trust prohibits transfer of shares of class B stock to persons other than Permitted Transferees, as defined in clause (ii) below, (D) the estate of such deceased class B holder, (E) a Charitable Organization established by such class B holder, such class B holder's spouse, a lineal descendant of a grandparent of such class B holder or a spouse of any such lineal descendant, and (F) a corporation all the outstanding capital stock of which is owned by, or a partnership all the partners of which are, one or more of such class B holders, other lineal descendants of a grandparent of such class B holder or a spouse of any such lineal descendant, and the spouse of such class B holder provided that if any share of capital stock of such a corporation (or of any survivor of a merger or consolidation of such a corporation), or any partnership interest in such a

partnership, is acquired by any person who is not within such class of persons, all shares of class B stock then held by such corporation or partnership, as the case may be, shall be deemed, without further action, to be automatically converted into shares of common stock, and stock certificates formerly representing such shares of class B stock shall thereupon and thereafter be deemed to represent the like number of shares of common stock.

- (ii) In the case of a class B holder holding the shares of class B stock subject to said proposed transfer as trustee pursuant to a trust other than a trust described in clause (iii) below, "Permitted Transferee" means (A) the person who established such trust and (B) a Permitted Transferee of such person determined pursuant to clause (i) above.
- (iii) In the case of a class B holder holding the shares of class B stock subject to said proposed transfer as trustee pursuant to a trust which was irrevocable on the record date for the initial distribution of shares of class B stock ("Record Date"), "Permitted Transferee" means any person to whom or for whose benefit principal may be distributed either during or at the end of the term of such trust whether by power of appointment or otherwise or any "Permitted Transferee" of such person determined pursuant to clause (i), (ii), (iv), (v) or (vi) hereof, as the case may be.
- (iv) In the case of a class B holder who is the record (but not beneficial) owner of the shares of class B stock subject to said proposed transfer as nominee for the person who was the beneficial owner thereof on the Record Date, "Permitted Transferee" means such beneficial owner and a Permitted Transferee of such beneficial owner determined pursuant to clause (i), (ii), (iii), (v) or (vi) hereof, as the case may be.
- (v) In the case of a class B holder which is a partnership and the holder of record and beneficial owner of the shares of class B stock subject to said proposed transfer, "Permitted Transferee" means any partner of such partnership or any "Permitted Transferee" of such partner determined pursuant to clause (i), (ii), (iii), (iv) or (vi) hereof, as the case may be.
- (vi) In the case of a class B holder which is a corporation (other than a Charitable Organization described in subclause (E) of clause (i) above and the holder of record and beneficial owner of the shares of class B stock subject to said proposed transfer, "Permitted Transferee" means any stockholder of such corporation receiving shares of class B stock through a dividend or through a distribution made upon liquidation of such corporation or any "Permitted Transferee" of such stockholder

determined pursuant to clause (i), (ii), (iii), (iv) or (v) hereof, as the case may be.

- (vii) In the case of a class B holder which is the estate of a deceased class B holder, or which is the estate of a bankrupt or insolvent class B holder, and provided such deceased, bankrupt or insolvent class B holder, as the case may be, was the record and beneficial owner of the shares of class B stock subject to said proposed transfer, "Permitted Transferee" means a Permitted Transferee of such deceased, bankrupt or insolvent class B holder as determined pursuant to clause (i), (v) or (vi) above, as the case may be.

Notwithstanding anything to the contrary set forth herein, any class B holder may pledge such holder's shares of class B stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares shall not be transferred to or registered in the name of the pledgee and shall remain subject to the provisions of this Article VII, Section 3. In the event of foreclosure or other similar action by the pledgee, such pledged shares of class B stock may only be transferred to a Permitted Transferee of the pledgor or converted into shares of common stock, as the pledgee may elect.

For purposes of this Article VII, Section 3:

- (i) The relationship of any person that is derived by or through legal adoption shall be considered a natural one.
- (ii) Each joint owner of shares of class B stock shall be considered a "class B holder" of such shares.
- (iii) A minor for whom shares of class B stock are held pursuant to a Uniform Gifts or Transfers to Minors Act or similar law shall be considered a "class B holder" of such shares.
- (iv) Unless otherwise specified, the term "person" means both natural persons and legal entities.
- (v) The term "grandparent" means an ancestor in any degree born after January 1, 1876.

Any purported transfer of shares of class B stock not permitted hereunder shall result, without further action, in the automatic conversion of the transferee's shares of class B stock into shares of common stock, effective on the date of such purported transfer. The corporation may, as a condition to the transfer or the registration of transfer of shares of class B stock to a purported Permitted Transferee, require the furnishing of such affidavits or other proof as it deems necessary to establish that such transferee is a Permitted Transferee.

Shares of class B stock shall be registered in the name(s) of the beneficial owner(s) thereof (as hereafter defined) and not in "street" or "nominee" names; provided, however, certificates representing shares of class B stock issued as a stock dividend on the corporation's then outstanding common stock may be registered in the same name and manner as the certificates representing

the shares of common stock with respect to which the shares of class B stock were issued. For the purposes of this Article VII, Section 3, the term "beneficial owner(s)" of any shares of class B stock shall mean the person or persons who possess the power to dispose, or to direct the disposition, of such shares.

The corporation shall note on the certificates representing the shares of class B stock that there are restrictions on transfer and registration of transfer imposed by this Article VII, Section 3.

Section 4. REGISTERED SHAREHOLDERS. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable claim or other interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Iowa.

Section 5. LOST CERTIFICATES. Upon the making of an affidavit that a certificate has been lost or destroyed, the Board of Directors may direct that a new certificate be issued to the person alleging the loss or destruction of such certificate. When authorizing such issuance of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or such owner's legal representative to give the corporation a bond in such sums as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

Section 6. STOCK REGULATIONS. The Board of Directors shall have the power and authority to make all such further rules and regulations not inconsistent with the statutes of Iowa as they may deem expedient concerning the issue, transfer and registration of certificates representing shares of the corporation.

ARTICLE VIII. FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of July and end on the thirtieth day of June in each year.

ARTICLE IX. DIVIDENDS

The Board of Directors may from time to time declare, and the corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Articles of Incorporation.

ARTICLE X. SEAL

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation and the words, "Corporate Seal."

ARTICLE XI. WAIVER OF NOTICE

Whenever any notice is required to be given to any shareholder or director of the corporation under the provisions of the Articles of Incorporation or under the provisions of the Iowa Business

Corporations Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII. INDEMNIFICATION OF DIRECTORS, OFFICERS OR EMPLOYEES

Section 1. RIGHT TO INDEMNIFICATION. Each person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director, officer or employee of the corporation or is or was serving at the request of the corporation as director, officer or employee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, shall be indemnified and held harmless by the corporation to the fullest extent consistent with the laws of Iowa as the same now or may hereafter exist (but, in the case of any change, only to the extent that such change authorizes the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such change) against all costs, charges, expenses, liabilities and losses (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such person; provided, however, that the right to indemnification conferred in this Section shall be conditioned upon the corporation being afforded the opportunity to participate directly on behalf of such person in such proceeding and any settlement discussions relating thereto. The right to indemnification conferred in this Section shall be a contract right and shall, except with respect to an action or proceeding against the corporation by an employee who is neither a director nor an officer of the corporation, include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition upon receipt by the corporation of an undertaking, by or on behalf of such director, officer or employee to repay all amounts so advanced if it shall ultimately be determined that the director, officer or employee is not entitled to be indemnified under this Section or otherwise.

Section 2. RIGHT OF CLAIMANT TO BRING SUIT. If a claim under Section 1 of this Article is not paid in full by the corporation within thirty days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense of prosecuting such claim. It shall be a defense to any action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the corporation) that the claimant has failed to meet a standard of conduct which makes it permissible under Iowa law for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is permissible in the circumstances because such person has met such standard of conduct, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the claimant has not met such standard of conduct, nor the termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall create a presumption that the claimant has failed to meet the required standard of conduct.

Section 3. NON-EXCLUSIVITY OF RIGHTS. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

Section 4. INSURANCE. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under Iowa law.

Section 5. EXPENSES AS A WITNESS. To the extent that any director, officer or employee of the corporation is by reason of such position, or a position with another entity at the request of the corporation, a witness in any proceeding, such person shall be reimbursed for all costs and expenses actually and reasonably incurred in connection therewith.

Section 6. EFFECT OF AMENDMENT. Any amendment, repeal or modification of any provision of this Article by the shareholders or the directors of the corporation shall not adversely affect any right or protection of a director, officer or employee of the corporation existing at the time of such amendment, repeal or modification.

Section 7. SEVERABILITY. In the event any one or more of the provisions contained in this Article shall, for any reason, be held to be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Article.

ARTICLE XIII. FACSIMILE AND ELECTRONIC SIGNATURES

Facsimile and electronic signatures of any officer or officers of the corporation may be used whenever and as authorized by the Board of Directors or a committee thereof. An “electronic signature” is any electronic symbol or process attached to or logically associated with a document sent by electronic transmission and executed or adopted by a person with the intent to sign such document. “Electronic signature” includes (i) a unique password or unique identification assigned to a person by the corporation; (ii) a person’s typed name attached to or part of an electronic transmission sent by or from a source authorized by such person such as an e-mail address provided by such person as that person’s e-mail address; (iii) a person’s facsimile signature; and (iv) any other form of electronic signature approved by the Board of Directors.

ARTICLE XIV. ELECTRONIC TRANSMISSION

“Electronic transmission” or “electronically transmitted” means, for purposes of these Bylaws, any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval, and reproduction of information by the recipient. Notice by electronic transmission is written notice with respect to communications from directors or officers. Notices and written consents may be given by electronic transmission by directors and officers and as otherwise provided in Article II, Section 9 (Proxies). Each written consent given by electronic transmission shall contain an electronic signature of the person giving such written consent.

ARTICLE XV. AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors.

ARTICLE XVI. FORUM SELECTION

Unless the corporation consents in writing to the selection of an alternative forum, the United States District Court for the Southern District of Iowa and the Iowa District Court for Polk County (the "*Iowa Court*") shall be the exclusive forums for any shareholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer or other employee of the corporation to the corporation or the corporation's shareholders, (iii) any action asserting a claim against the corporation, its current or former directors, officers or employees arising pursuant to any provision of the IBCA or the corporation's Articles of Incorporation or these Bylaws, or (iv) any action asserting a claim against the corporation, its current or former directors, officers or employees governed by the internal affairs doctrine, except as to each of (i) through (iv) above, for any claim as to which the Iowa Court determines that there is an indispensable party not subject to the jurisdiction of the Iowa Court (and the indispensable party does not consent to the personal jurisdiction of the Iowa Court within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Iowa Court, or for which the Iowa Court does not have subject matter jurisdiction. If any provision or provisions of this paragraph shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this paragraph (including, without limitation, each portion of any sentence of this paragraph containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

AMENDMENT NO. 3 TO FIRST AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 3 TO FIRST AMENDED AND RESTATED Receivables Purchase Agreement (this “***Amendment***”) is entered into as of October 21, 2015, by and among Meredith Funding Corporation, a Delaware corporation (“***Seller***”), Meredith Corporation, an Iowa corporation (“***Meredith***”), as initial Servicer (the “***Servicer***”, together with Seller, the “***Seller Parties***” and each, a “***Seller Party***”), JPMorgan Chase Bank, N.A. (in its individual capacity as the sole “***Financial Institution***” and the “***Purchaser***”), and JPMorgan Chase Bank, N.A., as agent (together with its successors and assigns hereunder, the “***Agent***”), with respect to that certain First Amended and Restated Receivables Purchase Agreement among the parties hereto dated as of April 25, 2011 (as amended or modified prior to the date hereof, the “***Existing Agreement***”, and as amended by this Amendment and as the same may be further amended, supplemented, amended and restated or otherwise modified from time to time, the “***RPA***”).

WITNESSETH:

WHEREAS, the Seller Parties, the Purchaser and the Agent are parties to the Existing Agreement;

WHEREAS, Meredith, as guarantor (in such capacity, the “***Guarantor***”) has provided the Parent Guarantee, dated as of April 25, 2011 (as amended, supplemented or otherwise modified through the date hereof, the “***Parent Guarantee***”) to the Agent, for the benefit of the Persons named therein in relation to the obligations of the Seller under the Transaction Documents; and

WHEREAS, the parties desire to amend the Existing Agreement as hereinafter set forth, and the Guarantor desires to ratify the Parent Guarantee.

NOW, THEREFORE, in consideration of the premises herein contained, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **Defined Terms.** Capitalized terms used herein and not otherwise defined shall have their meanings as attributed to such terms in the RPA.

2. **Amendments to Existing Agreement.** The Existing Agreement is hereby amended as follows:

2.1 Section 5.1(p) of the Existing Agreement is hereby amended and restated in its entirety to read as follows:

“(p) Not a Holding Company or an Investment Company. Such Seller Party is not a “holding company” or a “subsidiary holding company” of a “holding company” within the meaning of the Public Utility Holding Company Act of 1935, as amended, or any successor statute. Seller is not a “covered fund” under the Volcker Rule. Such Seller Party is not an

“investment company” within the meaning of the Investment Company Act of 1940, as amended, or any successor statute. In determining that the Seller is not an investment company, the Seller is relying on the exemption from the definition of “investment company” set forth in Section 3(c)(5) of the Investment Company Act of 1940, as amended.”.

2.2 Section 10.2(a) of the Existing Agreement is hereby amended and restated in its entirety to read as follows:

(a) “(a) If, as a result of any Change in Law, any Funding Source shall be charged any fee, expense or increased cost (i) that subjects any Funding Source to any charge or withholding on or with respect to any Funding Agreement or a Funding Source’s obligations under a Funding Agreement, or on or with respect to the Receivables, or changes the basis of taxation of payments to any Funding Source of any amounts payable under any Funding Agreement (except for changes in the rate of tax on the overall net income of a Funding Source or taxes excluded by Section 10.1) or (ii) that imposes, modifies or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of a Funding Source, or credit extended by a Funding Source pursuant to a Funding Agreement or (iii) that affects or would affect the amount of capital or liquidity required to be maintained by such Funding Source, and such Funding Source determines that such Change in Law has or would have the effect of reducing the rate of return on capital of such Funding Source (or its parent) as a consequence of such Funding Source’s obligations hereunder or with respect hereto to a level below that which such Funding Source (or its parent) could have achieved but for such Change in Law (taking into consideration its policies with respect to capital adequacy or liquidity requirements) as reasonably determined by such Funding Source (which determination shall be made in good faith (and not on an arbitrary or capricious basis) and consistent with similarly situated customers of the applicable Funding Source under agreements having provisions similar to this Section 10.2(a) after consideration of such factors as such Funding Source then reasonably determines to be relevant) or (iv) that imposes any other condition the result of which is to increase the cost to a Funding Source of performing its obligations under a Funding Agreement, or to reduce the rate of return on a Funding Source’s capital as a consequence of its obligations under a Funding Agreement, or to reduce the amount of any sum received or receivable by a Funding Source under a Funding Agreement or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon the later of (x) 15 Business Days after demand by the Agent and (y) the next succeeding Settlement Date, Seller shall pay to the Agent, for the benefit of the relevant Funding Source, such amounts charged to such Funding Source or such amounts to otherwise compensate such Funding Source for such increased cost or reduction.” .

2.3 Section 12.1(d) of the Existing Agreement is hereby amended by inserting a new clause (e) at the end thereof to read as follows:

“(e) Notwithstanding anything to the contrary in this Section 12.1, each party hereto hereby agrees and consents to the pledge, assignment and/or granting of a security interest by any Conduit in or to all of its rights under this Agreement and the other Transaction Documents to a collateral agent or trustee under such Conduit’s commercial paper note program.”.

2.4 The definition of “LIBO Rate” in Exhibit I to the Existing Agreement is hereby amended by inserting the following sentence at the end thereof:

“If the calculation of the LIBO Rate results in a LIBO Rate of less than zero (0), the LIBO Rate shall be deemed to be zero (0) for all purposes in the Transaction Documents.”.

2.5 The definition of “Scheduled Termination Date” in Exhibit I to the Existing Agreement is hereby amended and restated in its entirety to read as follows:

“***Scheduled Termination Date***” means October 20, 2017.”.

2.6 Exhibit I to the Existing Agreement is hereby amended by inserting the following definition in its appropriate alphabetical order:

“***Volcker Rule***” means Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder.”.

3. Representations and Warranties. In order to induce the Agent and the Purchaser to enter into this Amendment, each of the Seller Parties and the Guarantor, as applicable, hereby represents and warrants to the Agent and the Purchaser that after giving effect to the amendments contained in Section 2 above, (a) no Termination Event or Potential Termination Event exists and is continuing as of the Effective Date (as defined in Section 5 below), and (b) each of such Seller Party’s or Guarantor’s, as applicable, representations and warranties contained in Section 5.1 of the Existing Agreement and Section 5 of the Parent Guarantee is true and correct as of the Effective Date.

4. Ratification of Parent Guarantee. The Guarantor hereby acknowledges and agrees that, immediately after giving effect to this Amendment, the Parent Guarantee shall remain in full force and effect and is hereby ratified and confirmed in all respects.

5. Effective Date. This Amendment shall become effective as of the date first above written (the “***Effective Date***”) when the Agent has received the following:

- (a) counterparts of this Amendment, duly executed by the Seller Parties, the Agent and the Purchaser or other evidence satisfactory to the Agent of the execution and delivery of this Amendment by such parties;
- (b) counterparts of that certain seventh amended and restated fee letter, dated as of the date hereof (the “***A&R Fee Letter***”), among the Agent and the Seller, duly executed by each of the parties thereto or other evidence satisfactory to the Agent of the execution and delivery of the A&R Fee Letter by such parties; and
- (c) payment in full of all applicable fees as specified in the A&R Fee Letter.

6. Ratification of Existing Agreement. The Existing Agreement, as modified hereby, is hereby ratified, approved and confirmed in all respects.

7. Reference to Agreement. From and after the Effective Date hereof, each reference in the Existing Agreement to “this Agreement”, “hereof”, or “hereunder” or words of like import, and all references to the Existing Agreement in any and all agreements, instruments, documents, notes, certificates and other writings of every kind and nature shall be deemed to mean the Existing Agreement, as modified by this Amendment.

8. **Costs and Expenses.** The Seller agrees to pay all costs, fees, and out-of-pocket expenses incurred by the Agent in connection with the preparation, execution and enforcement of this Amendment and the A&R Fee Letter including the reasonable fees of the Agent's legal counsel, Mayer Brown LLP, within thirty (30) days of presentation of a written invoice therefor.

9. **CHOICE OF LAW.** THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS.

10. **Execution in Counterparts.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Amendment.

<signature pages follow>

IN WITNESS WHEREOF, the Seller Parties, the Guarantor, the Purchaser and the Agent have executed this Amendment as of the date first above written.

MEREDITH FUNDING CORPORATION, *as a Seller Party*

By: /s/ Kevin M. Wagner
Name: Kevin M. Wagner
Title: President

MEREDITH Corporation, *as a Seller Party and as Guarantor*

By: /s/ Steven M. Cappaert
Name: Steven M. Cappaert
Title: Corporate Controller

JPMORGAN CHASE BANK, N.A., *as a Financial Institution, Purchaser and as Agent*

By: /s/ Richard Barritt
Name: Richard Barritt
Title: Vice President

CERTIFICATION

I, Stephen M. Lacy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Meredith Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report fairly present, in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2015

/s/ Stephen M. Lacy

Stephen M. Lacy, Chairman of the Board,
President, Chief Executive Officer, and Director
(Principal Executive Officer)

A signed original of this written statement required by Section 302 has been provided to Meredith and will be retained by Meredith and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION

I, Joseph Ceryanec, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Meredith Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report fairly present, in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2015

/s/ Joseph Ceryanec

Joseph Ceryanec
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 302 has been provided to Meredith and will be retained by Meredith and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Meredith Corporation (the Company) for the period ended September 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the Report), we the undersigned certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stephen M. Lacy

Stephen M. Lacy

Chairman of the Board, President,
Chief Executive Officer, and Director
(Principal Executive Officer)

Dated: November 6, 2015

/s/ Joseph Ceryanec

Joseph Ceryanec

Chief Financial Officer
(Principal Financial and Accounting Officer)

Dated: November 6, 2015

A signed original of this written statement required by Section 906 has been provided to Meredith and will be retained by Meredith and furnished to the Securities and Exchange Commission or its staff upon request.