UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

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

For the fiscal year ended June 30, 2018 **Commission file number 1-5128**

MEREDITH CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

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

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

Title of class
Class B Common Stock, par value $1

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

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

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The registrant estimates that the aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant at December 29, 2017, (the last business day of the most recently completed second fiscal quarter) was approximately $2.5 billion based upon the closing price on the New York Stock Exchange at that date.

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 July 31, 2018	
Common shares..	39,787,777
Class B shares	5,107,813
Total common and Class B shares	44,895,590

EXPLANATORY NOTE

Meredith Corporation (Meredith or the Company) is filing this Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended June 30, 2018 (Amended Form 10-K), which was originally filed with the Securities and Exchange Commission (SEC) on September 4, 2018, (the 2018 Form 10-K) to amend the Report of Independent Registered Public Accounting Firm in Part II*, Item 8-Financial Statements and Supplementary Data* to reflect the identification of a material weakness in internal control over financial reporting. Part II, *Item 9A-Controls and Procedures* is also being amended to address management's re-evaluation of disclosure controls and procedures and reflect the identification of a material weakness in internal control over financial reporting.

Part IV, *Item 15-Exhibits and Financial Statement Schedules* also has been amended to include currently dated certifications from the Company's Chief Executive Officer and Chief Financial Officer as required by sections 302 and 906 of the Sarbanes Oxley Act of 2002. The certifications are attached to this Amended Form 10-K as Exhibits 31.1, 31.2, and 32. The Interactive Data Files have also been amended in conjunction with the restatement and are attached to this Amended Form 10-K as Exhibit 101.

This Amended Form 10-K does not modify, amend, or update in any way the consolidated financial statements set forth in the 2018 Form 10-K and there have been no changes to the XBRL data filed in Exhibit 101 of the 2018 Form 10-K other than for the inclusion of Note 19, which was added to the consolidated financial statements when the Company filed a Form S-4 Registration Statement under the Securities Act of 1933 on January 8, 2019.

This Amended Form 10-K has not been updated for other events or information subsequent to the date of the filing of the 2018 Form 10-K, except as noted above, and should be read in conjunction with the 2018 Form 10-K and our other filings with the SEC.

PART II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF MANAGEMENT

To the Shareholders of Meredith Corporation:

Meredith management is responsible for the preparation, integrity, and objectivity of the financial information included in this Annual Report on Form 10-K for the year ended June 30, 2018. We take this responsibility very seriously as we recognize the importance of having well-informed, confident investors. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include amounts based on our informed judgments and estimates. We have adopted appropriate accounting policies and are fully committed to ensuring that those policies are applied properly and consistently. In addition, we strive to report our consolidated financial results in a manner that is relevant, complete, and understandable. We welcome any suggestions from those who use our reports.

To meet our responsibility for financial reporting, our internal control systems and accounting procedures are designed to provide reasonable assurance as to the reliability of financial records. In addition, our internal audit staff monitors and reports on compliance with Company policies, procedures, and internal control systems.

The consolidated financial statements and the effectiveness of the Company's internal control over financial reporting have been audited by an independent registered public accounting firm in accordance with the standards of the Public Company Accounting Oversight Board (United States). Due to our acquisition of Time Inc. during fiscal 2018, we are in the process of evaluating Time Inc.'s existing controls and procedures, and integrating Time Inc. into the Company's internal control over financial reporting. In accordance with Securities and Exchange Commission staff guidance permitting a company to exclude an acquired business from management's assessment of the effectiveness of internal control over financial reporting for the year in which the acquisition is completed, we have excluded Time Inc. from our assessment of the effectiveness of internal control over financial reporting as of June 30, 2018. The independent registered public accounting firm was given unrestricted access to all financial records and related information, including all Board of Directors and Board committee minutes to complete their assessment of internal control over financial reporting.

The Audit Committee of the Board of Directors is responsible for reviewing and monitoring the Company's accounting policies, internal controls, and financial reporting practices. The Audit Committee is also directly responsible for the appointment, compensation, and oversight of the Company's independent registered public accounting firm. The Audit Committee consists solely of independent directors who regularly meet with the independent registered public accounting firm, management, and internal auditors to review accounting, auditing, and financial reporting matters. To ensure complete independence, the independent registered public accounting firm has direct access to the Audit Committee without the presence of management representatives.

At Meredith, we have always placed a high priority on good corporate governance and will continue to do so in the future.

/s/ Joseph Ceryanec

Joseph Ceryanec
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Meredith Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Meredith Corporation and subsidiaries (the Company) as of June 30, 2018 and 2017, the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2018, and the related notes and financial statement schedule II-Valuation and Qualifying Accounts (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated August 31, 2018, except for the restatement as to the effectiveness of internal control over financial reporting for the material weakness related to ineffective controls over of certain acquired assets and assumed liabilities, as to which the date is May 13, 2019, expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We or our predecessor firms have served as the Company's auditor since 1948.

Des Moines, Iowa
August 31, 2018, except for Note 19, as to which the date is January 7, 2019, and except for the restatement as to the effectiveness of internal control over financial reporting for the material weakness related to ineffective controls over certain acquired assets and assumed liabilities, as to which the date is May 13, 2019

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Meredith Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Meredith Corporation and subsidiaries (the Company) internal control over financial reporting as of June 30, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of June 30, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of June 30, 2018 and 2017, the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2018, and the related notes and financial statement schedule II-Valuation and Qualifying Accounts (collectively, the consolidated financial statements), and our report dated August 31, 2018, except for Note 19 as to which the date is January 7, 2019, and except for the restatement as to the effectiveness of internal control over financial reporting for the material weakness related to ineffective controls over certain acquired assets and assumed liabilities, as to which the date is May 13, 2019, expressed an unqualified opinion on those consolidated financial statements.

In our report dated August 31, 2018, we expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting. As described below, the Company subsequently identified a material weakness in its internal control over financial reporting. Accordingly, management has revised its assessment about the effectiveness of the Company's internal control over financial reporting, and our present opinion on the effectiveness of the Company's internal control over financial reporting as of June 30, 2018, as presented herein, is different from that expressed in our previous report.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to ineffective process level controls over the completeness, existence, accuracy, and valuation of certain acquired assets and assumed liabilities and over the review of certain revenue contracts due to ineffective risk assessment has been identified and included in management's assessment. The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2018 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

The Company acquired Time Inc. and subsidiaries (Time) during fiscal 2018, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of June 30, 2018, Time's internal control over financial reporting associated with 59 percent of total assets and 28 percent of revenue included in the consolidated financial statements of the Company as of and for the year ended June 30, 2018. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Time.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying

Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Des Moines, Iowa
August 31, 2018, except for the restatement as to the effectiveness of internal control over financial reporting for the material weakness related to ineffective controls over certain acquired assets and assumed liabilities, as to which the date is May 13, 2019

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Meredith Corporation and Subsidiaries
Consolidated Balance Sheets

Assets June 30,	**2018**	**2017**
(In millions)		
Current assets		
Cash and cash equivalents	$ 437.6	$ 22.3
Accounts receivable (net of allowances of $14.4 in 2018 and $8.0 in 2017)	542.0	289.1
Inventories	44.2	21.9
Current portion of subscription acquisition costs	118.1	145.0
Current portion of broadcast rights	9.8	7.8
Assets held-for-sale	713.1	—
Other current assets	114.3	19.3
Total current assets	1,979.1	505.4
Property, plant, and equipment		
Land	24.6	24.7
Buildings and improvements	153.5	153.7
Machinery and equipment	359.8	316.6
Leasehold improvements	177.4	14.3
Capitalized software	125.9	38.5
Construction in progress	20.2	1.7
Total property, plant, and equipment	861.4	549.5
Less accumulated depreciation	(377.6)	(359.7)
Net property, plant, and equipment	483.8	189.8
Subscription acquisition costs	61.1	79.7
Broadcast rights	18.9	21.8
Other assets	263.3	69.6
Intangible assets, net	2,005.2	955.9
Goodwill	1,915.8	907.5
Total assets	$ 6,727.2	$ 2,729.7

See accompanying Notes to Consolidated Financial Statements

Meredith Corporation and Subsidiaries
Consolidated Balance Sheets *(continued)*

Liabilities, Redeemable Convertible Preferred Stock, and Shareholders' Equity **June 30,**		**2018**		**2017**
(In millions except per share data)				
Current liabilities				
Current portion of long-term debt	$	17.7	$	62.5
Current portion of long-term broadcast rights payable		8.9		9.2
Accounts payable		194.7		66.6
Accrued expenses				
Compensation and benefits		122.3		69.0
Distribution expenses		10.0		5.3
Other taxes and expenses		277.9		28.1
Total accrued expenses		410.2		102.4
Current portion of unearned revenues		360.4		219.0
Liabilities associated with assets held-for-sale		198.4		—
Total current liabilities		1,190.3		459.7
Long-term debt		3,117.9		635.7
Long-term broadcast rights payable		20.8		22.5
Unearned revenues		124.1		106.5
Deferred income taxes		437.0		384.7
Other noncurrent liabilities		217.0		124.6
Total liabilities		5,107.1		1,733.7
Redeemable, convertible Series A preferred stock, par value $1 per share, $1,000 per share liquidation preference, authorized 2.5 shares, issued 0.7 shares		522.6		—
Shareholders' equity				
Series preferred stock, par value $1 per share				
Authorized 2.5 shares; none issued		—		—
Common stock, par value $1 per share				
Authorized 80.0 shares; issued and outstanding 39.8 shares in 2018 (excluding 24.8 treasury shares) and 39.4 shares in 2017 (excluding 24.8 treasury shares)		39.8		39.4
Class B stock, par value $1 per share, convertible to common stock				
Authorized 15.0 shares; issued and outstanding 5.1 shares in 2018 and 5.1 shares in 2017		5.1		5.1
Additional paid-in capital		199.5		54.8
Retained earnings		889.8		915.7
Accumulated other comprehensive loss		(36.7)		(19.0)
Total shareholders' equity		1,097.5		996.0
Total liabilities, redeemable convertible preferred stock, and shareholders' equity	$	6,727.2	$	2,729.7

See accompanying Notes to Consolidated Financial Statements

Meredith Corporation and Subsidiaries
Consolidated Statements of Earnings

Years ended June 30,	2018	2017	2016
(In millions except per share data)			
Revenues			
Advertising	$ 1,116.6	$ 934.1	$ 914.2
Circulation	489.3	322.0	328.6
All other	641.5	457.2	406.8
Total revenues	2,247.4	1,713.3	1,649.6
Operating expenses			
Production, distribution, and editorial	860.6	603.0	611.3
Selling, general, and administrative	962.7	730.9	723.5
Acquisition, disposition, and restructuring related activities	173.4	10.3	(36.4)
Depreciation and amortization	129.0	53.8	59.1
Impairment of goodwill and other long-lived assets	22.7	6.2	161.5
Total operating expenses	2,148.4	1,404.2	1,519.0
Income from operations	99.0	309.1	130.6
Non-operating expenses, net	(11.7)	—	—
Interest expense, net	(96.9)	(18.8)	(20.4)
Earnings (loss) from continuing operations before income taxes	(9.6)	290.3	110.2
Income tax benefit (expense)	123.6	(101.4)	(76.3)
Earnings from continuing operations	114.0	188.9	33.9
Loss from discontinued operations, net of income taxes	(14.6)	—	—
Net earnings	$ 99.4	$ 188.9	$ 33.9
Earnings attributable to common shareholders	$ 66.4	$ 188.9	$ 33.9
Basic earnings per share attributable to common shareholders			
Continuing operations	$ 1.80	$ 4.23	$ 0.76
Discontinued operations	(0.32)	—	—
Basic earnings per share	$ 1.48	$ 4.23	$ 0.76
Basic average common shares outstanding	44.9	44.6	44.6
Diluted earnings per share attributable to common shareholders			
Continuing operations	$ 1.79	$ 4.16	$ 0.75
Discontinued operations	(0.32)	—	—
Diluted earnings per share	$ 1.47	$ 4.16	$ 0.75
Diluted average shares outstanding	45.2	45.4	45.4
Dividends paid per share	$ 2.130	$ 2.030	$ 1.905

See accompanying Notes to Consolidated Financial Statements

Meredith Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income

Years ended June 30,		**2018**		**2017**		**2016**
(In millions)						
Net earnings	$	99.4	$	188.9	$	33.9
Other comprehensive income (loss), net of income taxes						
Pension and other postretirement benefit plans activity		(0.8)		5.3		(12.8)
Unrealized foreign currency translation loss, net		(12.9)		—		—
Unrealized gain (loss) on interest rate swaps		—		4.2		(3.1)
Other comprehensive income (loss), net of income taxes		(13.7)		9.5		(15.9)
Comprehensive income	$	85.7	$	198.4	$	18.0

See accompanying Notes to Consolidated Financial Statements.

Meredith Corporation and Subsidiaries
Consolidated Statements of Shareholders' Equity

(In millions except per share data)	Common Stock - $1 par value	Class B Stock - $1 par value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at June 30, 2015	$ 37.7	$ 6.9	$ 49.0	$ 870.9	$ (12.6)	$ 951.9
Net earnings	—	—	—	33.9	—	33.9
Other comprehensive loss, net of tax	—	—	—	—	(15.9)	(15.9)
Stock issued under various incentive plans, net of forfeitures	0.6	—	20.3	—	—	20.9
Purchases of Company stock	(0.7)	—	(30.4)	—	—	(31.1)
Share-based compensation	—	—	12.8	—	—	12.8
Conversion of class B to common stock	1.7	(1.7)	—	—	—	—
Dividends paid, $1.905 per share						
Common stock	—	—	—	(72.9)	—	(72.9)
Class B stock	—	—	—	(13.2)	—	(13.2)
Tax benefit from incentive plans	—	—	2.6	—	—	2.6
Balance at June 30, 2016	39.3	5.2	54.3	818.7	(28.5)	889.0
Net earnings	—	—	—	188.9	—	188.9
Other comprehensive income, net of tax	—	—	—	—	9.5	9.5
Stock issued under various incentive plans, net of forfeitures	0.9	—	37.1	—	—	38.0
Purchases of Company stock	(0.9)	—	(52.4)	—	—	(53.3)
Share-based compensation	—	—	12.8	—	—	12.8
Conversion of class B to common stock	0.1	(0.1)	—	—	—	—
Dividends paid, $2.030 per share						
Common stock	—	—	—	(81.4)	—	(81.4)
Class B stock	—	—	—	(10.5)	—	(10.5)
Tax benefit from incentive plans	—	—	3.0	—	—	3.0
Balance at June 30, 2017	39.4	5.1	54.8	915.7	(19.0)	996.0
Net earnings	—	—	—	99.4	—	99.4
Other comprehensive loss, net of tax	—	—	—	—	(13.7)	(13.7)
Stock issued under various incentive plans, net of forfeitures	0.9	—	18.4	—	—	19.3
Issuance of replacement Time share-based compensation awards	—	—	9.8	—	—	9.8
Purchases of Company stock	(0.5)	—	(30.6)	—	—	(31.1)
Share-based compensation	—	—	30.4	—	—	30.4
Issuance of warrants and options	—	—	115.6	—	—	115.6
Dividends paid, $2.130 per share						
Common stock	—	—	—	(87.8)	—	(87.8)
Class B stock	—	—	—	(10.8)	—	(10.8)
Series A preferred stock	—	—	—	(22.9)	—	(22.9)
Accretion of Series A preferred stock	—	—	—	(7.2)	—	(7.2)
Cumulative effect adjustment for adoption of Accounting Standards Update 2016-09	—	—	1.1	(0.6)	—	0.5
Reclassification adjustment for adoption of Accounting Standards Update 2018-02	—	—	—	4.0	(4.0)	—
Balance at June 30, 2018	$ 39.8	$ 5.1	$ 199.5	$ 889.8	$ (36.7)	$ 1,097.5

See accompanying Notes to Consolidated Financial Statements.

Meredith Corporation and Subsidiaries
Consolidated Statements of Cash Flows

Years ended June 30,	**2018**	**2017**	**2016**
(In millions)			
Cash flows from operating activities			
Net earnings	$ 99.4	$ 188.9	$ 33.9
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation	54.2	34.8	39.4
Amortization	74.8	19.1	19.7
Share-based compensation	30.4	12.8	12.8
Amortization of original issue discount and debt issuance costs	6.1	—	—
Deferred income taxes	(116.5)	42.5	9.1
Amortization of broadcast rights	19.2	17.6	16.7
Payments for broadcast rights	(20.7)	(17.0)	(16.9)
Write-down of impaired assets	23.0	9.8	162.0
Fair value adjustment to contingent consideration	(4.8)	(19.5)	(4.1)
Excess tax benefits from share-based payments	—	(6.8)	(4.2)
Other operating activities, net	13.1	—	—
Changes in assets and liabilities, net of acquisitions/dispositions			
Accounts receivable	12.6	(15.2)	10.7
Inventories	(0.3)	(1.2)	3.5
Other current assets	(4.3)	4.7	(0.5)
Subscription acquisition costs	45.4	4.7	(3.1)
Other assets	(101.1)	(2.1)	4.9
Assets and liabilities held-for-sale	28.4	—	—
Accounts payable	(13.0)	(15.5)	(11.9)
Accrued expenses and other liabilities	73.6	8.3	(16.6)
Unearned subscription revenues	(68.7)	(16.9)	(31.3)
Other noncurrent liabilities	0.6	(29.7)	2.5
Net cash provided by operating activities	151.4	219.3	226.6
Cash flows from investing activities			
Acquisitions of and investments in businesses, net of cash acquired	(2,786.5)	(84.4)	(8.2)
Proceeds from disposition of assets, net of cash sold	219.2	1.5	1.8
Additions to property, plant, and equipment	(53.2)	(34.8)	(25.0)
Other	3.1	—	—
Net cash used in investing activities	(2,617.4)	(117.7)	(31.4)
Cash flows from financing activities			
Proceeds from issuance of long-term debt	3,260.0	380.0	167.5
Repayments of long-term debt	(765.1)	(374.4)	(267.5)
Issued preferred stock, warrants, and options proceeds, net of issuance costs	631.0	—	—
Dividends paid	(121.5)	(91.9)	(86.1)
Purchases of Company stock	(31.1)	(53.3)	(31.1)
Proceeds from common stock issued	19.3	38.0	20.9
Excess tax benefits from share-based payments	—	6.8	4.2
Payment of acquisition related contingent consideration	(5.1)	(8.0)	(0.8)
Debt acquisition costs	(70.8)	(1.5)	(0.1)
Net cash provided by (used in) financing activities	2,916.7	(104.3)	(193.0)
Effect of exchange rate changes on cash and cash equivalents	(4.1)	—	—
Change in cash held-for-sale	(31.3)	—	—
Net increase (decrease) in cash and cash equivalents	415.3	(2.7)	2.2
Cash and cash equivalents at beginning of year	22.3	25.0	22.8
Cash and cash equivalents at end of year	$ 437.6	$ 22.3	$ 25.0

See accompanying Notes to Consolidated Financial Statements

Meredith Corporation and Subsidiaries
Consolidated Statements of Cash Flows *(continued)*

Years ended June 30,		**2018**		**2017**		**2016**
(In millions)						
Supplemental disclosures of cash flow information						
Cash paid						
Interest	$	66.3	$	22.0	$	20.2
Income taxes		24.0		73.1		73.0
Non-cash transactions						
Broadcast rights financed by contracts payable		18.8		15.4		19.3

See accompanying Notes to Consolidated Financial Statements

Meredith Corporation and Subsidiaries
Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations—Meredith Corporation (Meredith or the Company) is a diversified media company. The Company has two reporting segments: national media and local media. The Company's national media segment includes print magazines, digital and mobile media, brand licensing activities, affinity marketing, database-related activities, business-to-business marketing products, and other related operations. The local media segment includes 17 television stations and related digital and mobile media operations. Meredith's operations are diversified geographically primarily within the United States (U.S.) but also abroad in a limited number of locations in Europe and Asia. The Company has a broad customer base.

Basis of Presentation—The consolidated financial statements include the accounts of Meredith and its wholly-owned and majority-owned subsidiaries, after eliminating all significant intercompany balances and transactions. The results of operations include those of Time Inc. (Time) since the date of acquisition (the Acquisition). See Note 2 for further discussion. Meredith does not have any off-balance sheet arrangements. The Company's use of special-purpose entities was limited to Meredith Funding Corporation, whose activities were fully consolidated in Meredith's consolidated financial statements until the termination of its asset lending facility on January 31, 2018.

The financial position and operating results of the Company's foreign operations are consolidated using primarily the local currency as the functional currency. Local currency assets and liabilities are translated at the rates of exchange as of the balance sheet date, and local currency revenues and expenses are translated at average rates of exchange during the period. Translation gains or losses on assets and liabilities are included as a component of accumulated other comprehensive loss.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. The Company bases its estimates on historical experience, management expectations for future performance, and other assumptions as appropriate. Key areas affected by estimates include the allowance for doubtful accounts, which is based on historical experience and management's views on trends in the overall receivable aging, the assessment of the recoverability of long-lived assets, including goodwill and other intangible assets, which is based on such factors as estimated future cash flows; the determination of the net realizable value of broadcast rights, which is based on estimated future revenues; pension and postretirement benefit expenses, which are determined based, in large part, on actuarial assumptions regarding discount rates, expected returns on plan assets, and healthcare costs; and share-based compensation expense, which is based on numerous assumptions including future stock price volatility and employees' expected exercise and post-vesting employment termination behavior. While the Company re-evaluates its estimates on an ongoing basis, actual results may vary from those estimates.

Reclassifications—Certain prior years' amounts have been reclassified to conform to fiscal 2018 presentation.

Cash and Cash Equivalents—Cash and short-term investments with original maturities of 3 months or less are considered to be cash and cash equivalents. Cash and cash equivalents are stated at cost, which approximates fair value.

Concentration of Credit Risk—Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and cash equivalent deposits. Cash equivalent balances consist of money market mutual funds with original maturities of 3 months or less. These cash and cash equivalent deposits are maintained with several financial institutions. The deposits held at the various financial institutions may exceed federally insured limits. Exposure to this credit risk is reduced by placing such deposits with major financial institutions and monitoring their credit ratings and, therefore, these deposits bear minimal credit risk. There is also limited credit risk with respect to the money market mutual funds in which the Company invests as these funds all have issuers, guarantors, and/or other counterparties of reputable credit.

At June 30, 2018, $411.1 million of cash and cash equivalents were held domestically, of which $370.2 million were held in money market mutual funds. Of the total cash and cash equivalents, $26.5 million were held internationally, primarily in Europe. Cash equivalents at June 30, 2018, were $373.1 million, which approximates fair value due to their short-term nature, and is considered a Level 1 measurement as defined in Note 10.

Accounts Receivable—The Company's accounts receivable are primarily due from advertisers. Credit is extended to clients based on an evaluation of each client's creditworthiness and financial condition; collateral is not required. The Company maintains allowances for uncollectible accounts, rebates, rate adjustments, returns, and discounts. The allowance for uncollectible accounts is based on the aging of such receivables and any known specific collectability exposures. Accounts are written off when deemed uncollectible. Allowances for rebates, rate adjustments, returns, and discounts are generally based on historical experience and current market conditions. Concentration of credit risk with respect to accounts receivable is generally limited due to the large number of geographically diverse clients and individually small balances.

Inventories—Inventories are stated at the lower of cost or net realizable value. Effective January 1, 2018, the Company changed its method of accounting for paper inventory in the national media segment from the last-in, first-out (LIFO) method to the weighted average cost method. The Company believes that the weighted average cost method of accounting for paper inventory is preferable because it provides a better match of production costs with revenues considering the limited volatility in paper prices due to the short production cycle.

The effect of the change was not considered material to the previously issued consolidated financial statements and, as such, was adopted prospectively as of January 1, 2018. The cumulative effect of the change recorded in the third quarter of fiscal 2018 was $1.3 million representing the removal of the LIFO costs reserve. This adjustment was recorded to the production, distribution, and editorial line within the Consolidated Statements of Earnings.

Cost is determined on the first-in first-out or average basis for all other inventories.

Subscription Acquisition Costs—Subscription acquisition costs primarily represent magazine agency commissions. These costs are deferred and amortized over the related subscription term, typically one to two years. In addition, direct-response advertising costs that are intended to solicit subscriptions and are expected to result in probable future benefits are capitalized. These costs are amortized over the period during which future benefits are expected to be received. The asset balance of the capitalized direct-response advertising costs is reviewed quarterly to ensure the amount is realizable. Any write-downs resulting from this review are expensed as subscription acquisition advertising costs in the current period. Capitalized direct-response advertising costs were $7.6 million at June 30, 2018 and $6.0 million at June 30, 2017. There were no material write-downs of capitalized direct-response advertising costs in any of the fiscal years in the three-year period ended June 30, 2018.

Property, Plant, and Equipment—Property, plant, and equipment are stated at cost with the exception of the property, plant, and equipment that was recorded at estimated fair value as of January 31, 2018, as a result of the Acquisition. Additions to that acquired property, plant, and equipment since January 31, 2018, are stated at cost. Costs of replacements and major improvements are capitalized, while costs of maintenance and repairs are charged to operations as incurred. Depreciation expense is determined primarily using the straight-line method over the estimated useful lives of the assets: 5-45 years for buildings and improvements, 3-6 years for capitalized software, and 3-20 years for machinery and equipment. The costs of leasehold improvements are amortized over the lesser of the useful lives of the improvements or the terms of the respective leases. Depreciation and amortization of property, plant, and equipment was $54.2 million in fiscal 2018, $34.8 million in fiscal 2017, and $39.4 million in fiscal 2016.

In fiscal 2016, management committed to a plan to sell the Company's two corporate airplanes and classified them as held-for-sale at June 30, 2017 and 2016. The airplanes were sold in early fiscal 2018. The estimated fair value of these airplanes of $1.9 million was included in the machinery and equipment line in the Consolidated Balance Sheets at June 30, 2017. Losses resulting from fair value adjustments to these assets of $0.9 million and $5.6 million were recorded in the impairment of goodwill and other long-lived assets line in the Consolidated Statements of Earnings in fiscal 2017 and 2016, respectively.

Broadcast Rights—Broadcast rights consist principally of rights to broadcast syndicated programs, sports, and feature films. The total cost of these rights is recorded as an asset and as a liability when programs become available for broadcast. The current portion of broadcast rights represents those rights available for broadcast that are expected to be amortized in the succeeding year. These rights are valued at the lower of unamortized cost or estimated net realizable value, and are generally charged to operations on an accelerated basis over the contract period. Impairments of unamortized costs to net realizable value are included in production, distribution, and editorial expenses in the Consolidated Statements of Earnings. There were no material impairments of unamortized costs in fiscal years 2018, 2017, or 2016. Future write-offs can vary based on changes in consumer viewing trends and the availability and costs of other programming.

Intangible Assets and Goodwill—Amortizable intangible assets consist primarily of advertiser relationships, publisher relationships, network affiliation agreements, partner relationships, customer relationships, and retransmission agreements. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Network affiliation agreements are amortized over the period of time the agreements are expected to remain in place, assuming renewals without material modifications to the original terms and conditions (generally 25 to 40 years from the original acquisition date). Other intangible assets are amortized over their estimated useful lives, ranging from 1 to 10 years.

Intangible assets with indefinite lives include trademarks and Federal Communications Commission (FCC) broadcast licenses. These licenses are granted for a term of up to eight years, but are renewable if the Company provides at least an average level of service to its customers and complies with the applicable FCC rules and policies and the Communications Act of 1934. The Company has been successful in every one of its past license renewal requests and has incurred only minimal costs in the process. The Company expects the television broadcasting business to continue indefinitely; therefore, the cash flows from the broadcast licenses are also expected to continue indefinitely.

The Company has acquired trademark brands that have been determined to have indefinite lives. Those assets are evaluated annually for impairment. The Company evaluates a number of factors to determine whether an indefinite life is appropriate, including the competitive environment, market share, brand history, and operating plans. In addition, when certain events or changes in operating conditions occur, an additional impairment assessment is performed and indefinite-lived assets may be adjusted to a determinable life.

Goodwill and intangible assets which have indefinite lives, are not amortized but are tested for impairment annually or when events occur or circumstances change that indicate the carrying value may exceed the fair value. Goodwill impairment testing is performed at the reporting unit level. The Company has three reporting units – national media, local media excluding MNI Targeted Media (MNI), and MNI. The Company also assesses, at least annually, whether assets classified as indefinite-lived intangible assets continue to have indefinite lives.

The Company performs its goodwill impairment analysis annually as of May 31. At May 31, 2018, the date the Company last performed its annual evaluation of impairment of goodwill, management elected to perform qualitative impairment tests for the local media excluding MNI and the MNI reporting units and a quantitative goodwill impairment test for the national media reporting unit. A quantitative impairment test, performed for a goodwill reporting unit or indefinite-lived intangible assets involves determining the fair value of the reporting unit or asset which is then compared to its carrying value.

Fair value to which carrying value is compared in the quantitative analysis 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 asset. These estimates include assumptions about future revenues (including projections of overall market growth and share of market), estimated costs, and appropriate discount rates where applicable. These assumptions are based on historical data, various internal estimates, and a variety of external sources and are consistent with the assumptions used in both 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 used and their prospects or changes in market conditions could result in an impairment charge.

Additional information regarding intangible assets and goodwill including a discussion of impairment charges taken on goodwill and other long-lived intangible assets is provided in Note 5.

Impairment of Long-lived Assets—Long-lived assets (primarily property, plant, and equipment and amortizable intangible assets) are reviewed for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable. Recoverability is measured by comparison of the forecasted undiscounted cash flows of the operation to which the assets relate to the carrying amount of the assets. Tests for impairment or recoverability require significant management judgment, and future events affecting cash flows and market conditions could result in impairment losses.

Derivative Financial Instruments—Meredith does not engage in derivative or hedging activities, except to hedge interest rate risk on debt. Prior to the Acquisition, Meredith held interest rate swaps designated and accounted for as cash flow hedges in accordance with Accounting Standards Codification (ASC) 815, *Derivatives and Hedging.* In connection with the repayment of the variable-rate private placement senior notes and bank term loans on January 31, 2018, as further described in Note 7, the Company terminated these swaps. Refer to Note 7 for further discussion on the gain recognized on this termination.

Prior to their termination, the effective portion of the change in the fair value of interest rate swaps was reported in other comprehensive income (loss). The gain or loss included in other comprehensive income (loss) was subsequently reclassified into net earnings on the same line in the Consolidated Statements of Earnings as the hedged item in the same period that the hedge transaction affected net earnings. There were no material gains or losses recognized in earnings for hedge ineffectiveness in fiscal 2018, 2017, or 2016.

Revenue Recognition—The Company's primary source of revenue is advertising. Other sources include circulation and other revenues.

Advertising revenues—Advertising revenues are recognized when advertisements are published (defined as an issue's on-sale date) or aired by the broadcasting station, net of provisions for estimated rebates, rate adjustments, and discounts. Barter revenues are included in advertising revenue and are also recognized when the advertisements are published or the commercials are broadcast. Barter advertising revenues and the offsetting expense are recognized at the fair value of the advertising surrendered, as determined by similar cash transactions. Barter advertising revenues were not material in any period. Digital advertising revenues are recognized ratably over the contract period or as services are delivered.

Circulation revenues—Circulation revenues include magazine single copy and subscription revenue. Single copy revenue is recognized on the publication's on-sale date, net of provisions for estimated returns. The Company bases its estimates for returns on historical experience and current marketplace conditions. Revenues from magazine subscriptions are deferred and recognized proportionately as products are distributed to subscribers.

Other revenues—Revenues from content creation and other custom programs are recognized when the products or services are delivered. In addition, the Company participates in certain arrangements containing multiple deliverables. The guidance for accounting for multiple-deliverable arrangements requires that overall arrangement consideration be allocated to each deliverable (unit of accounting) in the revenue arrangement based on the relative selling price as determined by vendor specific objective evidence, third-party evidence, or estimated selling price. The related revenue is recognized when each specific deliverable of the arrangement is delivered. Brand licensing-based revenues are accrued generally monthly or quarterly based on the specific mechanisms of each contract. Payments are generally made by the Company's partners on a quarterly basis. Generally, revenues are accrued based on estimated sales and adjusted as actual sales are reported by partners. These adjustments are typically recorded within three months of the initial estimates and have not been material. Any minimum guarantees are typically earned evenly over the fiscal year. Retransmission consent revenues are recognized over the contract period based on the negotiated fee and generally on a per subscriber basis. Revenues earned for placing magazines with subscribers on behalf of third-party publishers is recognized once the subscriber's name is transferred to the publisher, on a net basis, with a reserve for estimated cancellations.

In certain instances, revenues are recorded gross in accordance with U.S. GAAP although the Company receives cash for a lesser amount due to the netting of certain expenses. Amounts received from customers in advance of revenue recognition are deferred as liabilities and recognized as revenue in the period earned.

Contingent Consideration—The Company estimates and records the acquisition date estimated fair value of contingent consideration as part of purchase price consideration for acquisitions. Additionally, each reporting period, the Company estimates changes in the fair value of contingent consideration, and any change in fair value is recognized in the Consolidated Statements of Earnings. An increase in the earn-out expected to be paid will result in a charge to operations in the quarter that the anticipated fair value of contingent consideration increases, while a decrease in the earn-out expected to be paid will result in a credit to operations in the quarter that the anticipated fair value of contingent consideration decreases. The estimate of the fair value of contingent consideration requires subjective assumptions to be made regarding future operating results, discount rates, and probabilities assigned to various potential operating result scenarios. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and, therefore, materially affect the Company's future financial results. Additional information regarding contingent consideration is provided in Note 2.

Advertising Expenses—The majority of the Company's advertising expenses relate to direct-mail costs for magazine subscription acquisition efforts. Advertising costs that are not capitalized are expensed the first time the advertising takes place. Total advertising expenses included in the Consolidated Statements of Earnings were $122.8 million in fiscal 2018, $63.9 million in fiscal 2017, and $72.6 million in fiscal 2016.

Deferred Financing Costs—Costs incurred to obtain financing are deferred and amortized to interest expense, net on the Consolidated Statements of Earnings over the related financing period using the effective interest method. The Company records deferred financing costs as a direct reduction of the carrying value of the related debt. Financing costs related to revolving debt instruments or lines of credit are included in other assets on the Consolidated Balance Sheets.

Income Taxes—The income tax provision is calculated under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period when such a change is enacted. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50 percent likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Self-Insurance—The Company self-insures for certain medical claims, and its responsibility generally is capped through the use of a stop loss contract with an insurance company at a certain dollar level. The dollar level varies based on the insurance plan, and ranges between $350 thousand and $500 thousand. Third-party administrators are used to process claims. The Company uses actual claims data and estimates of claims incurred-but-not-reported to calculate estimated liabilities for unsettled claims on an undiscounted basis. Although management re-evaluates the assumptions and reviews the claims experience on an ongoing basis, actual claims paid could vary significantly from estimated claims.

Pensions and Postretirement Benefits Other Than Pensions—Retirement benefits are provided to employees through pension plans sponsored by the Company. Pension benefits are generally based on formulas that reflect interest credits allocated to participants' accounts based on years of benefit service and annual pensionable earnings. It is the Company's policy to fund the qualified pension plans to at least the extent required to maintain their fully funded status. In addition, the Company provides health care and life insurance benefits for certain retired employees, the expected costs of which are accrued over the years that the employees render services. It is the Company's policy to fund postretirement benefits as claims are paid. Additional information is provided in Note 11.

Share-based Compensation—The Company establishes fair value for its equity awards to determine their cost and recognizes the related expense over the appropriate vesting period. The Company recognizes expense for stock options, restricted stock, restricted stock units, and shares issued under the Company's employee stock purchase plan. See Note 12 for additional information related to share-based compensation expense.

Redeemable Preferred Stock—The Company has outstanding 650,000 shares of perpetual convertible redeemable non-voting preferred stock, par value $1.00 per share, each share having an initial stated value of $1,000 per share (the Series A preferred stock). Proceeds from the issuance were allocated on a relative fair value basis between the preferred stock and other freestanding financial instruments issued with the preferred stock. The preferred stock is classified as mezzanine equity and is accreted to its redemption value. Additional information is provided in Note 13.

Comprehensive Income—Comprehensive income consists of net earnings and other gains and losses affecting shareholders' equity that, under U. S. GAAP, are excluded from net earnings. Other comprehensive income (loss) includes changes in prior service costs and net actuarial losses from pension and postretirement benefit plans, net of taxes, unrealized gains or losses resulting from foreign currency translation, and changes in the fair value of interest rate swap agreements, net of taxes, to the extent that they are effective. As of June 30, 2018, there were no amounts in other comprehensive income (loss) related to the interest rate swaps as such were settled in fiscal 2018, and all previously unrealized changes in other comprehensive income (loss) were recognized in earnings. Refer to Note 7 for additional discussion on the swap termination.

Earnings Per Share—Basic earnings per share is calculated by dividing net earnings attributable to common shareholders by the weighted average common and Class B shares outstanding for the period. Diluted earnings per share calculation incorporated the shares utilized in the basic calculation but also included the dilutive effect, if any, of the assumed exercise of securities, including the effect of shares issuable under the Company's share-based incentive plans. In connection with the issuance of the Series A preferred stock and detachable warrants on January 31, 2018, the Company now has a two-class capital structure and applies the two-class method in the calculation of earnings per share. The two-class method adjusts earnings to incorporate dividends declared on common stock, preferred stock, and other securities in distributed earnings. In addition, it also incorporates participating rights in other securities in undistributed earnings. Additional information is provided in Note 15.

Adopted Accounting Pronouncements—

ASU 2016-07—In March 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) simplifying the transition to the equity method of accounting. The new guidance eliminates the requirement to apply the equity method of accounting retrospectively when a reporting entity obtains significant influence over a previously held investment. The Company adopted this standard effective July 1, 2017. This guidance was applied to one investment during the fiscal year, which simplified the transition from the cost method to equity method. The application did not have any other impact on the Company's results of operations, cash flows, or disclosures.

ASU 2016-09—In March 2016, as a part of its simplification initiative, the FASB issued guidance on the accounting for employee share-based payments. The new guidance is intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax treatment, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The Company adopted this standard effective July 1, 2017.

The adoption of this guidance resulted in the prospective recognition of realized excess tax benefits related to the exercise or vesting of share-based awards in the Consolidated Statements of Earnings instead of in additional paid-in capital within the Consolidated Balance Sheets. See Note 8 for discussion of the credits to income tax expense recorded in the Consolidated Statements of Earnings. Using a modified retrospective application, the Company has elected to recognize forfeitures as they occur and recorded a $1.1 million increase to additional paid-in capital, a $0.6 million reduction to retained earnings, and a $0.5 million reduction to deferred taxes to reflect the incremental share-based compensation expense, net of the related tax impacts, that would have been recognized in prior years under the modified guidance. Presentation requirements for cash flows related to employee taxes paid using withheld shares had no impact to all periods presented as such cash flows have historically been presented as financing activities. The Company no longer classifies excess tax benefits related to share-based awards as a financing cash inflow and an operating cash outflow. This classification requirement was adopted prospectively and, as such, the Consolidated Statements of Cash Flows have not been retrospectively adjusted.

ASU 2018-02—In February 2018, the FASB issued guidance regarding the reclassification of certain tax effects from accumulated other comprehensive loss. This amended guidance allows a reclassification from accumulated other comprehensive loss to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017 (the Tax Reform Act) which was signed into law on December 22, 2017. The Company early adopted this amended guidance on January 1, 2018, and as a result, elected to reclassify $4.0 million of stranded tax effects from accumulated other comprehensive loss to retained earnings using a specific identification approach. The adoption of this guidance did not have an impact on the Company’s results of operations, cash flows, or disclosures.

ASU 2018-05—In March 2018, the FASB issued guidance which incorporates into ASC 740 – *Income Taxes* (ASC 740), various United States Securities and Exchange Commission (SEC) guidance pursuant to the issuance of SEC Staff Accounting Bulletin No. 118 (SAB 118), which was effective immediately. In December 2017, the SEC issued SAB 118 to address concerns about reporting entities’ ability to timely comply with the accounting requirements to recognize all of the effects of the Tax Reform Act in the period of enactment. SAB 118 allows for calculations of the impacts of the Tax Reform Act to be considered provisional and subject to remeasurement upon further collection, preparation, and analysis of relevant data and disclosure regarding the impacts of the Tax Reform Act for which accounting under ASC 740 is incomplete. As the Company accounted for the tax effects of the Tax Reform Act on a provisional basis under the guidance of SAB 118 prior to this update, the adoption of this guidance did not have an impact on the consolidated financial statements.

Pending Accounting Pronouncements—

ASU 2014-09—In May 2014, the FASB issued an accounting standards update that replaces existing revenue recognition guidance. The new standard requires a company to recognize revenue for the transfer of promised goods or services equal to the amount it expects to receive in exchange for those goods or services. The standard includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. Additionally, the standard requires new and significantly enhanced disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows from customer contracts as well as judgments made by a company when following the framework.

The Company will adopt the standard beginning July 1, 2018 (fiscal 2019). The two permitted transition methods are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized in the earliest period shown; or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. The Company will adopt the standard using the modified retrospective method.

The Company is in the process of assessing and documenting the effect of the adoption of this standard on our consolidated financial statements and related disclosures related to advertising, circulation, and other revenues, and completing the design and implementation of related controls. Based on our assessment to date, the Company does not believe the adoption of the standard will change the timing of revenue recognition for most of our revenue contracts, except for those with value-added items or that require combination under the standard. We do not anticipate those impacts will have a material effect on our consolidated revenues subject to completion of our evaluation. While the Company does not expect material changes to the amount or timing of our revenue recognition, the Company will significantly expand our future disclosures on both a quarterly and annual basis as required under the standard.

ASU 2016-01—In January 2016, the FASB issued guidance to improve and simplify accounting for financial instruments. The updated guidance includes several provisions that are not applicable to the Company's consolidated financial statements, with the exception of changes to fair value disclosure. Under the new guidance, public entities are no longer required to disclose the methods and significant assumptions used to estimate fair value of financial instruments measured at amortized cost on the consolidated balance sheets. It also requires public entities to use the exit price when measuring the fair value of financial instruments for disclosure purposes. The guidance is effective for the Company in the first quarter of fiscal 2019. The adoption of this guidance requires a change in our disclosures only and it is not expected to have an impact on our results of operations or cash flows.

ASU 2016-02—In February 2016, the FASB issued an accounting standards update that replaces existing lease accounting standards. The new standard requires lessees to recognize on the balance sheet a right-of use asset, representing its right to use the underlying asset for the lease term, and a lease liability for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing, and uncertainty of cash flows arising from leases. Treatment of lease payments in the statement of earnings and statement of cash flows is relatively unchanged from previous guidance. The standard is to be applied under the modified retrospective method, with elective reliefs, which requires application of the new guidance for all periods presented. The FASB continues to issue amendments to further clarify provisions of this guidance. The standard, including the amendments made since initial issuance, is effective for the Company beginning July 1, 2019, with early adoption permitted. The Company is currently in the process of evaluating our existing lease portfolios, including accumulating all of the necessary information required to properly account for the leases under the new standard. As such, the Company is currently evaluating the effect the guidance will have on our consolidated financial statements.

ASU 2016-13—In June 2016, the FASB issued a standard that replaces the current incurred loss methodology for recognizing credit losses with a current expected credit loss methodology. Under this standard, the establishment of an allowance for credit losses reflects all relevant information about past events, current conditions, and reasonable supportable forecasts rather than delaying the recognition of the full amount of a credit loss until the loss is probable of occurring. The new standard changes the impairment model for most financial assets and certain other instruments, including trade receivables. A modified retrospective implementation of this standard is effective in the Company's first quarter of fiscal 2021, with early adoption permitted in the first quarter of fiscal 2020. The Company is currently evaluating the impact this guidance will have on our consolidated financial statements.

ASU 2016-15—In August 2016, the FASB issued an accounting standards update clarifying the classification of certain cash receipts and payments in the statement of cash flows. The update is intended to reduce the diversity in practice around how certain transactions are classified within the statement of cash flows. Retrospective adoption is required in our first quarter of fiscal 2019 with early adoption permitted, including adoption in an interim period. The Company is currently evaluating the impact this update will have on its consolidated financial statements; however, the adoption is not expected to have a material impact in the presentation of our Consolidated Statements of Cash Flows.

ASU 2017-01—In January 2017, the FASB issued an accounting standards update that clarifies the definition of a business and adds guidance to assist entities in the determination of whether an acquisition (or disposal) represents assets or a business. The update provides a test to determine whether or not an acquisition is a business. If substantially all of the fair value of the assets acquired is concentrated in a single asset or a group of similar identifiable assets, the acquired assets do not represent a business. If this test is not met, the update provides further guidance to evaluate if the acquisition represents a business. Prospective adoption is required in the first quarter of fiscal 2019. Early adoption is permitted if certain transaction criteria are met. The Company does not believe the adoption of this update will have a material impact prospectively, to the Company's consolidated financial statements.

ASU 2017-04—In January 2017, the FASB issued an accounting standards update that simplifies the subsequent measurement of goodwill by eliminating Step 2 of the goodwill impairment test. The Step 2 test requires an entity to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, an entity will record an impairment charge based on the excess of a reporting unit's carrying value over its fair value determined in Step 1. This update also eliminates the qualitative assessment requirements for a reporting unit with zero or negative carrying value. Prospective adoption is required in the first quarter of fiscal 2021, with early adoption permitted. The Company is currently evaluating the impact this update will have on its consolidated financial statements.

ASU 2017-07—In March 2017, the FASB issued an accounting standards update on the presentation of net periodic pension and postretirement benefit costs. This guidance revises how employers that sponsor defined benefit pension and other postretirement plans present the net periodic benefit costs in their income statement and requires that the service cost component of net periodic benefit costs be presented in the same line items as other employee compensation costs for the related employees. Of the components of net periodic benefit costs, only the service cost component will be eligible for asset capitalization. The other components of net periodic benefit costs must be presented separately from the line items that include the service cost and outside of the income from operations subtotal. The update is effective for the first quarter of fiscal 2019, with early adoption permitted. The adoption is expected to require reclassification of expenses in the Consolidated Statements of Earnings; however, it is not expected to have an impact on the Company's operating results or cash flows.

ASU 2017-09—In May 2017, the FASB issued guidance to clarify guidance related to changes in terms or conditions of a share-based payment award. The purpose of this update is to provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in ASC 718 – *Compensation – Stock Compensation*. The effective date is the first quarter of fiscal 2019 with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on our results of operations, cash flows, or disclosures.

ASU 2017-12—In August 2017, the FASB issued guidance amending hedge accounting requirements. The purpose of this guidance is to better align a company's risk management activities and financial reporting requirements, and to simplify the application of hedge accounting. The effective date is the first quarter of fiscal 2020, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on our results of operations, cash flows, or disclosures.

2. Acquisitions

Fiscal 2018

On January 31, 2018, Meredith completed its acquisition of all the outstanding shares of Time for $18.50 per share, for a total transaction value of $3.2 billion, including the repayment of Time's outstanding debt. As part of the Acquisition, Meredith also repaid its outstanding debt. These transactions were funded through a combination of borrowings under the Company's new $1.8 billion secured term loan facility, the issuance of $1.4 billion of senior unsecured notes, the issuance of preferred equity, and cash on hand (refer to Note 7 for additional information on the long-term debt and Note 13 for additional information on the preferred equity).

In accordance with the merger agreement, certain of Time's outstanding restricted stock units, performance stock units, and in-the-money stock options were immediately vested, converted into the right to receive $18.50 per share, and paid in cash. The value of these awards was apportioned between total purchase price consideration and immediate expense. This expense is included in the acquisition, disposition, and restructuring related activities line on the Consolidated Statements of Earnings. Additionally, certain of Time's outstanding stock options and restricted stock units were converted into mirror awards exercisable or earned in Meredith common stock. The conversion was based on a ratio of $18.50 to the volume-weighted average per share closing price for Meredith's stock on the ten consecutive trading days ended on the complete trading day immediately prior to the acquisition closing date. The value of these awards was apportioned between total purchase price consideration and unearned compensation to be recognized over the remaining original vesting periods of the awards.

The following table summarizes the aggregate purchase price consideration paid to acquire Time:

(In millions)		
Consideration paid to Time shareholders	$	1,860.7
Repayment of Time's outstanding debt, including prepayment penalty		1,327.9
Cash consideration issued to settle outstanding share-based equity awards		37.6
Total cash consideration		3,226.2
Share-based equity awards issued to settle outstanding share-based equity awards		33.8
Total consideration issued		3,260.0
Portion of cash settlement of outstanding share-based equity awards recognized as expense		(9.2)
Portion of share-based equity awards issued to be recognized as an expense, primarily through fiscal 2021		(24.0)
Total purchase price consideration	$	3,226.8

This transaction created a premier media and marketing company serving 175 million American consumers. Meredith's brands now have a readership of more than 120 million and paid circulation of more than 40 million. The acquisition also increased Meredith's digital position with nearly 135 million monthly unique visitors in the U.S. While the majority of Time's operations are reported in Meredith's national media segment, one business unit of Time is reported in Meredith's local media segment and certain expenses are reported in unallocated corporate.

The Company accounted for this acquisition as a business combination under the acquisition method of accounting. The following table summarizes the preliminary purchase price allocation of fair values of the assets acquired and liabilities assumed at the date of acquisition. The fair values of the assets acquired and liabilities assumed were based on management's preliminary estimates of the fair values of Time's net assets. The estimated fair values of net assets and resulting goodwill are subject to the Company finalizing its analysis of the fair value of Time's assets and liabilities as of the acquisition date, and are subject to change pending the final valuation of these assets and liabilities. In addition, information unknown at the time of the Time acquisition could result in adjustments to the respective fair values and resulting goodwill. Differences between the preliminary and final estimated fair values could be material. As additional information is obtained about these assets and liabilities within the measurement period (not to exceed one year from the date of acquisition), the Company will refine its estimates of fair value and reallocate the purchase price.

(In millions)		
Cash and cash equivalents	$	399.9
Accounts receivable		290.9
Inventory		22.8
Assets held-for-sale		1,006.1
Other current assets		60.0
Total current assets		1,779.7
Property, plant, and equipment		300.8
Other assets		98.0
Intangible assets		1,146.8
Total identifiable assets acquired		3,325.3
Accounts payable		140.0
Accrued liabilities		195.6
Current portion of unearned revenues		192.1
Liabilities associated with assets held-for-sale		315.7
Total current liabilities		843.4
Unearned revenues		41.7
Deferred income taxes		172.2
Other noncurrent liabilities		104.4
Total liabilities assumed		1,161.7
Total identified net assets		2,163.6
Goodwill		1,063.2
Net assets acquired	$	3,226.8

The gross contractual amount of trade receivables acquired was $357.4 million and the contractual amount not expected to be collected was $66.5 million at the acquisition date.

Subsequent to the initial purchase price allocation, the Company recorded adjustments that, in the aggregate, increased goodwill by $17.8 million. The net change was due primarily to a decrease in the estimated fair value of assets held-for-sale partially offset by a decrease in deferred tax liabilities and an increase in intangible assets. These adjustments resulted from new information about facts and circumstances that existed at the time of the acquisition.

The following table provides details of the acquired intangible assets (based on the preliminary assessment of the fair value of assets acquired):

(In millions)		
Intangible assets subject to amortization		
Advertiser relationships	$	223.5
Publisher relationships		125.0
Partner relationships		95.0
Customer relationships		63.3
Total		506.8
Intangible assets not subject to amortization		
Trademarks		640.0
Intangible assets, net	$	1,146.8

The weighted average useful life of advertiser relationships is 3 years, publisher relationships is 7 years, partner relationships is 6 years, and customer relationships is 2 years. Due to the timing of the acquisition and the complexities involved with determining fair value of the intangible assets acquired, the Company has not yet completed the valuation of the identified intangibles. The preliminary purchase price allocation has been developed based on preliminary estimates of fair values. Therefore, there may be adjustments made to the purchase price allocation that could result in changes to the preliminary fair values allocated, assigned useful lives, and associated amortization recorded.

Goodwill is attributable primarily to expected synergies and the assembled workforces. Of total goodwill recorded of $1.1 billion, $93.6 million is expected to be deductible for income tax purposes.

Transaction and integration costs incurred by Meredith were $59.9 million in fiscal 2018. These costs are included in the acquisition, disposition, and restructuring related activities line in the Consolidated Statements of Earnings.

The following table presents the amounts of Time's revenue and earnings included in Meredith's Consolidated Statements of Earnings since the date of the acquisition for the years ended June 30, 2018 and 2017. Also presented are the unaudited pro-forma consolidated results of operations – revenues, net earnings (loss), and diluted net earnings (loss) per share of the combined entity for the years ended June 30, 2018 and 2017, as if the acquisition had occurred on July 1, 2016, the beginning of fiscal 2017:

Years ended June 30,		**2018**		**2017**
(In millions except per share data)				
Actual Time total revenues	$	625.3	$	—
Actual Time net loss		(74.4)		—
Pro-forma total revenue		3,115.5		3,669.9
Pro-forma net earnings (loss)		223.2		(28.6)
Pro-forma diluted net earnings (loss) per share		3.16		(2.37)

The unaudited pro-forma consolidated results above are based on the historical financial statements of Meredith and Time and are not necessarily indicative of the results of operations that would have been achieved if the acquisition was completed on July 1, 2016 (the beginning of the 2017 fiscal year), and are not indicative of the future operating results of the combined company. This pro-forma financial information is based upon preliminary purchase price allocations and various assumptions and estimates. The pro-forma consolidated results of operations include the effects of purchase accounting adjustments, including amortization charges related to the finite-lived intangible assets acquired. The pro-forma totals above also reflect the impact of transactions made to finance the acquisition (see Note 7 and Note 13) and exclude historical interest of each entity and the prepayment penalty. The impact of the discontinued operations have been removed from pro-forma revenue for each of the periods presented. Historical intercompany transactions between Meredith and Time have also been removed. Transaction and integration costs related to the acquisition of Time have been excluded from the above pro-forma consolidated results of operations due to their non-recurring nature. The pro-forma net earnings (loss) were also adjusted for the tax effects related to the other pro-forma adjustments.

Included within the pro-forma results above, are $26.4 million and $202.6 million of impairment charges for long-lived assets for the years ended June 30, 2018, and 2017, respectively. The pro-forma results above also include restructuring charges related to the Time transaction of $150.6 million for the year ended June 30, 2018. There were no restructuring charges related to the acquisition recorded in the year ended June 30, 2017.

Fiscal 2017

During fiscal 2017, Meredith paid $84.4 million for the acquisitions of WPCH-TV (Peachtree TV), an independent television station in Atlanta, Georgia, and the assets of a digital lead-generation company in the home services market.

On December 7, 2016, Meredith acquired the assets of a digital lead-generation company in the home services market, which has been rebranded Meredith Performance Marketing by the Company. The acquisition-date fair value of the consideration was $21.1 million, which consisted of $13.4 million of cash and $7.7 million of contingent consideration. The contingent consideration arrangement requires the Company to pay contingent payments based on the achievement of certain operational targets in fiscal 2017 and on financial performance during fiscal 2017 through fiscal 2021 measured in terms of earnings before interest, taxes, depreciation, and amortization (EBITDA) as defined in the acquisition agreement. The contingent consideration is not dependent on the continued employment of the sellers. The Company estimated the fair value of the contingent consideration using a probability-weighted discounted cash flow model. The fair value is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in Note 10. The Company paid no contingent consideration in fiscal 2018, and paid $2.6 million in contingent consideration in 2017. Although operating performance for the brand has been positive, revised projections in revenues resulted in lower projected EBITDA than anticipated at acquisition. Therefore, the Company recognized non-cash credits to operations of $3.8 million and $0.4 million in fiscal 2018 and 2017, respectively, to reduce the estimated contingent consideration payable. These credits are recorded in the selling, general, and administrative expense line on the Consolidated Statements of Earnings. As of June 30, 2018, the Company estimates the future payments will range from $0.9 million to $1.5 million.

Effective April 21, 2017, Meredith acquired Peachtree TV, which was operated by Meredith prior to its acquisition. The results of Peachtree TV's operations have been included in the consolidated financial statements since that date. The cash purchase price was $70.0 million.

The following table summarizes the fair value of total consideration transferred and the recognized amounts of identifiable assets acquired and liabilities assumed by segment during the year ended June 30, 2017:

(In millions)	National Media Acquisition	Local Media Acquisition	Total
Consideration			
Cash	$ 11.8	$ 70.0	$ 81.8
Payment in escrow	1.6	—	1.6
Contingent consideration arrangements	7.7	—	7.7
Fair value of total consideration transferred	$ 21.1	$ 70.0	$ 91.1
Recognized amounts of identifiable assets acquired and liabilities assumed			
Total identifiable assets acquired	$ 8.6	$ 81.6	$ 90.2
Total liabilities assumed	—	(23.4)	(23.4)
Total identified net assets	8.6	58.2	66.8
Goodwill	12.5	11.8	24.3
	$ 21.1	$ 70.0	$ 91.1

The following table provides details of the acquired intangible assets by acquisition:

(In millions)	National Media Acquisition	Local Media Acquisition	Total
Intangible assets subject to amortization			
Retransmission agreements	$ —	$ 6.7	$ 6.7
Customer list	4.2	—	4.2
Other	4.4	0.7	5.1
Total	8.6	7.4	16.0
Intangible assets not subject to amortization			
FCC licenses	—	50.4	50.4
Intangible assets	$ 8.6	$ 57.8	$ 66.4

The useful life of the customer list is 10 years, and other national media intangible assets' useful life is 5 years. The useful lives of the retransmission agreements are 10 years and local media other intangible assets' useful life is 4 years.

For these acquisitions, goodwill is attributable primarily to expected synergies and the assembled workforces. Goodwill, with an assigned value of $24.3 million, is expected to be fully deductible for tax purposes.

During fiscal 2017, acquisition related costs of $0.3 million were incurred. These costs are included in the acquisition, disposition, and restructuring related activities line in the Consolidated Statements of Earnings.

Prior

On December 30, 2014, Meredith acquired 100 percent of the outstanding stock of Selectable Media. The contingent consideration arrangement requires the Company to pay contingent payments based on certain financial targets over three fiscal years, primarily based on revenue, as defined in the acquisition agreement. The final payment of $4.0 million was paid in fiscal 2018.

In February 2015, Meredith completed its acquisition of Shape. The contingent consideration arrangement requires the Company to pay contingent payments based on certain financial targets over three fiscal years, primarily based on operating profit, as defined in the acquisition agreement. Revised projections in advertising revenue have resulted in lower projected operating profits and therefore lower estimates to contingent consideration payable than originally expected. The Company recognized non-cash credits to operations of $2.0 million in fiscal 2018, $1.3 million in fiscal 2017, and $4.9 million in fiscal 2016, to reduce the estimated contingent consideration payable. These credits were recorded in the selling, general, and administrative expense line on the Consolidated Statements of Earnings. As of June 30, 2018, the Company estimates future payments to be $19.2 million.

3. Inventories

Inventories consist mainly of paper stock, editorial content, books, and other merchandise and are stated at the lower of cost or estimated net realizable value. Cost is determined using the first-in, first-out method for books and weighted average cost method for paper and other merchandise.

Effective January 1, 2018, the Company prospectively changed its method of accounting for paper inventory from the last-in, first-out (LIFO) method to the weighted average cost method. Of total net inventory values shown 65 percent at June 30, 2017, were determined using the LIFO method. LIFO inventory income included in the Consolidated Statements of Earnings was $1.3 million in fiscal 2018, $1.7 million in fiscal 2017, and $0.7 million in fiscal 2016.

June 30,	**2018**	**2017**
(In millions)		
Raw materials	$ 32.1	$ 13.4
Work in process	9.6	8.7
Finished goods	2.5	1.1
	44.2	23.2
Reserve for LIFO cost valuation	—	(1.3)
Inventories	$ 44.2	$ 21.9

4. Assets Held-for-Sale, Discontinued Operations, and Dispositions

Assets Held-for-Sale

The Company classifies assets as being held-for-sale when the following criteria are met: management has committed to a plan to sell the asset; the asset is available for immediate sale in its present condition; an active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated; the sale of the asset is probable, and transfer of the asset is expected to qualify for recognition as a completed sale within one year; the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Long-lived assets that are classified as held-for-sale are recorded at the lower of carrying value or fair value less costs to sell. Fair value is based on current market values or discounted future cash flows using Level 3 inputs determined based on the Company's experience and knowledge of the market, including the use of advisers. Fair value is preliminary and is expected to be finalized upon completion of the sales, which are expected to occur within calendar 2018. The key assumptions used to determine the fair value include discount rates, estimated cash flows, royalty rates, and revenue growth rates. The discount rate used is based on several factors including a weighted average cost of capital analysis, and adjustments for market risk and company specific risk. Estimated cash flows are based upon internally developed estimates of the undiscounted cash flows attributable to the assets and include only future cash flows that are directly associated with and that are expected to arise as a direct result of the use and eventual disposition of the assets. Royalty rates are based on comparable licensing agreements and revenue growth rates are based on industry knowledge and historical performance. Property and equipment are not depreciated, and intangibles assets are not amortized once classified as held-for-sale. The assets and liabilities that are deemed held-for-sale are classified as current based on the anticipated disposal date.

The following table presents the major components which are included in assets held-for-sale and liabilities associated with assets held-for-sale (including TIME, Sports Illustrated, Fortune, Money, and its investment in Viant Technology LLC (Viant)):

(in millions)		June 30, 2018
Current assets		
Cash and cash equivalents	$	2.3
Accounts receivable, net		94.6
Inventories		1.1
Other current assets		9.4
Total current assets		107.4
Net property, plant, and equipment		14.1
Other assets		1.0
Intangible assets, net		113.1
Goodwill		477.5
Total assets held-for-sale	$	713.1
Current liabilities		
Accounts payable	$	45.2
Accrued expenses and other liabilities		15.1
Current portion of unearned revenues		109.4
Total current liabilities		169.7
Unearned revenues		28.0
Other noncurrent liabilities		0.7
Total liabilities associated with assets held-for-sale	$	198.4

Discontinued Operations

A disposal of a component of an entity or a group of components of an entity is required to be reported as discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the components of an entity meets the criteria to be classified as held-for-sale. When all of the criteria to be classified as held-for-sale are met, including management having the authority to approve the action and committing to a plan to sell the entity, the major assets and liabilities are to be reported as components of total assets and liabilities separate from those balances of the continuing operations. The Consolidated Statements of Earnings reported for current and prior periods shall report the results of operations of the discontinued operations, including any gain or loss recognized, in the period in which a discontinued operation either has been disposed of or is classified as held-for-sale. The results of all discontinued operations, less applicable income taxes (benefit), shall be reported as a component of net earnings separate from the net earnings from continuing operations.

The Company announced after the Acquisition that it is exploring the sale of the TIME, Sports Illustrated, Fortune, and Money affiliated brands and its investment in Viant. Management expects these sales to close during calendar 2018. In accordance with accounting guidance, a business that, on acquisition, or within a short period following the acquisition (usually within three months), meets the criteria to be classified as held-for-sale is also considered a discontinued operation. As all of the required criteria for held-for-sale classification were met, the assets and liabilities related to these operations have been included as assets held-for-sale and liabilities associated with assets held–for-sale in the Consolidated Balance Sheets as of June 30, 2018. The revenue and expenses, along with associated taxes, for these operations were included in the loss from discontinued operations, net of income taxes line on the Consolidated Statements of Earnings. All discontinued operations relate to the national media segment.

Prior to the Acquisition, Time entered into an agreement to sell the Golf brand. This sale closed in February 2018. Revenue and expenses from the date of the acquisition until disposal along with associated taxes for the Golf brand were included in the loss from discontinued operations, net of income taxes line on the Consolidated Statements of Earnings.

In February 2018, the Company entered into an agreement to sell Time Inc. (UK) Ltd (TIUK), a United Kingdom (U.K.) multi-platform publisher with approximately 60 brands. The sale closed in March 2018. Revenue and expenses from the date of acquisition until disposal along with associated taxes for TIUK were included in the loss from discontinued operations, net of income taxes line on the Consolidated Statements of Earnings.

In connection with the sale of TIUK, a liability of $9.2 million was recorded in other liabilities in connection with a lease guarantee by Time. The guarantee is related to a lease of office space by TIUK in the U.K. through December 31, 2025. The carrying value of the lease guarantee was $8.7 million at June 30, 2018. The Company is only obligated to pay for the lease guarantee in the event that TIUK fails to perform under the lease agreement. If TIUK fails to perform under the lease agreement, the maximum lease guarantee obligation for which the Company would be liable is approximately $78.8 million as of June 30, 2018. The Company has assessed that it is unlikely that TIUK will not perform its obligations under the lease.

The Company does not allocate interest to discontinued operations unless the interest is directly attributable to the discontinued operations or is interest on debt that is required to be repaid as a result of the disposal transaction. Interest expense included in discontinued operations reflects an estimate of interest expense related to the debt that will be repaid with the proceeds from the sale of the TIME, Sports Illustrated, Fortune, Money, and affiliated brands and of Viant.

Amounts applicable to discontinued operations in the Consolidated Statements of Earnings are as follows:

Year ended June 30,	**2018**
(In millions except per share data)	
Revenues	$ 262.0
Costs and expenses	(250.6)
Interest expense	(12.2)
Loss on disposal	(12.3)
Loss before income taxes	(13.1)
Income taxes	(1.5)
Loss from discontinued operations, net of income taxes	$ (14.6)
Loss per share from discontinued operations	
Basic	$ (0.32)
Diluted	(0.32)

The discontinued operations did not have depreciation, amortization, capital expenditures or significant non-cash investing items for the period from acquisition through June 30, 2018. Share-based compensation expense of $3.7 million is included in the net cash provided by operating activities in the Consolidated Statements of Cash Flows.

The Company has announced the closure of Time Customer Service (TCS) in Tampa, Florida. As of June 30, 2018, TCS did not meet the criteria above for held-for-sale or discontinued operations treatment.

Dispositions

In March 2018, the Company announced an agreement to sell Meredith Xcelerated Marketing (MXM). This transaction closed in May 2018. The Company did not report the operations of MXM as discontinued operations as the sale does not represent a strategic shift that will have a major effect on the Company's operations and financial results. The results of MXM, as well as the gain of $11.5 million on the sale, which is included as a credit in the acquisition, disposition, and restructuring related activities line, are included within continuing operations in the Consolidated Statements of Earnings. A loss of $0.8 million and a profit of $11.2 million and $18.5 million were included in earnings (loss) from continuing operations before income taxes related to MXM for the years ended June 30, 2018, 2017, and 2016, respectively.

Effective July 1, 2017, Meredith's national media segment sold a 70 percent interest in Charleston Tennis LLC, which operates the Family Circle Tennis Center, to an unrelated third party. In return, Meredith received $0.6 million in cash and a note receivable for $8.5 million. The note receivable is due in annual installments over a period of 8 years. At June 30, 2018, there was $3.2 million in unamortized discount and an allowance of $3.0 million recorded against the note. This transaction generated a gain of $3.3 million, which was recorded in the selling, general, and administrative line of the Consolidated Statements of Earnings. Of this gain, $1.0 million related to the remeasurement of the retained investment. As Meredith retains a 30 percent interest, has a seat on the board, and has approval rights over certain limited matters, Meredith now accounts for this investment under the equity method of accounting.

5. Intangible Assets and Goodwill

Intangible assets consist of the following:

June 30,	2018			2017		
(In millions)	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Intangible assets subject to amortization						
National media						
Advertiser relationships	$ 212.3	$ (41.1)	$ 171.2	$ 18.6	$ (15.5)	$ 3.1
Publisher relationships	125.0	(7.4)	117.6	—	—	—
Partner relationships	95.0	(6.6)	88.4	—	—	—
Customer lists	67.5	(14.0)	53.5	7.3	(3.4)	3.9
Other	22.0	(11.9)	10.1	22.3	(9.8)	12.5
Local media						
Network	229.3	(148.6)	80.7	229.3	(142.2)	87.1
Advertiser relationships	25.0	(3.5)	21.5	—	—	—
Retransmission agreements	27.9	(14.9)	13.0	27.9	(10.7)	17.2
Other	1.7	(0.8)	0.9	1.7	(0.5)	1.2
Total	$ 805.7	$ (248.8)	$ 556.9	$ 307.1	$ (182.1)	$ 125.0
Intangible assets not subject to amortization						
National media						
Trademarks			765.3			147.9
Internet domain names			7.8			7.8
Local media						
FCC licenses			675.2			675.2
Total			1,448.3			830.9
Intangible assets, net			$ 2,005.2			$ 955.9

Amortization expense was $74.8 million in fiscal 2018, $19.1 million in fiscal 2017, and $19.7 million in fiscal 2016. Future amortization expense for intangible assets is expected to be as follows: $155.0 million in fiscal 2019, $140.3 million in fiscal 2020, $86.9 million in fiscal 2021, $41.0 million in fiscal 2022, and $40.2 million in fiscal 2023. Actual future amortization expense could differ from these estimates as a result of future acquisitions, dispositions, and other factors.

During fiscal 2018, Meredith made the strategic decision to no longer publish *Fit Pregnancy and Baby* magazine as a standalone title, rather to include it as a feature within *Parents* magazine and to discontinue *FamilyFun* as a subscription title and instead publish it only for sale on newsstand. These decisions were determined to be triggering events requiring Meredith to evaluate the trademarks within the Company's Parents Network for impairment. The fair values of the trademarks are determined based on significant inputs not observable in the market. The reduction in advertising revenue caused by the discontinuation of *Fit Pregnancy and Baby* and the change in *FamilyFun* to a newsstand only title, as well as updated revenue projections for the Parents Network resulted in an impairment of the trademarks. As such, during fiscal 2018, the national media segment recorded a non-cash impairment charge of $22.7 million to partially impair the trademarks within the Company's Parents Network. This impairment charge is recorded in the impairment of goodwill and other long-lived assets line in the Consolidated Statements of Earnings. No other impairments of indefinite-lived intangible assets were recorded as a result of the Company's annual impairment tests performed as of May 31, 2018.

Due to continued weakness in the Mywedding.com revenue forecasts and a lack of sales growth from brand support efforts, the annual impairment analysis performed as of May 31, 2017, of the Mywedding trademark indicated an impairment. As such, during fiscal 2017, the national media segment recorded a non-cash impairment charge of $5.3 million to fully impair the Mywedding trademark. No other impairments of indefinite-lived intangible assets were recorded as a result of the Company's annual impairment tests performed as of May 31, 2017.

During fiscal 2016, the Company recorded a non-cash impairment charge of $38.9 million on the national media segment's American Baby trademark. Management determined that this trademark was fully impaired as part of management's decision to discontinue the use of the American Baby brand following its combination with the Fit Pregnancy brand. These impairment charges are recorded in the impairment of goodwill and other long-lived assets line in the Consolidated Statements of Earnings. No other impairments of indefinite-lived intangible assets were recorded as a result of the Company's annual impairment tests performed as of May 31, 2016.

Changes in the carrying amount of goodwill were as follows:

(In millions)	**National Media**	**Local Media**	**Total**
Balance at June 30, 2016			
Goodwill	$ 931.3	$ 68.8	$ 1,000.1
Accumulated impairment losses	(116.9)	—	(116.9)
	814.4	68.8	883.2
Acquisitions	12.5	11.8	24.3
Balance at June 30, 2017			
Goodwill	943.8	80.6	1,024.4
Accumulated impairment losses	(116.9)	—	(116.9)
	826.9	80.6	907.5
Acquisitions	1,028.0	35.2	1,063.2
Disposals [1]	(54.9)	—	(54.9)
Balance at June 30, 2018			
Goodwill	1,800.0	115.8	1,915.8
Accumulated impairment losses	—	—	—
	$ 1,800.0	$ 115.8	$ 1,915.8

[1] *In connection with the sale of MXM, goodwill was reduced by $171.8 million and accumulated impairment losses was reduced by $116.9 million.*

Historically, the Company's goodwill reporting units were magazine brands, MXM, and local media. Due to the sale of MXM and acquisition of Time, management reevaluated its goodwill reporting units. As a result, the Company's reporting units are now national media, local media excluding MNI, and MNI. No reallocation of existing goodwill was required as a result of the change in reporting units as the goodwill attributable to the previous MXM reporting unit was disposed of in the sale of MXM and the goodwill attributable to MNI results from the acquisition of Time.

The national media reporting unit aligns to our national media operating segment. The local media excluding MNI and MNI segments, which have $80.6 million and $35.2 million of goodwill, respectively, at June 30, 2018, are both within our local media operating segment.

During its annual impairment reviews as of May 31, 2018, management performed a quantitative goodwill impairment test for the national media reporting unit. Based on the results of this analysis, the fair value exceeded the carrying value and thus resulted in no indication of impairment.

The Company performed qualitative assessments for the local media excluding MNI reporting unit and the MNI reporting unit during its annual impairment reviews as of May 31, 2018, neither of which indicated impairment. Therefore, quantitative goodwill impairment analyses for the local media excluding MNI reporting unit and the MNI reporting unit were not deemed necessary in fiscal 2018.

In fiscal 2017, the Company performed its annual goodwill impairment analysis on the magazine brands, MXM, and local media reporting units as of May 31, 2017. No impairments were recorded as a result of these reviews.

In fiscal 2016, the Company determined that triggering events, including reduced operating and cash flow forecasts, required the Company to perform an evaluation of goodwill for the MXM reporting unit for impairment. Due to the timing of the triggering events, this testing was performed in conjunction with the Company's annual impairment testing as of May 31, 2016. This evaluation indicated that the carrying value of MXM's goodwill exceeded its estimated fair value. As a result, the Company recorded a pre-tax non-cash impairment charge of $116.9 million to reduce the carrying value of MXM's goodwill in fiscal 2016. The Company recorded an income tax benefit of $9.5 million related to this charge. This impairment charge is recorded in the impairment of goodwill and other long-lived assets line in the Consolidated Statements of Earnings.

Meredith performed a goodwill impairment analysis on the magazine brands and local media reporting units as of May 31, 2016. No impairments were recorded as a result of these reviews.

6. Restructuring Accruals

During fiscal 2018, management committed to and executed upon several performance improvement plans, including those related to the integration of Time as well as other smaller restructurings.

As part of the Company's plan to realize cost synergies from the Acquisition management committed to a performance improvement plan to reduce headcount. In addition to the Acquisition related plan, smaller performance improvement plans took place during the year that were related to the strategic decisions to no longer publish *Fit Pregnancy and Baby* magazine as a standalone title, but instead to include it as a feature within *Parents* magazine, and to no longer publish *FamilyFun* and *Martha Stewart Weddings* as subscription titles, but rather to sell them on the newsstand as special interest publications. The fiscal 2018 performance improvement plans affected approximately 1,800 employees, primarily in the national media and unallocated corporate departments. In connection with these plans the Company recorded a pre-tax restructuring charge of $104.9 million for severance and related benefit costs related to the involuntary termination of employees and other write-downs of $0.5 million, which are recorded in the acquisition, disposition, and restructuring related activities line of the Consolidated Statements of Earnings. The headcount reductions are expected to be substantially completed by January 2019.

Details of the severance and related benefit costs by segment for the performance improvement plans are as follows:

Year ended June 30, 2018	Amount Accrued	Total Amount Expected to be Incurred
(in millions)		
National media	$ 51.5	$ 52.5
Local media	0.9	0.9
Unallocated Corporate	52.5	54.0
	$ 104.9	$ 107.4

During fiscal 2017, management committed to several performance improvement plans related primarily to business realignments. These actions resulted in selected workforce reductions. In connection with these plans, the

Company recorded pre-tax restructuring charges totaling $12.4 million including $11.9 million for severance and related benefit costs related to the involuntary termination of employees and other accruals of $0.3 million. The majority of severance costs have been paid out. The plans affected approximately 215 employees. The Company also wrote down manuscript and art inventory by $0.2 million. These costs and expenses are recorded in the acquisition, disposition, and restructuring related activities line of the Consolidated Statements of Earnings.

During fiscal 2016, management committed to several performance improvement plans that resulted in selected workforce reductions related primarily to business realignments from recent acquisitions and the closing of *MORE* magazine effective following the publication of the April 2016 issue. In connection with these plans, the Company recorded pre-tax restructuring charges of $10.3 million. The restructuring charges included severance and related benefit costs of $9.8 million related to the involuntary termination of employees. These plans affected approximately 150 employees. The Company also wrote down related manuscript and art inventory by $0.5 million, These costs and expenses are recorded in the acquisition, disposition, and restructuring related activities of the Consolidated Statements of Earnings.

During the years ended June 30, 2018, 2017, and 2016, the Company recorded reversals of $0.8 million, $1.8 million, and $3.2 million, respectively, of excess restructuring reserves accrued in prior fiscal years. The reversals of excess restructuring reserves are recorded as a credit in the acquisition, disposition, and restructuring related activities line of the Consolidated Statements of Earnings.

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

Years ended June 30,	**2018**			**2017**
(in millions)	**Employee Terminations**	**Other Exit Costs**	**Total**	**Employee Terminations**
Balance at beginning of year	$ 8.7	$ —	$ 8.7	$ 7.4
Accrual on Time's opening balance sheet	38.5	6.6	45.1	—
Accruals	104.9	1.4	106.3	11.9
Cash payments	(49.9)	(1.7)	(51.6)	(8.8)
Other accruals	(0.1)	—	(0.1)	—
Reversal of excess accrual	(0.8)	—	(0.8)	(1.8)
Balance at end of year	$ 101.3	$ 6.3	$ 107.6	$ 8.7

As of June 30, 2018, of the $107.6 million liability, $91.6 million was classified as current liabilities on the Consolidated Balance Sheets, with the remaining $16.0 million classified as noncurrent liabilities. Amounts classified as noncurrent liabilities are expected to be paid through 2020 and relate primarily to severance costs.

7. Long-term Debt

Long-term debt consists of the following:

	June 30, 2018		
(In millions)	Principal Balance	Unamortized Discount and Debt Issuance Costs	Carrying Value
Variable-rate credit facility			
Senior credit facility term loan, due 1/31/2025	$ 1,795.5	$ (33.4)	$ 1,762.1
Revolving credit facility of $350 million, due 1/31/2023	—	—	—
Senior Unsecured Notes			
6.875% senior notes, due 2/1/2026	1,400.0	(26.5)	1,373.5
Total long-term debt	3,195.5	(59.9)	3,135.6
Current portion of long-term debt	(18.0)	0.3	(17.7)
Long-term debt	$ 3,177.5	$ (59.6)	$ 3,117.9

	June 30, 2017		
(In millions)	Principal Balance	Unamortized Discount and Debt Issuance Costs	Carrying Value
Variable-rate credit facilities			
Asset-backed bank facility of $100 million, due 10/20/2017	$ 75.0	$ —	$ 75.0
Revolving credit facility of $200 million, due 11/30/2021	85.0	—	85.0
Term loan due 11/30/2021	240.6	(2.0)	238.6
Private placement notes			
3.04% senior notes, due 3/1/2018	50.0	—	50.0
Floating rate senior notes, due 12/19/2022	100.0	(0.2)	99.8
Floating rate senior notes, due 2/28/2024	150.0	(0.2)	149.8
Total long-term debt	700.6	(2.4)	698.2
Current portion of long-term debt	(62.5)	—	(62.5)
Long-term debt	$ 638.1	$ (2.4)	$ 635.7

The following table shows principal payments on the debt due in succeeding fiscal years:

Years ending June 30,	
(In millions)	
2019	$ 18.0
2020	18.0
2021	18.0
2022	18.0
2023	18.0
Thereafter	3,105.5
Total long-term debt	$ 3,195.5

On January 31, 2018, in connection with the Acquisition, the Company repaid and terminated its existing indebtedness. In connection with the payoff of this indebtedness, Meredith recognized a loss on extinguishment of debt of $2.2 million. Also in conjunction with the repayment of debt, the Company settled the associated interest rate swap agreements and recognized a gain on the settlement of $1.6 million. The loss on extinguishment of debt and gain on the settlement of the swaps are both presented in the interest expense, net line in the Consolidated Statements of Earnings.

In connection with the Acquisition, on January 31, 2018, the Company entered into new credit arrangements with a total capacity of $3.6 billion comprised of a variable-rate credit facility and senior unsecured notes. The variable-rate credit facility includes a secured term loan (Term Loan B) with $1.8 billion of aggregate principal and a five-year senior secured revolving credit facility of $350.0 million, of which $175.0 million is available for the issuance of letters of credit and $35.0 million of swingline loans. On June 30, 2018 there were no borrowings outstanding under the revolving credit facility. There were $3.4 million of standby letters of credit issued under the revolving credit facility resulting in availability of $346.6 million at June 30, 2018. The Term Loan B matures in 2025 and amortizes at 1.0 percent per annum in equal quarterly installments until the final maturity date, at which time the remaining principal and interest are due and payable.

The interest rate under the Term Loan B is based on LIBOR plus a spread of 3.0 percent while the revolving credit facility bears interest at LIBOR plus a spread ranging from 2.5 percent to 3.0 percent. The Term Loan B bore interest at a rate of 5.09 percent at June 30, 2018. The revolving credit facility has a commitment fee ranging from 0.375 percent to 0.500 percent of the unused commitment. All interest rates and commitment fees associated with this variable-rate revolving credit facility are derived from a leverage-based pricing grid. The senior unsecured notes have an aggregate principal balance of $1.4 billion maturing in 2026 (2026 Senior Notes) with an interest rate of 6.875 percent per annum. Total outstanding principal is due at the final maturity date.

In connection with the issuance of this indebtedness, the Company incurred $14.7 million of deferred financing costs and $56.0 million of discount costs that are being amortized into interest expense over the lives of the respective facilities.

During the third quarter of fiscal 2018, the Company also incurred a $17.5 million bridge loan commitment fee. The fee is presented in the interest expense, net line in the Consolidated Statements of Earnings.

Interest expense related to long-term debt and the amortization of the associated debt issuance costs totaled $92.9 million in fiscal 2018, $18.8 million in fiscal 2017, and $20.3 million in fiscal 2016.

8. Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Reform Act. The Tax Reform Act makes broad and complex changes to the U.S. tax code that affected our fiscal year ended June 30, 2018, including, but not limited to, (1) reducing the U.S. federal corporate tax rate, (2) bonus depreciation that allows for full expensing of qualified property and (3) limitations on the deductibility of interest expense and certain executive compensation and (4) a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries. The Tax Reform Act reduced the federal corporate tax rate to 21 percent in the fiscal year ended June 30, 2018. Pursuant to Section 15 of the Internal Revenue Code, the Company applied a blended corporate tax rate of 28 percent for fiscal 2018, which was based on the applicable tax rates before and after the Tax Reform Act and the number of days in the year.

The SEC issued SAB 118, which provides guidance on accounting for the tax effects of the Tax Reform Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Reform Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Reform Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Reform Act is incomplete but it can determine a reasonable estimate, it must record a provisional estimate in the consolidated financial statements. If a company cannot determine a provisional estimate to be included in the consolidated financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Tax Reform Act.

In connection with our initial analysis of the impact of the Tax Reform Act, we recorded a provisional net tax benefit of $133.0 million in the quarter ended December 31, 2017. This net benefit primarily consists of a benefit for the corporate rate reduction. As the Company was projecting a net operating loss for the fiscal year ended June 30, 2018, deferred tax assets and liabilities expected to be recognized in the fiscal year ended June 30, 2018, were remeasured using the 21 percent U.S. corporate tax rate. Due to our limited international operations, the impact of the transitional tax was immaterial.

During the quarter ended June 30, 2018, we did not make any provisional adjustment to the amount. We continue to assess new guidance issued by tax authorities as well as our ability to change certain methods of accounting and expect to finalize our accounting for the provision of the Tax Reform Act within the measurement period.

Effective July 1, 2017, the Company adopted new accounting guidance related to share-based compensation. Under this new guidance, excess tax benefits and deficiencies are to be recognized as a discrete component of the income tax provision in the period they occur and not as an adjustment to additional paid-in capital. As such, the Company recognized an excess tax benefit of $2.2 million as a credit to income tax expense in the Consolidated Statements of Earnings in fiscal 2018.

The following table shows income tax expense attributable to earnings from continuing operations before income taxes:

Years ended June 30,	**2018**	**2017**	**2016**
(In millions)			
Currently payable			
Federal	$ 1.8	$ 62.2	$ 59.2
State	1.2	0.4	7.3
Foreign	0.2	—	—
	3.2	62.6	66.5
Deferred			
Federal	(129.9)	33.0	8.3
State	3.2	5.8	1.5
Foreign	(0.1)	—	—
	(126.8)	38.8	9.8
Income taxes	$ (123.6)	$ 101.4	$ 76.3

The differences between the statutory U.S. federal income tax rate and the effective tax rate were as follows:

Years ended June 30,	**2018**	**2017**	**2016**
U.S. statutory tax rate	28.1%	35.0%	35.0%
State income taxes, less federal income tax benefits	27.8	3.0	3.6
Foreign operations	(74.2)	—	—
Rate change	1,312.5	—	—
Settlements - audits / tax litigation	10.4	(2.3)	(0.4)
Impairment of goodwill	—	—	29.3
Sale of domestic subsidiary	67.3	—	—
Other	(89.5)	(0.8)	1.7
Effective income tax rate	1,282.4%	34.9%	69.2%

The Company's effective tax rate was 1,282.4 percent in fiscal 2018, 34.9 percent in fiscal 2017, and 69.2 percent in fiscal 2016. The fiscal 2018 effective tax rate was primarily impacted by a credit to income taxes of $133.0 million related to tax reform. The fiscal 2017 effective tax rate was primarily impacted by a credit to income taxes of $6.7 million related to the resolution of certain federal and state tax uncertainties recorded in fiscal 2017. In fiscal 2016, the Company recorded an impairment of goodwill of $116.9 million, of which approximately 20 percent was deductible for income tax purposes.

The tax effects of temporary differences that gave rise to deferred tax assets and deferred tax liabilities were as follows:

June 30,	2018	2017
(In millions)		
Deferred tax assets		
Accounts receivable allowances and return reserves	$ 6.8	$ 11.0
Compensation and benefits	44.0	47.2
Indirect benefit of uncertain state and foreign tax positions	6.4	5.1
Investment in foreign subsidiary	62.1	—
Tax loss carryforwards	128.5	—
All other assets	8.0	7.7
Total deferred tax assets	255.8	71.0
Valuation allowance	(21.1)	—
Net deferred tax assets	234.7	71.0
Deferred tax liabilities		
Subscription acquisition costs	43.4	86.4
Accumulated depreciation and amortization	600.9	329.8
Deferred gains from dispositions	15.7	29.8
All other liabilities	7.2	9.7
Total deferred tax liabilities	667.2	455.7
Net deferred tax liability	$ 432.5	$ 384.7

The Company has $102.4 million of net operating loss carryforwards for federal purposes and $137.2 million for state purposes, which, if unused, have expiration dates through fiscal 2038. The Company has $251.4 million of capital loss carryforwards. It is expected that all federal net operating loss carryforwards and all capital loss carryforwards will be utilized prior to expiration.

There was an increase in the valuation allowance of approximately $21.1 million during the fiscal 2018, which was recorded in connection with the Acquisition and which related primarily to foreign and state net operating losses.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

Years ended June 30,	**2018**	**2017**
(In millions)		
Balance at beginning of year	$ 29.5	$ 37.9
Increase in positions acquired in business combination	31.9	—
Increases in tax positions for prior years	0.4	0.8
Decreases in tax positions for prior years	—	(3.1)
Increases in tax positions for current year	5.6	2.9
Settlements	(4.2)	(0.2)
Lapse in statute of limitations	(3.0)	(8.8)
Balance at end of year	$ 60.2	$ 29.5

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was $49.7 million as of June 30, 2018, and $18.2 million as of June 30, 2017. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense. The amount of accrued interest and penalties related to unrecognized tax benefits was $8.4 million and $6.0 million as of June 30, 2018 and 2017, respectively.

The total amount of unrecognized tax benefits at June 30, 2018, may change significantly within the next 12 months, decreasing by an estimated range of $24.5 million to $6.7 million. The change, if any, may result primarily from foreseeable federal and state examinations, ongoing federal and state examinations, anticipated state settlements, expiration of various statutes of limitation, the results of tax cases, or other regulatory developments.

The Company's federal tax returns for fiscal years prior to fiscal 2013 are no longer subject to IRS examination. However, certain items from completed examinations of fiscal 2006 through fiscal 2012 are still pending final resolution as of June 30, 2018. Fiscal 2013 through fiscal 2015 are under IRS examination. In addition, Time is under IRS examination for the period 2008 - 2014 (pre-spin). The Company has various state income tax examinations ongoing and at various stages of completion, but generally the state income tax returns have been audited or closed to audit through fiscal 2005.

The complete legal and structural separation of Time Warner Inc.'s (Time Warner) magazine publishing and related business from Time Warner (the Spin-Off) was completed by way of a pro rata dividend of Time Inc. shares held by Time Warner to its stockholders as of May 23, 2014, based on a distribution ratio of one share of Time Inc. common stock for every eight shares of Time Warner common stock held (the Distribution). In connection with the acquisition of Time, the Company assumed the Tax Matters Agreement (TMA) entered into with Time Warner that requires Time to indemnify Time Warner for certain tax liabilities for periods prior to the Spin-Off from Time Warner, which was completed on June 6, 2014. With respect to taxes other than those incurred in connection with the Spin-Off, the TMA provides that the Company will indemnify Time Warner for (1) any taxes of Time and its subsidiaries for all periods after the Distribution and (2) any taxes of the Time Warner group for periods prior to the Distribution to the extent attributable to Time or its subsidiaries. For purposes of the indemnification described in clause (2), however, Time will generally be required to indemnify Time Warner only for any such taxes that are paid in connection with a tax return filed after the Distribution or that result from an adjustment made to such taxes after the Distribution. In these cases, Time's indemnification obligations generally would be computed based on the amount by which the tax liability of the Time Warner group is greater than it would have been absent Time's inclusion in its tax returns (or absent the applicable adjustment). Time and Time Warner will generally have joint control over tax authority audits or other tax proceeding related to Time specific tax matters. As of June 30, 2018, the Company has recorded a liability in connection with the TMA of $26.0 million.

9. Commitments and Contingent Liabilities

The Company has commitments under certain firm contractual arrangements (firm commitments) to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. Commitments not recorded on the Consolidated Balance Sheets consist primarily of operating lease arrangements, talent commitments, and purchase obligations for goods and services. Other commitments, which are recorded on the Consolidated Balance Sheets, consist primarily of debt and pension obligations. Commitments expected to be paid over the next five years and thereafter are as follow:

	Payments Due In						
Years ending June 30,	**2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**
(in millions)							
Operating leases	$ 66.8	$ 62.2	$ 58.9	$ 55.2	$ 54.6	$ 459.5	$ 757.2
Broadcast rights payable							
Recorded commitments	8.9	6.1	5.6	4.7	3.7	0.7	29.7
Unavailable rights	11.3	12.8	2.3	—	—	—	26.4
Total commitments	$ 87.0	$ 81.1	$ 66.8	$ 59.9	$ 58.3	$ 460.2	$ 813.3

The Company occupies certain facilities and uses certain equipment under long-term, non-cancelable operating lease agreements through 2032. Future minimum operating lease payments have been reduced by future minimum sublease income of $6.6 million in fiscal 2019, $6.6 million in fiscal 2020, $7.4 million in fiscal 2021, $8.2 million in fiscal 2022, $8.4 million in fiscal 2023, and $32.8 million thereafter. Non-cancellable sublease income is committed through 2026. Rent expense under such leases was $45.9 million in fiscal 2018, $20.1 million in fiscal 2017, and $20.9 million in fiscal 2016.

The Company has recorded commitments for broadcast rights payable in future fiscal years. The Company also is obligated to make payments under contracts for broadcast rights not currently available for use and therefore not included in the consolidated financial statements. Such unavailable rights amounted to $26.4 million at June 30, 2018. The fair value of these commitments for unavailable broadcast rights, determined by the present value of future cash flows discounted at the Company’s current borrowing rate, was $24.4 million at June 30, 2018.

Legal Proceedings

In the ordinary course of business, Meredith is a defendant in or party to various legal claims, actions, and proceedings. These claims, actions and proceedings are at varying stages of investigation, arbitration, or adjudication, and involve a variety of areas of law. Time, which is now a wholly-owned subsidiary, previously reported on, and the Company updates below, the following legal proceedings.

On October 26, 2010, the Canadian Minister of National Revenue denied the claims by Time Inc. Retail (formerly Time/Warner Retail Sales & Marketing, Inc.) (TIR) for input tax credits in respect of goods and services tax that TIR had paid on magazines it imported into and had displayed at retail locations in Canada during the years 2006 to 2008, on the basis that TIR did not own those magazines and issued Notices of Reassessment in the amount of approximately C$52 million. On January 21, 2011, TIR filed an objection to the Notices of Reassessment with the Chief of Appeals of the Canada Revenue Agency (CRA), arguing that TIR claimed input tax credits only in respect of goods and services tax it actually paid and, regardless of whether its payment of the goods and services tax was appropriate or in error, it is entitled to a rebate for such payments. On September 13, 2013, TIR received Notices of Reassessment in the amount of C$26.9 million relating to the disallowance of input tax credits claimed by TIR for goods and services tax that TIR had paid on magazines it imported into and had displayed at retail locations in Canada during the years 2009 to 2010. On October 22, 2013, TIR filed an objection to the Notices of Reassessment received on September 13, 2013 with the Chief of Appeals of the CRA, asserting the same arguments made in the objection TIR filed on January 21, 2011. Beginning in 2015, the collections department of the CRA requested payment of both assessments plus accrued interest or the posting of sufficient security. In each instance, TIR responded by stating that collection should remain stayed pending resolution of the issues raised by TIR's objection. Including interest accrued, the total of the reassessments claimed by the CRA for the years 2006 to 2010 was C$91 million as of November 30, 2015. On February 8, 2016, the Company filed an application for a remission order with the International Trade Policy Division of Finance Canada to seek relief from the assessments and the CRA's collection efforts. The matter is currently subject to a proceeding in the Tax Court of Canada to resolve the issue of whether TIR or the publishers are entitled to the input tax credits. On March 31, 2017, the Company and the CRA jointly proposed a timetable for the completion of certain pre-trial steps related to this matter, which was approved by the Tax Court. In accordance with the timetable, on April 28, 2017, TIR filed an Amended Notice of Appeal of the assessments. In June 2017, the CRA filed a Reply to TIR's Amended Notice of Appeal and the Company filed an answer to the CRA reply in July 2017. The parties are currently engaged in discovery. The Company denies liability and intends to vigorously defend itself and pursue all defenses available to eliminate or mitigate liability.

In July 2017 and November 2017, Time received subpoenas from the Enforcement Division of the staff of the SEC requiring Time to provide documents relating to its accounting for goodwill and asset impairments, restructuring and severance costs, and its analysis and reporting of Time's segments. The Company is cooperating with the SEC in the investigation. Management cannot at this time predict the eventual scope or outcome of this matter.

The Company establishes an accrued liability for specific matters, such as a legal claim, when the Company determines both that a loss is probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters. Due to the inherent difficulty of predicting the outcome of litigation, claims and other matters, the Company often cannot predict what the eventual outcome of a pending matter will be, or what the timing or results of the ultimate resolution of a matter will be. Accordingly, for the matters described above, the Company is unable to predict the outcome or reasonably estimate a range of possible loss.

10. Fair Value Measurements

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Specifically, it establishes a hierarchy prioritizing the use of inputs in valuation techniques. The defined levels within the hierarchy are as follows:

- 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; and
- Level 3 Assets or liabilities for which fair value is based on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

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

	June 30, 2018		June 30, 2017	
(In millions)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Broadcast rights payable	$ 29.7	$ 27.4	$ 31.7	$ 30.5
Long-term debt	3,135.6	3,179.8	698.2	700.7

The fair value of broadcast rights payable was determined using the present value of expected future cash flows discounted at the Company's current borrowing rate with inputs included in Level 3. The fair value of total long-term debt is based on pricing from observable market information in a non-active market, therefore is included in Level 2.

As of June 30, 2018, the Company had assets related to its qualified pension plans measured at fair value. The required disclosures regarding such assets are presented within Note 11. In addition, the Company has liabilities related to contingent consideration payables that are valued at estimated fair value as discussed in Note 2.

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

(In millions)	**June 30, 2018**	**June 30, 2017**
Machinery and equipment		
Corporate airplanes, held-for-sale	$ —	$ 1.9
Other assets		
Interest rate swaps	—	0.2
Accrued expenses and other liabilities		
Contingent consideration	24.6	4.0
Interest rate swaps	—	0.6
Deferred compensation plans	8.4	0.3
Other noncurrent liabilities		
Contingent consideration	0.8	30.2
Deferred compensation plans	21.0	2.1

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

At June 30, 2018, certain national media trademarks were partially impaired during fiscal 2018 and thus deemed to be measured at fair value on a non-recurring basis which totaled $33.0 million. Those trademarks were not considered to be measured at fair value as of June 30, 2017. The fair values of the trademarks are determined based on significant inputs not observable in the market and thus represents a Level 3 measurement. The key assumptions used to determine the fair value include discount rates, estimated cash flows, royalty rates, and revenue growth rates. The discount rate used is based on several factors including market interest rates, a weighted average cost of capital analysis based on the target capital structure, and includes adjustments for market risk and Company specific risk. Estimated cash flows are based upon internally developed estimates and the revenue growth rates are based on industry knowledge and historical performance. For further discussion, refer to Note 5.

The following table represents the changes in the fair value of Level 3 contingent consideration, corporate airplanes, trademarks, investment in Next Issue Media, and lease guarantees for the years ended June 30, 2018 and 2017.

Years ended June 30,	**2018**	**2017**
(in millions)		
Contingent consideration		
Balance at beginning of year	$ 34.2	$ 56.6
Accrual on Time's opening balance sheet [1]	1.1	—
Additions due to acquisitions	—	7.7
Payments [1]	(5.1)	(10.6)
Fair value adjustment of contingent consideration	(4.8)	(19.5)
Balance at end of year	$ 25.4	$ 34.2
Corporate airplanes held-for-sale		
Balance at beginning of year	$ 1.9	$ 2.8
Fair value adjustment of corporate airplanes	—	(0.9)
Sale	(1.9)	—
Balance at end of year	$ —	$ 1.9
Trademarks		
Balance at beginning of year [2]	$ 55.7	$ 5.3
Impairment	(22.7)	(5.3)
Balance at end of year	$ 33.0	$ —
Investment in Next Issue Media		
Balance at beginning of year [3]	$ 11.0	$ —
Additions due to investment and acquisition	3.3	—
Equity method investment losses	(3.6)	—
Impairment	(9.3)	—
Sale	(1.4)	—
Balance at end of year	$ —	$ —
Lease guarantee		
Balance at beginning of year	$ —	$ —
Accrual on Time's opening balance sheet	3.6	—
Issuance of new guarantees	9.2	—
Fair market value adjustment of lease guarantees	(0.4)	—
Foreign currency exchange impact	(0.5)	—
Balance at end of year	$ 11.9	$ —

[1] *Of this amount, $0.5 million was classified in liabilities associated with assets held-for-sale on the opening balance sheet, and was subsequently paid in fiscal 2018.*

[2] *Book value of trademarks impaired during the year.*

[3] *Book value of investment impaired during the year.*

The fair value adjustment of contingent consideration is the change in the estimated earn out payments based on projections of performance and the amortization of the present value discount. The fair value adjustment of contingent consideration is included in selling, general, and administrative line on the Consolidated Statements of Earnings.

In fiscal 2016, the Company committed to a plan to sell the Company's two corporate airplanes. In conjunction with that plan, the Company classified the airplanes as held-for-sale and wrote the assets down to fair value. The airplanes were recorded at fair value until their sale in fiscal 2018.

The fair value adjustment of corporate airplanes and impairment of trademarks are included in the impairment of goodwill and other long-lived assets in the Consolidated Statement of Earnings. Next Issue Media was reported as a cost method investment as of June 30, 2017, and the impairment of this investment is recorded in non-operating expense, net in the Consolidated Statement of Earnings.

In the Acquisition, the Company assumed lease guarantees related to space leased by various former Time subsidiaries. The fair value of the lease guarantees was derived using a probability weighted present value of expected future payments using the with-and-without approach, for which the Company used unobservable inputs that are classified as Level 3 under the fair value hierarchy. The lease guarantee liabilities are being amortized into earnings on a straight-line basis over the lives of the respective leases, the longest of which extends through November 2030. The lease guarantees are not considered to be measured at fair value at June 30, 2018.

11. Pension and Postretirement Benefit Plans

Defined Contribution Plans

The Company sponsors defined contribution saving plans for most of its U.S. based employees. Eligible Company employees may participate in the Meredith Savings and Investment Plan. In connection with the Acquisition, certain employees still participate in the defined contribution savings plan that Time had in place for their employees in the U.S., the Time Inc. Savings Plan. The Company's existing and assumed Time defined contribution plans allow eligible employees to contribute a percentage of their salary, commissions, and bonuses in accordance with plan limitations and provisions of Section 401(k) of the Internal Revenue Code (Section 401(k)) and the Company makes matching contributions to each plan subject to the limits of the respective 401(k) Plans.

For the Meredith Savings and Investment Plan, the Company currently matches 100 percent of the first 4 percent and 50 percent of the next 1 percent of employee contributions. For the Time Inc. Savings Plan, the Company matches 100 percent of the first 4 percent and 50 percent of the next 2 percent of eligible compensation. In addition to the annual employer contribution made to the Time Inc. Savings Plan, following the plan year, the Company makes an employer match contribution of up to 5 percent of each participant's compensation less any employer matching contribution made within the plan year to those participants who contributed up to 6 percent of their compensation for the plan year.

Both plans allow employees to choose among various investment options. The Meredith Savings and Investment Plan also includes an investment option in the Company's common stock. Matching contributions are invested in the same manner as the participants' pre-tax contributions. Company contribution expense under these plans totaled $19.6 million in fiscal 2018, $10.9 million in fiscal 2017, and $9.6 million in fiscal 2016.

In connection with the Acquisition, the Company assumed responsibility for sponsoring The Time Inc. Supplemental Savings Plan (Supplemental Plan). The Supplemental Plan permits eligible employees who participate in the Time Inc. Savings Plan and are limited in the amount they can contribute under Section 401(k) to defer a percentage of eligible compensation and receive a company matching deferral of up to 5 percent of eligible compensation. The matching contributions vest after two years of Company service pursuant to Section 409A of the Internal Revenue Code and limitations described in the Supplemental Plan.

The Company sponsors the Meredith Corporation Deferred Compensation Plan. In connection with the Acquisition, the Company assumed responsibility for sponsoring The Time Inc. Deferred Compensation Plan, which is a frozen plan (collectively the Deferred Compensation Plans). The Deferred Compensation Plans allow participants to defer certain bonuses and salaries. No actual monies are set aside in respect of the Deferred Compensation Plans and participants have no rights to Company assets in respect of plan liabilities in excess of general unsecured creditors.

The liabilities associated with the plans fluctuate with hypothetical yields of the underlying investments. Liabilities for the uncollateralized plans, were approximately $29.4 million at June 30, 2018, of which approximately $8.4 million was reflected in accrued compensation and benefits and approximately $21.0 million was reflected within other noncurrent liabilities on the Consolidated Balance Sheets.

Pension and Postretirement Plans

Meredith has U.S. noncontributory pension plans covering substantially all employees who were employed by Meredith prior to the Acquisition. In connection with the Acquisition, the Company assumed the obligations under Time's various international pension plans including plans in the U.K., Netherlands, and Germany. These domestic and international plans include qualified (funded) plans as well as nonqualified (unfunded) plans. These plans provide participating employees with retirement benefits in accordance with benefit provision formulas. The nonqualified plans provide retirement benefits only to certain highly compensated employees. The Company also sponsors defined healthcare and life insurance plans that provide benefits to eligible retirees.

Obligations and Funded Status

The following tables present changes in, and components of, the Company's net assets/liabilities for pension and other postretirement benefits:

	Pension			Postretirement	
	Domestic		International	Domestic	
June 30,	2018	2017	2018	2018	2017
(In millions)					
Change in benefit obligation					
Benefit obligation, beginning of year	$ 170.9	$ 161.9	$ —	$ 9.3	$ 9.7
Acquisitions [1]	—	—	836.6	—	—
Service cost	13.0	12.5	—	0.1	0.1
Interest cost	5.9	4.9	8.0	0.3	0.3
Participant contributions	—	—	—	0.8	0.8
Plan amendments	1.2	0.5	—	—	—
Net actuarial loss (gain)	2.4	3.6	(21.0)	(0.8)	(0.2)
Benefits paid (including lump sums)	(12.9)	(12.5)	(44.1)	(1.3)	(1.4)
Curtailments	(1.1)	—	—	—	—
Foreign currency exchange rate impact	—	—	(58.0)	—	—
Benefit obligation, end of year	$ 179.4	$ 170.9	$ 721.5	$ 8.4	$ 9.3
Change in plan assets					
Fair value of plan assets, beginning of year	$ 139.2	$ 122.6	$ —	$ —	$ —
Acquisitions [1]	—	—	867.7	—	—
Actual return on plan assets	12.0	18.5	(6.7)	—	—
Employer contributions	0.7	10.6	88.9	0.5	0.6
Participant contributions	—	—	—	0.8	0.8
Benefits paid (including lump sums)	(12.9)	(12.5)	(44.1)	(1.3)	(1.4)
Foreign currency exchange rate impact	—	—	(64.3)	—	—
Fair value of plan assets, end of year	$ 139.0	$ 139.2	$ 841.5	$ —	$ —
Over (under) funded status, end of year	$ (40.4)	$ (31.7)	$ 120.0	$ (8.4)	$ (9.3)

[1] *The International pension plans were acquired with the acquisition of Time Inc. on January 31, 2018.*

Benefits paid directly from Meredith assets are included both in employer contributions and benefits paid.

In connection with the sale of TIUK, the Company contributed £60.0 million to the IPC Media Pension Scheme (IPC Plan) defined benefit pension plan in the U.K. We retained the IPC Plan in the sale of TIUK.

The following amounts are recognized in the Consolidated Balance Sheets:

	Pension			Postretirement	
	Domestic		International	Domestic	
June 30,	**2018**	**2017**	**2018**	**2018**	**2017**
(In millions)					
Other assets					
Prepaid benefit cost	$ 16.9	$ 16.9	$ 137.4	$ —	$ —
Accrued expenses-compensation and benefits					
Accrued benefit liability	(9.9)	(5.8)	(0.2)	(0.6)	(0.7)
Other noncurrent liabilities					
Accrued benefit liability	(47.4)	(42.8)	(17.2)	(7.8)	(8.6)
Net amount recognized, end of year	$ (40.4)	$ (31.7)	$ 120.0	$ (8.4)	$ (9.3)

The accumulated benefit obligation for the domestic defined benefit pension plans was $164.7 million and $154.0 million at June 30, 2018 and 2017, respectively. The accumulated benefit obligation for the international defined benefit pension plans was $721.5 million at June 30, 2018.

The following table provides information about pension plans with projected benefit obligations and accumulated benefit obligations in excess of plan assets:

	Domestic		International
June 30,	**2018**	**2017**	**2018**
(In millions)			
Projected benefit obligation	$ 57.3	$ 48.7	$ 28.4
Accumulated benefit obligation	51.6	42.6	28.4
Fair value of plan assets	0.1	0.1	11.0

Costs

The components of net periodic benefit costs recognized in the Consolidated Statements of Earnings were as follows:

	Pension				Postretirement		
	Domestic			International	Domestic		
Years ended June 30,	**2018**	**2017**	**2016**	**2018**	**2018**	**2017**	**2016**
(In millions)							
Components of net periodic benefit costs							
Service cost	$ 13.0	$ 12.5	$ 11.9	$ —	$ 0.1	$ 0.1	$ 0.1
Interest cost	5.9	4.9	5.9	8.0	0.3	0.3	0.4
Expected return on plan assets	(10.5)	(9.2)	(11.0)	(17.9)	—	—	—
Prior service cost (credit) amortization	0.3	0.2	0.2	—	(0.4)	(0.4)	(0.4)
Actuarial loss (gain) amortization	2.0	3.6	0.6	—	(0.3)	(0.3)	(0.7)
Settlement charge	—	—	5.6	0.2	—	—	—
Net periodic benefit costs (credit)	$ 10.7	$ 12.0	$ 13.2	$ (9.7)	$ (0.3)	$ (0.3)	$ (0.6)

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

The pension settlement charge recorded in fiscal 2016 related to cash distributions paid by the pension plan during fiscal 2016 exceeding a prescribed threshold. This required that a portion of pension losses within accumulated other comprehensive loss be realized in the period that the related pension liabilities were settled.

Amounts recognized in the accumulated other comprehensive loss component of shareholders' equity for Company-sponsored plans were as follows:

	Pension			Postretirement	
	Domestic		International	Domestic	
June 30,	**2018**	**2017**	**2018**	**2018**	**2017**
(In millions)					
Unrecognized net actuarial losses (gains), net of taxes	$ 20.7	$ 18.5	$ 2.6	$ (1.8)	$ (1.2)
Unrecognized prior service cost (credit), net of taxes	1.5	0.7	—	—	(0.2)
Total	$ 22.2	$ 19.2	$ 2.6	$ (1.8)	$ (1.4)

During fiscal 2019, the Company expects to recognize as part of its net periodic benefit costs $1.9 million of net actuarial losses and $0.5 million of prior service costs for the pension plans, and $0.6 million of net actuarial gains and no prior service costs for the postretirement plan, net of taxes, in the accumulated other comprehensive loss component of shareholders' equity at June 30, 2018.

Assumptions

Benefit obligations were determined using the following weighted average assumptions:

	Pension			Postretirement	
	Domestic		International	Domestic	
June 30,	**2018**	**2017**	**2018**	**2018**	**2017**
Weighted average assumptions					
Discount rate	4.03%	3.41%	2.57%	4.10%	3.65%
Rate of compensation increase	3.50%	3.50%	*n/a*	3.50%	3.50%

n/a - Not applicable

Net periodic benefit costs were determined using the following weighted average assumptions:

	Pension				Postretirement		
	Domestic			International	Domestic		
Years ended June 30,	**2018**	**2017**	**2016**	**2018**	**2018**	**2017**	**2016**
Weighted average assumptions							
Discount rate	3.41%	2.98%	3.75%	2.57%	3.65%	3.40%	4.20%
Expected return on plan assets	8.00%	8.00%	8.00%	4.87%	*n/a*	*n/a*	*n/a*
Rate of compensation increase	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%

n/a - Not applicable

Plan trend rates are the annual rates of increase expected for medical benefits payable from the Plan. The assumed health care trend rates used to measure the expected cost of benefits were as follows:

	Postretirement		
Assumed healthcare cost trend rates as of June 30,	**2018**	**2017**	**2016**
Rate of increase in health care cost levels			
Initial level	6.50%	7.00%	7.00%
Ultimate level	5.00%	5.00%	5.00%
Years to ultimate level	4 years	5 years	6 years

Pension expense is calculated using a number of actuarial assumptions, including an expected long-term rate of return on assets and a discount rate. In developing the expected long-term rate of return on plan assets, the Company considered long-term historical rates of return, plan asset allocations as well as the opinions and outlooks of investment professionals and consulting firms. Returns projected by such consultants and economists are based on broad equity and bond indices. The objective is to select an average rate of earnings expected on existing plan assets and expected contributions to the plan during the year. The Company reviews this long-term assumption on a periodic basis.

The value (market-related value) of plan assets is multiplied by the expected long-term rate of return on assets to compute the expected return on plan assets, a component of net periodic pension cost. The market-related value of plan assets is a calculated value that recognizes changes in fair value over three years.

Assumed rates of increase in healthcare cost have a significant effect on the amounts reported for the healthcare plans. A change of one percentage point in the assumed healthcare cost trend rates would have the following effects:

	One Percentage Point Increase	One Percentage Point Decrease
(In millions)		
Effect on service and interest cost components for fiscal 2018	$ —	$ —
Effect on postretirement benefit obligation as of June 30, 2018	0.4	(0.3)

Plan Assets

The targeted and weighted average asset allocations by asset category for investments held by the Company's pension plans are as follows:

	Domestic				International	
	2018 Allocation		2017 Allocation		2018 Allocation	
June 30,	**Target**	**Actual**	**Target**	**Actual**	**Target**	**Actual**
Equity securities	70%	70%	70%	71%	32%	18%
Fixed-income securities	30%	30%	30%	29%	17%	29%
Other securities [1]	—%	—%	—%	—%	51%	53%
Total	100%	100%	100%	100%	100%	100%

[1] *Other primarily includes pooled investment funds.*

Meredith's investment policy for domestic plans seeks to maximize investment returns while balancing the Company's tolerance for risk. The plan fiduciaries oversee the investment allocation process. This includes selecting investment managers, setting long-term strategic targets, and monitoring asset allocations. Target allocation ranges are guidelines, not limitations, and plan fiduciaries may occasionally approve allocations above or below a target range, or elect to rebalance the portfolio within the targeted range. The investment portfolio contains a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across domestic and international stocks and between growth and value stocks and small and large capitalizations. The primary investment strategy currently employed is a dynamic target allocation method that periodically rebalances among various investment categories depending on the current funded position. This program is designed to actively move from return-seeking investments (such as equities) toward liability-hedging investments (such as long-duration fixed-income) as funding levels improve. The reverse effect occurs when funding levels decrease.

The trustees of the IPC Plan have delegated the day-to-day investment decisions of the IPC Plan to a large international fiduciary manager—and utilize an investment manager to monitor investment performance and the reporting of the fiduciary manager. The investment objective of the IPC Plan is to invest the assets prudently with the intention that the benefits promised to the members are provided. Funding level based de-risking triggers have been established such that the investment strategy evolves as the funding level moves along an agreed glide path. As the funding level improves, the investment strategy will de-risk. Each trigger level specifies a minimum interest rate and hedge rate ratio and a maximum allocation to growth assets—which target a diversified portfolio using specialist managers and asset classes.

Equity securities did not include any Meredith Corporation common or class B stock at June 30, 2018 or 2017.

Fair value measurements for domestic pension plan assets were as follows:

June 30, 2018	Total Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In millions)				
Investments in registered investment companies				
Equity	$ 97.0	$ 74.0	$ 23.0	$ —
Fixed Income	40.4	—	40.4	—
Pooled separate accounts	1.6	—	1.6	—
Total assets at fair value	$ 139.0	$ 74.0	$ 65.0	$ —
June 30, 2017				
Investments in registered investment companies				
Equity	$ 98.2	$ 76.8	$ 21.4	$ —
Fixed Income	40.7	—	40.7	—
Pooled separate accounts	0.3	—	0.3	—
Total assets at fair value	$ 139.2	$ 76.8	$ 62.4	$ —

Fair value measurements for international pension plan assets, which were acquired in the Time acquisition, were as follows:

June 30, 2018	Total Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In millions)				
Cash and cash equivalents	$ 17.6	$ 5.2	$ 12.4	$ —
Pooled investments				
Equity	155.1	—	155.1	—
Fixed Income	242.0	—	242.0	—
Other	415.8	—	415.8	—
Guaranteed investment contract	11.0	—	11.0	—
Total assets at fair value	$ 841.5	$ 5.2	$ 836.3	$ —

The international pension plans hold investments in liability matching funds whose objective is to provide leveraged returns equal to that of the liabilities. In order to do so, these funds invest in the respective UK Treasury Gilt bonds, Gilt Total Return Swaps, Repurchase Transactions, and cash or money markets to provide liquidity to meet payment obligations or post as collateral in the derivative transactions they enter into. These liability matching funds are included in Other, in the fair value level table above.

The Company primarily utilizes the market approach for determining recurring fair value. The fair value of the guaranteed investment contract has been determined based on the higher of the surrender value of the contract or the present value of the underlying bonds based on a discounted cash flow model. Refer to Note 10 for a discussion of the three levels in the hierarchy of fair values.

Cash Flows

Although the Company does not have a minimum funding requirement for the pension plans in fiscal 2019, the Company is currently determining what voluntary pension plan contributions, if any, will be made in fiscal 2019 to the domestic plan. Actual contributions will be dependent upon investment returns, changes in pension obligations, and other economic and regulatory factors. Meredith expects to contribute $0.6 million to its postretirement plan in fiscal 2019.

Monthly contributions of £0.9 million are required to be made to the IPC Plan. In the event that on November 25, 2021, the IPC Plan has a funding deficit valuing its liabilities with a gilts plus 50 basis point (bps) discount rate, the Company, as the sponsor of the IPC Plan, will make a contribution equal to that funding deficit. In the event that on November 25, 2025, the IPC Plan has a funding deficit valuing its liabilities with a gilts flat discount rate, the Company will make a contribution equal to 50 percent of that funding deficit. In the event that on November 25, 2026, the IPC Plan has a funding deficit valuing its liabilities with a gilts flat discount rate, the Company will make a contribution equal to 50 percent of that funding deficit. In the event that on November 25, 2027, the IPC Plan has a funding deficit valuing its liabilities with a gilts flat discount rate, the Company will make a contribution equal to that funding deficit. Contributions shall cease to be payable from the date that the IPC Plan is confirmed to be fully funded.

The following benefit payments, which reflect expected future service as appropriate, are expected to be paid:

Years ending June 30,	Pension Benefits		Postretirement Benefits
(In millions)	**Domestic**	**International**	**Domestic**
2019	$ 29.8	$ 13.3	$ 0.6
2020	31.6	14.4	0.7
2021	22.9	16.3	0.7
2022	15.9	17.9	0.6
2023	16.4	18.3	0.6
2024-2028	87.6	110.9	2.7

Other

The Company maintains collateral assignment split-dollar life insurance arrangements on certain key officers and retirees. The net periodic pension cost for fiscal 2018, 2017, and 2016 was $0.6 million, $0.5 million, and $0.4 million, respectively, and the accrued liability at June 30, 2018 and 2017, was $3.1 million and $4.3 million, respectively.

12. Share-based Compensation

Meredith has a shareholder-approved stock incentive plan. More detailed descriptions of these plans follow. Compensation expense recognized for these plans was $30.4 million in fiscal 2018, $12.8 million in fiscal 2017, and $12.8 million in fiscal 2016. The total income tax benefit recognized in earnings was $6.9 million in fiscal 2018, $4.8 million in fiscal 2017, and $4.6 million in fiscal 2016.

Stock Incentive Plan

Meredith has a stock incentive plan that permits the Company to issue stock options, restricted stock, stock equivalent units, restricted stock units, and performance shares to key employees and directors of the Company. Approximately 8.0 million shares remained available for future awards under the plan as of June 30, 2018. Forfeited awards, shares deemed to be delivered to us on tender of stock in payment for the exercise price of options, and shares reacquired pursuant to tax withholding on option exercises and the vesting of restricted shares and restricted stock units increase shares available for future awards. The plan is designed to provide an incentive to contribute to the achievement of long-range corporate goals; provide flexibility in motivating, attracting, and retaining employees; and to align more closely the employees' interests with those of shareholders.

The Company has awarded restricted stock and restricted stock units to eligible key employees and to non-employee directors under the plan. In addition, certain awards are granted based on specified levels of Company stock ownership. All awards have restriction periods tied primarily to employment and/or service. The awards granted to employees generally vest over three or five years and the awards granted to directors vest one-third each year during the three-year period from date of grant. The grant date of awards is the date the Compensation Committee of the Board of Directors approves the granting of the awards. The awards are recorded at the market value of traded shares on the date of the grant as unearned compensation. The initial values of the grants are amortized over the vesting periods.

The Company's restricted stock activity during the year ended June 30, 2018, was as follows:

Restricted Stock	Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
(Shares in thousands and Aggregate Intrinsic Value in millions)			
Nonvested at June 30, 2017	38.4	$ 41.85	
Granted	8.5	52.00	
Vested	(26.3)	39.57	
Nonvested at June 30, 2018	20.6	48.94	$ 1.0

As of June 30, 2018, there was no unearned compensation cost related to restricted stock granted under the plan. The weighted average grant date fair value of restricted stock granted during the years ended June 30, 2018, 2017, and 2016 was $52.00, $47.65, and $47.01, respectively. The total fair value of shares vested during the years ended June 30, 2018, 2017, and 2016, was $1.5 million, $7.9 million, and $8.5 million, respectively.

The Company's restricted stock unit activity during the year ended June 30, 2018, was as follows:

Restricted Stock Units	Units	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
(Units in thousands and Aggregate Intrinsic Value in millions)			
Nonvested at June 30, 2017	431.1	$ 47.80	
Granted [1]	555.6	47.26	
Vested	(370.7)	43.47	
Forfeited	(50.3)	51.43	
Nonvested at June 30, 2018	565.7	49.78	$ 28.9

[1] *Includes restricted stock units previously granted under the Time incentive plan and converted into 409 restricted stock units upon acquisition.*

As of June 30, 2018, there was $9.7 million of unearned compensation cost related to restricted stock units granted under the plan. That cost is expected to be recognized over a weighted average period of 2.0 years. The weighted average grant date fair value of restricted stock units granted during the years ended June 30, 2018, 2017, and 2016 was $47.26, $52.97, and $44.44, respectively. The total fair value of shares vested during the years ended June 30, 2018, 2017, and 2016 was $20.4 million, $0.2 million, and $0.1 million, respectively.

Meredith also has outstanding stock equivalent units resulting from the deferral of compensation of employees and directors under various deferred compensation plans. The period of deferral is specified when the deferral election is made. These stock equivalent units are issued at the market price of the underlying stock on the date of deferral. In addition, shares of restricted stock and restricted stock units may be converted to stock equivalent units upon vesting.

The following table summarizes the activity for stock equivalent units during the year ended June 30, 2018:

Stock Equivalent Units	Units	Weighted Average Issue Date Fair Value	Aggregate Intrinsic Value
(Units in thousands and Aggregate Intrinsic Value in millions)			
Balance at June 30, 2017	296.1	$ 37.81	
Additions	26.1	50.97	
Converted to common stock	(3.1)	35.16	
Balance at June 30, 2018	319.1	38.92	$ 3.9

The total intrinsic value of stock equivalent units converted to common stock was $0.1 million in fiscal 2018, $0.2 million in fiscal 2017, and $0.1 million for fiscal year 2016.

Meredith has granted nonqualified stock options to certain employees and directors under the plan. The grant date of options issued is the date the Compensation Committee of the Board of Directors approves the granting of the options or a date thereafter as specified by the Committee. The exercise price of options granted is set at the fair value of the Company's common stock on the grant date. All options granted under the plan expire at the end of 10 years. Options granted to employees vest three years from the date of grant and options granted to directors vest one-third each year during the three-year period from date of grant.

A summary of stock option activity and weighted average exercise prices follows:

Stock Options	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
(Options in thousands and Aggregate Intrinsic Value in millions)				
Outstanding July 1, 2017	1,836.7	$ 44.34		
Granted [1]	1,237.8	55.89		
Exercised	(485.5)	39.36		
Forfeited	(167.8)	54.18		
Outstanding June 30, 2018	2,421.2	50.56	7.7	$ 7.6
Exercisable June 30, 2018	714.1	$ 43.63	5.7	$ 5.7

[1] Includes options previously granted under the Time incentive plan and converted into 374 options upon acquisition.

The fair value of each option is estimated as of the date of grant using the Black-Scholes option-pricing model. The expected volatility was based on historical volatility of the Company's common stock, Meredith's new capital structure (for options granted on or subsequent to January 31, 2018), and other factors. The expected life of options granted incorporates historical employee exercise and termination behavior. Different expected lives are used for separate groups of employees who have similar historical exercise patterns. The risk-free rate for periods that coincide with the expected life of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

The following summarizes the assumptions used in determining the fair value of options granted:

Years ended June 30,	2018	2017	2016
Risk-free interest rate	1.8-2.6%	1.3-2.1%	1.8-2.0%
Expected dividend yield	4%	4%	4%
Expected option life	4.9-7 yrs	7 yrs	7 yrs
Expected stock price volatility	28-36%	29%	36%

The weighted average grant date fair value of options granted during the years ended June 30, 2018, 2017, and 2016, was $13.58, $9.35, and $10.80, respectively. The total intrinsic value of options exercised during the years ended June 30, 2018, 2017, and 2016 was $10.9 million, $15.2 million, and $8.0 million, respectively. As of June 30, 2018, there was $7.7 million in unrecognized compensation cost for stock options granted under the plan. This cost is expected to be recognized over a weighted average period of 2.0 years.

Cash received from option exercises under all share-based payment plans for the years ended June 30, 2018, 2017, and 2016 was $19.1 million, $37.9 million, and $18.2 million, respectively. The actual tax benefit realized for the tax deductions from option exercises totaled $2.7 million, $5.9 million, and $3.0 million, respectively, for the years ended June 30, 2018, 2017, and 2016.

Employee Stock Purchase Plan

As of January 1, 2016, the ESPP was suspended indefinitely. The ESPP allowed employees to purchase shares of Meredith common stock through payroll deductions at the lesser of 85 percent of the fair market value of the stock on either the first or last trading day of an offering period. The ESPP had quarterly offering periods. One million five hundred thousand common shares were authorized and approximately 0.2 million shares remained available for issuance under the ESPP. Compensation cost for the ESPP was based on the present value of the cash discount and the fair value of the call option component as of the grant date using the Black-Scholes option-pricing model. The term of the option was 3 months, the term of the offering period, and the expected stock price volatility was 36 percent in fiscal 2016. In fiscal 2016 the Company issued 45,000 ESPP shares that had an average market price of $42.91, an average purchase price of $35.94, and an average fair value of $6.77.

13. Redeemable Series A Preferred Stock

Effective January 30, 2018, out of the total authorized 5,000,000 shares of preferred stock, par value $1.00 per share, the Company designated a series of 2,500,000 shares which was issued in and constitute a single series known as “Series A Preferred Stock” with each share having an initial stated value of $1,000 per share (the Series A preferred stock).

On January 31, 2018, in exchange for a preferred equity investment of $650.0 million, Meredith issued 650,000 shares of perpetual convertible redeemable non-voting Series A preferred stock as well as detachable warrants to purchase up to 1,625,000 shares of Meredith’s common stock with an exercise price of $1.00 per share and options to purchase up to 875,000 shares of Meredith’s common stock with an exercise price of $70.50 per share.

The Company has classified the Series A preferred stock as temporary equity in the Consolidated Balance Sheets. The Company allocated the net proceeds of $631.0 million ($650.0 million aggregate gross proceeds received less $19.0 million in transaction costs) based on the relative aggregate fair values on the date of issuance as follows: $103.1 million to the warrants, $12.5 million to the options, and $515.4 million to the Series A preferred stock. The discount on the Series A preferred stock is being accreted using the effective interest method to retained earnings as a deemed dividend from the date of issuance through the seventh anniversary of the issuance date (i.e., the date the Series A preferred stock becomes convertible).

The Series A preferred stock is non-callable during the first three years after issuance provided that Meredith may, at its option, subject to the terms of the preferred stock, redeem all or any portion of the Series A preferred stock in cash during such three-year period, if Meredith declares as a dividend and pays a redemption premium in cash an amount equal to 6 percent of the Accrued Stated Value of the Series A preferred stock as of the redemption date plus an amount, if any, equal to dividends to the third year present valued at a discount rate based on U.S. Treasury notes with a maturity closest to the date that is three years after the issuance date, plus 50 basis points. The Accrued Stated Value is an amount equal to: (i) the Stated Value ($1,000 multiplied by the number of shares of Series A preferred stock outstanding); plus (ii) any accrued and unpaid dividends thereof (including any accumulated dividends).

From and after the third anniversary of the issuance date of the Series A preferred stock, Meredith may redeem all or any portion of the Series A preferred stock in cash for an amount equal to (i) the Call Premium (defined below), plus (ii) the Accrued Stated Value of the Series A preferred stock as of the redemption date.

The Call Premium is an amount equal to the difference of (A) (i) the Accrued Stated Value of the Series A preferred stock as of the redemption date, multiplied by (ii) (a) if such redemption occurs during the fourth or fifth year after issuance, 106 percent, (b) if such redemption occurs during the sixth year after issuance, 103 percent, and (c) if such redemption occurs after the sixth year after issuance, 100 percent, minus (B) the Accrued Stated Value as of the redemption date.

In connection with any partial redemption by Meredith, Meredith may not redeem Series A preferred stock in an amount less than $50.0 million of the Accrued Stated Value of the Series A preferred stock nor effect any redemption resulting in less than $100.0 million of the Accrued Stated Value of the Series A preferred stock remaining outstanding.

From and after the seventh anniversary of the issuance date, the holders of the Series A preferred stock may elect to convert some or all of the Series A preferred stock into Meredith common stock at a ratio based on its Accrued Stated Value divided by the volume weighted average price of Meredith common stock for the 30 trading days immediately preceding the written notice of conversion.

The Series A preferred stock accrues an annual dividend at either (a) to the extent paid in cash, an amount equal to the Cash Dividend Annual Rate (as set forth in the table below), multiplied by the Stated Value (equal to the number of shares of Series A preferred stock outstanding multiplied by $1,000) or (b) if dividends are not declared and paid in cash, the Company will deliver additional shares of Series A preferred stock, in kind, by issuing a number of shares equal to (i) the Accrued Dividend Annual Rate (as set forth in the table below), multiplied by the Stated Value for all outstanding shares of Series A preferred stock, divided by (ii) $1,000.

Year	Cash Dividend Annual Rate	Accrued Dividend Annual Rate
Years 1 through 3	8.5%	9%
Year 4	LIBOR plus 850 bps	LIBOR plus 900 bps
Year 5	LIBOR plus 950 bps	LIBOR plus 1000 bps
Year 6 through redemption	LIBOR plus 1050 bps	LIBOR plus 1100 bps

The Series A preferred stock ranks senior to any other class or series of equity, including Meredith's common stock and class B stock, with respect to dividend rights and rights upon liquidation. Dividends with respect to any quarter may only be paid all in cash or all in additional shares of Series A preferred stock, and may not be paid in a combination of cash and shares of Series A preferred stock. All Series A preferred stock dividends (regardless of whether paid in additional shares of Series A preferred stock or cash) are prior to and in preference over any dividend on any common stock or class B stock and will be declared and fully paid before any dividends are declared and paid, or any other distributions or redemptions are made, on any common stock or class B stock.

14. Common Stock

The Company has two classes of common stock outstanding: common and class B. Each class receives equal dividends per share. Class B stock, which has 10 votes per share, is not transferable as class B stock except to family members of the holder or certain other related entities. At any time, class B stock is convertible, share for share, into common stock with one vote per share. Class B stock transferred to persons or entities not entitled to receive it as class B stock will automatically be converted and issued as common stock to the transferee. The principal market for trading the Company's common stock is the New York Stock Exchange (trading symbol MDP). No separate public trading market exists for the Company's class B stock.

From time to time, the Company's Board of Directors has authorized the repurchase of shares of the Company's common stock and class B stock. In May 2014, the Board approved the repurchase of $100.0 million of shares. As of June 30, 2018, $56.1 million remained available under the current authorizations for future repurchases.

Repurchases of the Company's common and class B stock are as follows:

Years ended June 30,	2018	2017	2016
(In millions)			
Number of shares	0.5	0.9	0.7
Cost at market value	$ 31.1	$ 53.3	$ 31.1

Shares deemed to be delivered to the Company on tender of stock in payment for the exercise price of options do not reduce the repurchase authority granted by the Board. Shares tendered for the exercise price of stock options were 0.3 million shares at a cost of $19.1 million in fiscal 2018, 0.6 million shares at a cost of $37.5 million in fiscal 2017, and 0.4 million shares at a cost of $18.0 million in fiscal 2016.

15. Earnings Per Common Share

The calculation of basic earnings per share for each period is based on the weighted average number of common and class B shares outstanding during the period. The calculation of diluted earnings per share for each period is based on the weighted average number of common and class B shares outstanding during the period plus the effect, if any, of dilutive common stock equivalent shares.

The following table presents the calculations of earnings per share:

Years ended June 30,	2018	2017	2016
(In millions except per share data)			
Net earnings	$ 99.4	$ 188.9	$ 33.9
Participating warrant dividend	(1.8)	—	—
Preferred stock dividend	(22.9)	—	—
Accretion of Series A preferred stock	(7.2)	—	—
Other securities dividends	(1.1)	—	—
Basic earnings attributable to common shareholders	$ 66.4	$ 188.9	$ 33.9
Basic weighted-average common shares outstanding	44.9	44.6	44.6
Basic earnings per share	$ 1.48	$ 4.23	$ 0.76

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. The dilutive effects of these share-based awards were computed using the two-class method.

Years ended June 30,	**2018**	**2017**	**2016**
(In millions except per share data)			
Basic weighted-average common shares outstanding	44.9	44.6	44.6
Dilutive effect of stock options and equivalents	0.3	0.8	0.8
Diluted weighted-average shares outstanding	45.2	45.4	45.4
Diluted earnings attributable to common shareholders	$ 66.4	$ 188.9	$ 33.9
Diluted earnings per share	1.47	4.16	0.75

For the year ended June 30, 2018, 0.7 million convertible preferred shares, 0.7 million warrants, 0.3 million common stock equivalents, and 0.2 million shares of restricted stock were not included in the computation of dilutive loss per share. These securities have an antidilutive effect on the earnings per share calculation (the diluted earnings per share becoming higher than basic earnings per share). Therefore, these securities are not taken into account in determining the weighted average number of shares for the calculation of diluted earnings per share for the year ended June 30, 2018.

In addition, antidilutive options excluded from the above calculations totaled 0.8 million options for the year ended June 30, 2018 ($62.71 weighted average exercise price), 0.3 million options for the year ended June 30, 2017 ($54.28 weighted average exercise price), and 1.3 million options for the year ended June 30, 2016 ($49.02 weighted average exercise price).

In the years ended June 30, 2018, 2017 and 2016, options were exercised to purchase 0.5 million, 0.9 million, and 0.5 million common shares, respectively.

16. Other Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity during a period from transactions and other events and circumstances from nonowner sources. Comprehensive income (loss) includes net earnings as well as items of other comprehensive income (loss).

The following table summarizes the items of other comprehensive income (loss) and the accumulated other comprehensive loss balances:

(In millions)	Minimum Pension/Post Retirement Liability Adjustments		Foreign Currency Translation		Interest Rate Swaps		Accumulated Other Comprehensive Income (Loss)	
Balance at June 30, 2015	$	(11.3)	$	—	$	(1.3)	$	(12.6)
Current-year adjustments, pre-tax		(20.8)		—		(5.0)		(25.8)
Tax benefit		8.0		—		1.9		9.9
Other comprehensive loss		(12.8)		—		(3.1)		(15.9)
Balance at June 30, 2016		(24.1)		—		(4.4)		(28.5)
Current-year adjustments, pre-tax		8.6		—		6.8		15.4
Tax expense		(3.3)		—		(2.6)		(5.9)
Other comprehensive income		5.3		—		4.2		9.5
Balance at June 30, 2017		(18.8)		—		(0.2)		(19.0)
Current-year adjustments, pre-tax		(0.5)		(12.9)		0.4		(13.0)
Tax expense		(0.3)		—		(0.4)		(0.7)
Other comprehensive loss		(0.8)		(12.9)		—		(13.7)
Reclassification to retained earnings [1]		(4.2)		—		0.2		(4.0)
Balance at June 30, 2018	$	(23.8)	$	(12.9)	$	—	$	(36.7)

[1] *Reclassification relates to the one-time adjustment for the adoption of ASU 2018-02.*

17. Financial Information about Industry Segments

Meredith is a diversified media company focused primarily on service journalism. On the basis of products and services, the Company has established two reportable segments: national media and local media. The national media segment focuses on the distribution of our nationally recognized brands through magazine publishing, digital and mobile media, brand licensing, database-related activities, and other related operations. The local media segment consists primarily of the operations of network-affiliated television stations. Virtually all of the Company's revenues are generated in the U.S. and substantially all of the assets reside within the U.S. Intersegment transactions are eliminated.

There are two principal financial measures reported to the chief executive officer (the chief operating decision maker) 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 and 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 attributable to the operating groups. Interest income and expense are not allocated to the segments. In accordance with authoritative guidance on disclosures about segments of an enterprise and related information, EBITDA is not presented below.

Significant non-cash items included in segment operating expenses other than depreciation and amortization of fixed and intangible assets include impairments of national media trademarks and goodwill and the amortization of broadcast rights in the local media segment. Impairments of national media trademarks and goodwill were $22.7 million in fiscal 2018, $5.3 million in fiscal 2017, and $155.8 million in fiscal 2016. Broadcast rights amortization totaled $19.2 million in fiscal 2018, $17.6 million in fiscal 2017, and $16.7 million in fiscal 2016.

Segment assets include intangible, fixed, and all other non-cash assets identified with each segment. Jointly used assets such as office buildings and information technology equipment are allocated to the segments by appropriate methods, primarily number of employees. Unallocated corporate assets consist primarily of cash and cash items, assets allocated to or identified with corporate staff departments, and other miscellaneous assets not assigned to a segment.

The following table presents financial information by segment:

Years ended June 30,	2018	2017	2016
(In millions)			
Revenues			
National media	$ 1,555.8	$ 1,083.2	$ 1,101.2
Local media	693.1	630.1	548.4
Total revenues, gross	2,248.9	1,713.3	1,649.6
Intersegment revenue elimination	(1.5)	—	—
Total revenue	$ 2,247.4	$ 1,713.3	$ 1,649.6
Segment profit (loss)			
National media	$ 97.5	$ 146.5	$ (17.7)
Local media	189.1	214.9	158.5
Unallocated corporate	(187.6)	(52.3)	(10.2)
Income from operations	99.0	309.1	130.6
Non-operating expenses, net	(11.7)	—	—
Interest expense, net	(96.9)	(18.8)	(20.4)
Earnings (loss) from continuing operations before income taxes	$ (9.6)	$ 290.3	$ 110.2
Depreciation and amortization			
National media	$ 92.9	$ 17.5	$ 18.7
Local media	33.2	34.8	38.3
Unallocated corporate	2.9	1.5	2.1
Total depreciation and amortization	$ 129.0	$ 53.8	$ 59.1
Assets			
National media	$ 5,158.3	$ 1,487.1	$ 1,478.2
Local media	1,204.6	1,124.9	1,054.4
Unallocated corporate	364.3	117.7	94.2
Total assets	$ 6,727.2	$ 2,729.7	$ 2,626.8
Capital expenditures			
National media	$ 11.0	$ 4.5	$ 4.7
Local media	22.1	12.2	17.3
Unallocated corporate	21.2	18.1	3.0
Total capital expenditures	$ 54.3	$ 34.8	$ 25.0

18. Selected Quarterly Financial Data (unaudited)

Year ended June 30, 2018	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
(In millions except per share data)					
Revenues					
National media	$ 239.0	$ 247.5	$ 479.3	$ 590.0	$ 1,555.8
Local media	153.8	170.2	170.2	198.9	693.1
Intersegment elimination	—	—	(0.7)	(0.8)	(1.5)
Total revenues	$ 392.8	$ 417.7	$ 648.8	$ 788.1	$ 2,247.4
Operating profit					
National media	$ 28.3	$ 12.2	$ 9.0	$ 48.0	$ 97.5
Local media	40.9	50.5	38.9	58.8	189.1
Unallocated corporate	(12.4)	(25.4)	(116.0)	(33.8)	(187.6)
Income (loss) from operations	$ 56.8	$ 37.3	$ (68.1)	$ 73.0	$ 99.0
Earnings (loss) from continuing operations	$ 33.4	$ 159.3	$ (95.4)	$ 16.7	$ 114.0
Discontinued operations	—	—	(14.7)	0.1	(14.6)
Net earnings (loss)	$ 33.4	$ 159.3	$ (110.1)	$ 16.8	$ 99.4
Basic earnings per share attributable to common shareholders					
Earnings (loss) from continuing operations	$ 0.75	$ 3.55	$ (2.41)	$ (0.06)	$ 1.80
Net earnings (loss)	0.75	3.55	(2.74)	(0.06)	1.48
Diluted earnings per share attributable to common shareholders					
Earnings (loss) from continuing operations	0.73	3.49	(2.41)	(0.06)	1.79
Net earnings (loss)	0.73	3.49	(2.74)	(0.06)	1.47
Dividends per share	0.520	0.520	0.545	0.545	2.130

In the second quarter of fiscal 2018, the Company recorded an impairment of a trademark of $19.8 million, transaction expenses associated with the Acquisition of $12.1 million, and a $3.1 million pre-tax restructuring charge.

In the third quarter of fiscal 2018, the Company recorded $153.0 million in costs related to acquisition, disposition, and restructuring related costs associated with the Acquisition, and a $12.9 million loss on an equity method investment. In addition, the quarter's results include two-months of contribution from the acquired Time properties.

The fourth quarter was the first full quarter in which the acquired Time properties' operations were included in the results. The Company recorded an additional $31.1 million in acquisition, disposition, and restructuring related costs, and a $2.9 million impairment of a trademark. These charges were partially offset by a gain on the sale of MXM of $11.5 million.

As a result of changes in shares outstanding during the year as well as the issuance of Series A preferred stock on January 31, 2018, the sum of the four quarters' earnings per share may not necessarily equal the earnings per share for the year. See Note 13 for additional information on the Series A preferred stock and Note 15 for detail on the calculation of earnings per share.

Year ended June 30, 2017	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
(In millions except per share data)					
Revenues					
National media	$ 247.3	$ 259.4	$ 283.3	$ 293.2	$ 1,083.2
Local media	152.6	183.2	142.1	152.2	630.1
Total revenues	$ 399.9	$ 442.6	$ 425.4	$ 445.4	$ 1,713.3
Operating profit					
National media	$ 24.1	$ 46.8	$ 41.3	$ 34.3	$ 146.5
Local media	50.6	76.8	41.2	46.3	214.9
Unallocated corporate	(13.9)	(13.8)	(12.5)	(12.1)	(52.3)
Income from operations	$ 60.8	$ 109.8	$ 70.0	$ 68.5	$ 309.1
Earnings from continuing operations	$ 34.0	$ 71.8	$ 39.8	$ 43.3	$ 188.9
Discontinued operations	—	—	—	—	—
Net earnings	$ 34.0	$ 71.8	$ 39.8	$ 43.3	$ 188.9
Basic earnings per share attributable to common shareholders					
Earnings from continuing operations	$ 0.76	$ 1.61	$ 0.89	$ 0.97	$ 4.23
Net earnings	0.76	1.61	0.89	0.97	4.23
Diluted earnings per share attributable to common shareholders					
Earnings from continuing operations	0.75	1.58	0.87	0.95	4.16
Net earnings	0.75	1.58	0.87	0.95	4.16
Dividends per share	0.495	0.495	0.520	0.520	2.030

In the second quarter of fiscal 2017, the Company recorded a reduction in contingent consideration payable of $19.6 million, a pre-tax restructuring charge of $8.1 million, and $1.7 million for the write-down of an investment.

In the third quarter of fiscal 2017, the Company recorded a reduction in contingent consideration payable of $1.1 million.

In the fourth quarter of fiscal 2017, the Company recorded a non-cash impairment charge of $5.3 million to fully impair the Mywedding trademark, a pre-tax restructuring charge of $4.3 million, the write-down of an investment of $1.9 million, and the reversal of excess restructuring reserves accrued in prior fiscal years of $1.8 million.

As a result of changes in shares outstanding during the year, the sum of the four quarters' earnings per share may not necessarily equal the earnings per share for the year.

19. Issuer, Guarantor, and Non-Guarantor Condensed Consolidating Financial Information

The 2026 Senior Notes are general unsecured senior obligations of Meredith Corporation (Parent Issuer) and are guaranteed on a full, unconditional, joint, and several basis, by the combined “Guarantor Subsidiaries.” Other subsidiaries (the Non-Guarantor Subsidiaries) largely represent the international operations of the Company and subsidiaries that have been disposed of prior to June 30, 2018, which do not guarantee the Senior Notes. Under the terms of the indentures, Meredith Corporation and the Guarantor Subsidiaries each fully and unconditionally, jointly and severally, guarantee the payment of interest, principal and premium, if any, on each of the notes included in the 2026 Senior Notes.

The following condensed consolidating financial information presents the condensed consolidated balance sheets as of June 30, 2018 and 2017, and the related condensed consolidated statements of comprehensive income and cash flows for each of the years in the three-year period ended June 30, 2018, for Meredith Corporation (Parent Issuer), Guarantor Subsidiaries, and Non-Guarantor Subsidiaries. The condensed consolidating financial information is presented using the equity method of accounting for all periods presented. The Guarantor Subsidiaries are presented on a combined basis. Elimination entries relate primarily to elimination of investments in subsidiaries and associated intercompany balances and transactions.

Meredith Corporation and Subsidiaries
Condensed Consolidated Balance Sheet
As of June 30, 2018

Assets	**Meredith Corporation (Parent Issuer)**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
(In millions)					
Current assets					
Cash and cash equivalents	$ 195.0	$ 202.8	$ 39.8	$ —	$ 437.6
Accounts receivable, net	223.5	330.0	—	(11.5)	542.0
Inventories	23.6	20.5	0.1	—	44.2
Current portion of subscription acquisition costs	107.0	11.1	—	—	118.1
Current portion of broadcast rights	7.7	2.1	—	—	9.8
Assets held-for-sale	—	647.9	65.2	—	713.1
Other current assets	55.3	37.0	22.0	—	114.3
Total current assets	612.1	1,251.4	127.1	(11.5)	1,979.1
Net property, plant, and equipment	162.4	318.2	3.2	—	483.8
Subscription acquisition costs	57.1	4.0	—	—	61.1
Broadcast rights	16.9	2.0	—	—	18.9
Deferred income taxes	—	—	6.3	(6.3)	—
Other assets	60.4	5.4	197.5	—	263.3
Intangible assets, net	676.2	1,328.0	1.0	—	2,005.2
Goodwill	614.7	1,266.9	34.2	—	1,915.8
Intercompany receivable	11.8	8,086.1	7,773.2	(15,871.1)	—
Intercompany notes receivable	—	204.7	—	(204.7)	—
Investment in subsidiaries	3,844.5	1,050.6	—	(4,895.1)	—
Total assets	$ 6,056.1	$ 13,517.3	$ 8,142.5	$ (20,988.7)	$ 6,727.2

Liabilities, Redeemable Convertible Preferred Stock, and Shareholders' Equity					
Current liabilities					
Current portion of long-term debt	$ 17.7	$ —	$ —	$ —	$ 17.7
Current portion of long-term broadcast rights payable	6.9	2.0	—	—	8.9
Accounts payable	67.2	95.0	44.0	(11.5)	194.7
Accrued expenses	142.6	263.0	4.6	—	410.2
Current portion of unearned revenues	171.5	180.3	7.7	0.9	360.4
Liabilities associated with assets held-for-sale	—	124.2	74.2	—	198.4
Total current liabilities	405.9	664.5	130.5	(10.6)	1,190.3
Long-term debt	3,117.9	—	—	—	3,117.9
Long-term broadcast rights payable	18.3	2.5	—	—	20.8
Unearned revenues	82.3	42.0	(0.2)	—	124.1
Deferred income taxes	209.5	233.8	—	(6.3)	437.0
Other noncurrent liabilities	99.4	97.8	19.8	—	217.0
Investment in subsidiaries	—	—	58.8	(58.8)	—
Intercompany payable	502.7	7,846.4	7,522.0	(15,871.1)	—
Intercompany notes payable	—	—	204.7	(204.7)	—
Total liabilities	4,436.0	8,887.0	7,935.6	(16,151.5)	5,107.1
Redeemable, convertible Series A preferred stock	522.6	—	—	—	522.6
Shareholders' equity	1,097.5	4,630.3	206.9	(4,837.2)	1,097.5
Total liabilities, redeemable convertible preferred stock, and shareholders' equity	$ 6,056.1	$ 13,517.3	$ 8,142.5	$ (20,988.7)	$ 6,727.2

Meredith Corporation and Subsidiaries
Condensed Consolidated Balance Sheet
As of June 30, 2017

Assets	Meredith Corporation (Parent Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
(In millions)					
Current assets					
Cash and cash equivalents	$ 21.8	$ —	$ 0.5	$ —	$ 22.3
Accounts receivable, net	129.0	47.5	206.8	(94.2)	289.1
Inventories	20.6	0.1	1.2	—	21.9
Current portion of subscription acquisition costs	136.9	8.1	—	—	145.0
Current portion of broadcast rights	5.8	2.0	—	—	7.8
Other current assets	16.8	1.9	0.6	—	19.3
Total current assets	330.9	59.6	209.1	(94.2)	505.4
Net property, plant, and equipment	143.7	45.2	0.9	—	189.8
Subscription acquisition costs	76.0	3.7	—	—	79.7
Broadcast rights	19.3	2.5	—	—	21.8
Deferred income taxes	—	—	6.0	(6.0)	—
Other assets	68.8	—	0.8	—	69.6
Intangible assets, net	709.7	245.2	1.0	—	955.9
Goodwill	614.7	227.3	65.5	—	907.5
Intercompany receivable	83.5	185.3	6.9	(275.7)	—
Investment in subsidiaries	676.3	—	—	(676.3)	—
Total assets	$ 2,722.9	$ 768.8	$ 290.2	$ (1,052.2)	$ 2,729.7
Liabilities and Shareholders' Equity					
Current liabilities					
Current portion of long-term debt	$ 62.5	$ —	$ —	$ —	$ 62.5
Current portion of long-term broadcast rights payable	6.8	2.4	—	—	9.2
Accounts payable	50.3	12.1	98.4	(94.2)	66.6
Accrued expenses	88.2	10.5	3.7	—	102.4
Current portion of unearned revenues	202.1	11.3	5.6	—	219.0
Total current liabilities	409.9	36.3	107.7	(94.2)	459.7
Long-term debt	560.3	—	75.4	—	635.7
Long-term broadcast rights payable	19.7	2.8	—	—	22.5
Unearned revenues	102.4	4.1	—	—	106.5
Deferred income taxes	328.7	62.0	—	(6.0)	384.7
Other noncurrent liabilities	113.7	10.9	—	—	124.6
Intercompany payable	192.2	40.6	42.9	(275.7)	—
Total liabilities	1,726.9	156.7	226.0	(375.9)	1,733.7
Shareholders' equity	996.0	612.1	64.2	(676.3)	996.0
Total liabilities and shareholders' equity	$ 2,722.9	$ 768.8	$ 290.2	$ (1,052.2)	$ 2,729.7

Meredith Corporation and Subsidiaries
Condensed Consolidated Statement of Comprehensive Income
For the Year Ended June 30, 2018

(In millions)	Meredith Corporation (Parent Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues					
Advertising	$ 623.0	$ 489.9	$ 3.7	$ —	$ 1,116.6
Circulation	288.0	197.7	3.6	—	489.3
All other	293.8	330.4	105.1	(87.8)	641.5
Total revenues	1,204.8	1,018.0	112.4	(87.8)	2,247.4
Operating expenses					
Production, distribution, and editorial	485.5	416.2	42.1	(83.2)	860.6
Selling, general, and administrative	510.2	416.4	39.9	(3.8)	962.7
Acquisition, disposition, and restructuring related activities	58.4	111.8	3.2	—	173.4
Depreciation and amortization	33.3	94.4	1.3	—	129.0
Impairment of goodwill and other long-lived assets	22.7	—	—	—	22.7
Total operating expenses	1,110.1	1,038.8	86.5	(87.0)	2,148.4
Income (loss) from operations	94.7	(20.8)	25.9	(0.8)	99.0
Non-operating income (expense), net	(11.7)	0.6	(0.6)	—	(11.7)
Interest income (expense), net	(95.1)	7.2	(9.0)	—	(96.9)
Earnings (loss) from continuing operations before income taxes	(12.1)	(13.0)	16.3	(0.8)	(9.6)
Income tax benefit (expense)	116.6	8.4	(1.4)	—	123.6
Earnings (loss) from continuing operations	104.5	(4.6)	14.9	(0.8)	114.0
Earnings (loss) from discontinued operations, net of income taxes	(12.2)	18.6	(21.0)	—	(14.6)
Earnings (loss) before equity income (loss)	92.3	14.0	(6.1)	(0.8)	99.4
Earnings (loss) from equity in subsidiaries	7.1	6.9	(10.7)	(3.3)	—
Net earnings (loss)	$ 99.4	$ 20.9	$ (16.8)	$ (4.1)	$ 99.4
Total comprehensive income (loss)	$ 85.7	$ 17.9	$ (25.4)	$ 7.5	$ 85.7

Meredith Corporation and Subsidiaries
Condensed Consolidated Statement of Comprehensive Income
For the Year Ended June 30, 2017

	Meredith Corporation (Parent Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
(In millions)					
Revenues					
Advertising	$ 671.6	$ 260.7	$ 1.8	$ —	$ 934.1
Circulation	310.4	11.6	—	—	322.0
All other	257.1	68.8	131.3	—	457.2
Total revenues	1,239.1	341.1	133.1	—	1,713.3
Operating expenses					
Production, distribution, and editorial	471.7	100.2	31.1	—	603.0
Selling, general, and administrative	543.1	105.4	82.4	—	730.9
Acquisition, disposition, and restructuring related activities	8.3	—	2.0	—	10.3
Depreciation and amortization	37.6	15.7	0.5	—	53.8
Impairment of goodwill and other long-lived assets	0.9	5.3	—	—	6.2
Total operating expenses	1,061.6	226.6	116.0	—	1,404.2
Income from operations	177.5	114.5	17.1	—	309.1
Interest expense, net	(14.2)	—	(4.6)	—	(18.8)
Earnings before income taxes	163.3	114.5	12.5	—	290.3
Income tax expense	(51.7)	(45.5)	(4.2)	—	(101.4)
Earnings before equity earnings	111.6	69.0	8.3	—	188.9
Earnings from equity in subsidiaries	77.3	—	—	(77.3)	—
Net earnings	$ 188.9	$ 69.0	$ 8.3	$ (77.3)	$ 188.9
Total comprehensive income	$ 198.4	$ 69.0	$ 8.3	$ (77.3)	$ 198.4

Meredith Corporation and Subsidiaries
Condensed Consolidated Statement of Comprehensive Income
For the Year Ended June 30, 2016

(In millions)	Meredith Corporation (Parent Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues					
Advertising	$ 687.5	$ 224.6	$ 2.1	$ —	$ 914.2
Circulation	318.4	10.2	—	—	328.6
All other	219.7	51.5	135.6	—	406.8
Total revenues	1,225.6	286.3	137.7	—	1,649.6
Operating expenses					
Production, distribution, and editorial	473.6	92.4	45.3	—	611.3
Selling, general, and administrative	553.3	103.7	66.5	—	723.5
Acquisition, disposition, and restructuring related activities	(37.5)	—	1.1	—	(36.4)
Depreciation and amortization	41.8	16.6	0.7	—	59.1
Impairment of goodwill and other long-lived assets	44.6	—	116.9	—	161.5
Total operating expenses	1,075.8	212.7	230.5	—	1,519.0
Income (loss) from operations	149.8	73.6	(92.8)	—	130.6
Interest income (expense), net	(27.2)	—	6.8	—	(20.4)
Earnings (loss) before income taxes	122.6	73.6	(86.0)	—	110.2
Income tax expense	(45.6)	(28.1)	(2.6)	—	(76.3)
Earnings (loss) before equity loss	77.0	45.5	(88.6)	—	33.9
Loss from equity in subsidiaries	(43.1)	—	—	43.1	—
Net earnings (loss)	$ 33.9	$ 45.5	$ (88.6)	$ 43.1	$ 33.9
Total comprehensive income (loss)	$ 18.0	$ 45.5	$ (88.6)	$ 43.1	$ 18.0

Meredith Corporation and Subsidiaries
Condensed Consolidated Statement of Cash Flows
For the Year Ended June 30, 2018

(In millions)	Meredith Corporation (Parent Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities	$ (463.9)	$ 515.3	$ 100.0	$ —	$ 151.4
Cash flows from investing activities					
Acquisition of and investments in businesses, net of cash acquired	(2,786.5)	—	—	—	(2,786.5)
Proceeds from disposition of assets, net of cash sold	86.4	—	132.8	—	219.2
Additions to property, plant, and equipment	(41.2)	(11.6)	(0.4)	—	(53.2)
Other	3.1	—	—	—	3.1
Net cash provided by (used in) investing activities	(2,738.2)	(11.6)	132.4	—	(2,617.4)
Cash flows from financing activities					
Proceeds from issuance of long-term debt	3,260.0	—	—	—	3,260.0
Repayments of long-term debt	(689.7)	—	(75.4)	—	(765.1)
Issued preferred stock, warrants, and options proceeds, net of issuance costs	631.0	—	—	—	631.0
Dividends paid	(121.5)	—	—	—	(121.5)
Purchases of Company stock	(31.1)	—	—	—	(31.1)
Proceeds from common stock issued	19.3	—	—	—	19.3
Payment of acquisition related contingent consideration	(4.0)	(1.1)	—	—	(5.1)
Debt acquisition costs	(70.8)	—	—	—	(70.8)
Net increase (decrease) in intercompany obligations	382.1	(299.8)	(82.3)	—	—
Net cash provided by (used in) financing activities	3,375.3	(300.9)	(157.7)	—	2,916.7
Effect of exchange rate changes on cash and cash equivalents	—	—	(4.1)	—	(4.1)
Change in cash held-for-sale	—	—	(31.3)	—	(31.3)
Net increase in cash and cash equivalents	173.2	202.8	39.3	—	415.3
Cash and cash equivalents at beginning of year	21.8	—	0.5	—	22.3
Cash and cash equivalents at end of year	$ 195.0	$ 202.8	$ 39.8	$ —	$ 437.6

Meredith Corporation and Subsidiaries
Condensed Consolidated Statement of Cash Flows
For the Year Ended June 30, 2017

	Meredith Corporation (Parent Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
(In millions)					
Cash flows from operating activities	$ 240.7	$ 22.8	$ (44.2)	$ —	$ 219.3
Cash flows from investing activities					
Acquisition of and investments in businesses, net of cash acquired	(84.4)	—	—	—	(84.4)
Proceeds from disposition of assets, net of cash sold	1.5	—	—	—	1.5
Additions to property, plant, and equipment	(28.8)	(6.0)	—	—	(34.8)
Net cash used in investing activities	(111.7)	(6.0)	—	—	(117.7)
Cash flows from financing activities					
Proceeds from issuance of long-term debt	365.0	—	15.0	—	380.0
Repayments of long-term debt	(354.4)	—	(20.0)	—	(374.4)
Dividends paid	(91.9)	—	—	—	(91.9)
Purchases of Company stock	(53.3)	—	—	—	(53.3)
Proceeds from common stock issued	38.0	—	—	—	38.0
Excess tax benefits from share-based payments	6.8	—	—	—	6.8
Payment of acquisition related contingent consideration	(8.0)	—	—	—	(8.0)
Debt acquisition costs	(1.5)	—	—	—	(1.5)
Net increase (decrease) in intercompany obligations	(32.1)	(16.8)	48.9	—	—
Net cash provided by (used in) financing activities	(131.4)	(16.8)	43.9	—	(104.3)
Net decrease in cash and cash equivalents	(2.4)	—	(0.3)	—	(2.7)
Cash and cash equivalents at beginning of year	24.2	—	0.8	—	25.0
Cash and cash equivalents at end of year	$ 21.8	$ —	$ 0.5	$ —	$ 22.3

Meredith Corporation and Subsidiaries
Condensed Consolidated Statement of Cash Flows
For the Year Ended June 30, 2016

(In millions)	Meredith Corporation (Parent Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities	$ 270.5	$ (31.5)	$ (12.4)	$ —	$ 226.6
Cash flows from investing activities					
Acquisition of and investments in businesses, net of cash acquired	(8.2)	—	—	—	(8.2)
Proceeds from disposition of assets, net of cash sold	—	1.8	—	—	1.8
Additions to property, plant, and equipment	(18.2)	(6.4)	(0.4)	—	(25.0)
Net cash used in investing activities	(26.4)	(4.6)	(0.4)	—	(31.4)
Cash flows from financing activities					
Proceeds from issuance of long-term debt	167.1	—	0.4	—	167.5
Repayments of long-term debt	(267.5)	—	—	—	(267.5)
Dividends paid	(86.1)	—	—	—	(86.1)
Purchases of Company stock	(31.1)	—	—	—	(31.1)
Proceeds from common stock issued	20.9	—	—	—	20.9
Excess tax benefits from share-based payments	4.2	—	—	—	4.2
Payment of acquisition related contingent consideration	(0.8)	—	—	—	(0.8)
Debt acquisition costs	(0.1)	—	—	—	(0.1)
Net increase (decrease) in intercompany obligations	(48.3)	35.7	12.6	—	—
Net cash provided by (used in) financing activities	(241.7)	35.7	13.0	—	(193.0)
Net increase (decrease) in cash and cash equivalents	2.4	(0.4)	0.2	—	2.2
Cash and cash equivalents at beginning of year	21.8	0.4	0.6	—	22.8
Cash and cash equivalents at end of year	$ 24.2	$ —	$ 0.8	$ —	$ 25.0

Meredith Corporation and Subsidiaries
SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS

		Additions				
Reserves Deducted from Receivables in the Consolidated Financial Statements:	**Balance at beginning of period**	**Acquired**	**Charged to costs and expenses**	**Charged to other accounts**	**Deductions**	**Balance at end of period**
(In millions)						
Fiscal year ended June 30, 2018						
Reserve for doubtful accounts	$ 6.5	$ —	$ 12.5	$ —	$ (6.8)	$ 12.2
Reserve for returns	1.5	—	3.1	—	(2.4)	2.2
Income tax valuation allowance	—	21.4	—	—	(0.3)	21.1
Total	$ 8.0	$ 21.4	$ 15.6	$ —	$ (9.5)	$ 35.5
Fiscal year ended June 30, 2017						
Reserve for doubtful accounts	$ 7.0	$ —	$ 4.5	$ —	$ (5.0)	$ 6.5
Reserve for returns	1.3	—	4.0	—	(3.8)	1.5
Total	$ 8.3	$ —	$ 8.5	$ —	$ (8.8)	$ 8.0
Fiscal year ended June 30, 2016						
Reserve for doubtful accounts	$ 6.5	$ —	$ 4.8	$ —	$ (4.3)	$ 7.0
Reserve for returns	2.0	—	3.8	—	(4.5)	1.3
Total	$ 8.5	$ —	$ 8.6	$ —	$ (8.8)	$ 8.3

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Meredith Corporation (Meredith or the Company) maintains disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), that are designed to provide reasonable assurance that (1) information that is required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the United States Securities and Exchange Commission's (SEC) rules and forms and (2) such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

An evaluation was conducted under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer of the effectiveness of the Company's disclosure controls and procedures as of June 30, 2018. Based on this evaluation, Meredith's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were not effective as of June 30, 2018, due to the material weakness in internal control over financial reporting relating to purchase accounting for the opening balance sheet of Time Inc. (Time), which was acquired on January 31, 2018, as described below.

Notwithstanding this material weakness, Meredith has concluded that the consolidated financial statements as originally filed, and as included in this Form 10-K/A, present fairly, in all material respects, the financial position of the Company as of June 30, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2018, in conformity with accounting principles generally accepted in the United States of America (U. S. GAAP).

Management's Report on Internal Control over Financial Reporting

Meredith's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U. S. GAAP and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately, and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems that were determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and they may not prevent or detect misstatements.

Under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer and oversight by the Board of Directors, Meredith conducted an evaluation of the effectiveness of the design and operation of internal control over financial reporting as of June 30, 2018, based on the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In accordance with SEC staff guidance permitting a company to exclude an acquired business from management's assessment of the effectiveness of internal control over financial reporting for the year in which the acquisition is completed, management has excluded Time from its internal control assessment. Time represents 59 percent of Meredith's consolidated assets as of June 30, 2018, and 28 percent of Meredith's consolidated revenues for the year ended June 30, 2018.

Based on this evaluation, management identified ineffective process-level controls over the completeness, existence, accuracy, and valuation of certain acquired assets and assumed liabilities on the acquisition date as set forth in Note 2, *Acquisitions*, specifically, accounts receivable; property, plant, and equipment; other current assets; other assets; accounts payable; accrued liabilities; unearned revenues; and other noncurrent liabilities, and over the review of certain revenue contracts relating to amounts recorded in unearned revenue, due to an ineffective risk assessment process over the measurement and recognition of certain acquired assets and assumed liabilities of Time.

These control deficiencies relating to the opening balance sheet of an acquired business create a reasonable possibility that a material misstatement in the opening balance sheet or subsequent consolidated financial statements would not have been prevented or detected on a timely basis. Accordingly, management concluded that the control deficiencies constitute a material weakness in the Company's internal control over financial reporting and, as a result, the Company's internal control over financial reporting was not effective as of June 30, 2018. These control deficiencies resulted in immaterial misstatements discovered in subsequent periods relating to subscription acquisition costs, unearned revenues, consumer related revenues, and selling, general, and administrative expenses, which were not corrected in the consolidated financial statements.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

Meredith's independent registered public accounting firm, KPMG LLP, which has audited the Company's consolidated financial statements included in this Form 10-K/A, has expressed an adverse report on the operating effectiveness of the Company's internal control over financial reporting. KPMG's adverse report is set out on page 6 of this Form 10-K/A.

Changes in Internal Control over Financial Reporting

Other than the material weakness described above, which arose during the quarter ended March 31, 2018, there have been no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2018, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Remediation Plan

The Company and its Board of Directors are committed to maintaining a strong internal control environment. Management, with the oversight of the Audit Committee, has evaluated the material weakness described above and designed a remediation plan to address the material weakness and enhance the Company's internal control environment. The remediation plan is being implemented and includes a robust risk assessment process coupled with additional controls and procedures. The Company has engaged external internal control specialists to assist with the remediation plan. Management is committed to successfully implementing the remediation plan as promptly as possible.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements listed under (a) 1. and the financial statement schedule listed under (a) 2. of the Company and its subsidiaries are filed as part of this report as set forth in the Index in Item 8.

(a) Financial Statements, Financial Statement Schedule, and Exhibits

1. Financial Statements

Reports of Independent Registered Public Accounting Firm
Consolidated Balance Sheets as of June 30, 2018 and 2017
Consolidated Statements of Earnings for the Years Ended June 30, 2018, 2017, and 2016
Consolidated Statements of Comprehensive Income for the Years Ended June 30, 2018, 2017, and 2016
Consolidated Statements of Shareholders' Equity for the Years Ended June 30, 2018, 2017, and 2016
Consolidated Statements of Cash Flows for the Years Ended June 30, 2018, 2017, and 2016
Notes to Consolidated Financial Statements

2. Financial Statement Schedule for the years ended June 30, 2018, 2017, and 2016

Schedule II-Valuation and Qualifying Accounts

All other Schedules have been omitted because the items required by such schedules are not present in the consolidated financial statements, are covered in the consolidated financial statements or notes thereto, or are not significant in amount.

3. Exhibits

The exhibits listed in the accompanying "Exhibit Index" are filed or incorporated by reference as part of this Amended Form 10-K.

EXHIBIT INDEX

Exhibit Number	Item
23	Consent of Independent Registered Public Accounting Firm.
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

* These certifications are being furnished solely to accompany this Amended Annual Report on Form 10-K/A pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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: May 13, 2019

Exhibit 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Meredith Corporation:

We consent to the incorporation by reference in the registration statement (No. 333-72635) on Form S-3 and the registration statements (No. 333-87888, No. 333-21979, No. 333-04033, No. 33-2094, No. 2-54974, No. 33-59258, No. 333-125675, No. 333-184992, and No. 333-200138) on Form S-8 of Meredith Corporation of our reports dated August 31, 2018, except for Note 19, as to which the date is January 7, 2019, and except for the restatement as to the effectiveness of internal control over financial reporting for the material weakness related to ineffective controls over certain acquired assets and assumed liabilities, as to which the date is May 13, 2019, and August 31, 2018, except for the restatement as to the effectiveness of internal control over financial reporting for the material weakness related to ineffective controls over certain acquired assets and assumed liabilities, as to which the date is May 13, 2019, with respect to the consolidated balance sheets of Meredith Corporation and subsidiaries (the Company) as of June 30, 2018 and 2017, and the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2018, and the related notes and financial statement schedule II-Valuation and Qualifying Accounts, and the effectiveness of internal control over financial reporting as of June 30, 2018, which reports appear in the June 30, 2018 amended annual report on Form 10-K/A of Meredith Corporation.

Our report dated August 31, 2018, except for the restatement as to the effectiveness of internal control over financial reporting for the material weakness related to ineffective controls over certain acquired assets and assumed liabilities, as to which the date is May 13, 2019, on the effectiveness of internal control over financial reporting as of June 30, 2018, expresses our opinion that the Company did not maintain effective internal control over financial reporting as of June 30, 2018, because of the effect of a material weakness on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states a material weakness existed.

That report also contains an explanatory paragraph that states that the Company acquired Time Inc. and subsidiaries (Time) during fiscal 2018, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of June 30, 2018, Time's internal control over financial reporting associated with 59 percent of total assets and 28 percent of revenue included in the consolidated financial statements of the Company as of and for the year ended June 30, 2018. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Time.

/s/ KPMG LLP

Des Moines, Iowa
May 13, 2019

Exhibit 31.1

CERTIFICATION

I, Thomas H. Harty, certify that:

1. I have reviewed this Annual Report on Form 10-K/A 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: May 13, 2019

/s/ Thomas H. Harty

Thomas H. Harty, 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.

Exhibit 31.2

CERTIFICATION

I, Joseph Ceryanec, certify that:

1. I have reviewed this Annual Report on Form 10-K/A 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: May 13, 2019

/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 Annual Report on Form 10-K/A of Meredith Corporation (the Company) for the year ended June 30, 2018, 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/ Thomas H. Harty	/s/ Joseph Ceryanec
Thomas H. Harty	Joseph Ceryanec
President, Chief Executive Officer, and Director (Principal Executive Officer)	Chief Financial Officer (Principal Financial and Accounting Officer)
Dated: May 13, 2019	Dated: May 13, 2019

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.