PRIMEDIA INC
Form 10-Q
May 10, 2005

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: March 31, 2005

Commission file number: 1-11106

PRIMEDIA Inc.

(Exact name of registrant as specified in its charter)

Delaware	**13-3647573**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

745 Fifth Avenue, New York, New York
(Address of principal executive offices)

10151
(Zip Code)

Registrant's telephone number, including area code **(212) 745-0100**

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, and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ý No o

Number of shares of common stock, par value $.01 per share, of PRIMEDIA Inc. outstanding as of April 29, 2005: 262,265,058.

PRIMEDIA Inc.

INDEX

PRIMEDIA INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share amounts)

	March 31, 2005	December 31, 2004
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 365,589	$ 13,000
Accounts receivable, net	169,911	179,005
Inventories	26,341	22,696
Prepaid expenses and other	42,133	29,423
Assets held for sale	22,914	40,274
Total current assets	626,888	284,398
Property and equipment (net of accumulated depreciation and amortization of $259,293 in 2005 and $274,830 in 2004)	72,732	79,806
Other intangible assets, net	243,482	242,884
Goodwill	891,292	902,579
Other non-current assets	48,582	49,381
Total Assets	$ 1,882,976	$ 1,559,048
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable	$ 59,953	$ 84,732
Accrued expenses and other	184,036	143,112
Deferred revenues	171,738	157,314
Current maturities of long-term debt	24,070	24,919
Liabilities of businesses held for sale	23,564	26,980
Total current liabilities	463,361	437,057
Long-term debt	1,566,689	1,635,964
Shares subject to mandatory redemption	474,559	474,559
Deferred revenues	16,718	17,093
Deferred income taxes	79,014	75,172
Other non-current liabilities	59,667	64,023
Total Liabilities	2,660,008	2,703,868
Shareholders' deficiency:		
Common stock ($.01 par value, 350,000,000 shares authorized at March 31, 2005 and December 31, 2004 and 271,327,975 shares and 270,893,102 shares issued at March 31, 2005 and December 31, 2004, respectively)	2,713	2,709
Additional paid-in capital (including warrants of $31,690 at March 31, 2005 and December 31, 2004)	2,357,048	2,354,778
Accumulated deficit	(3,060,749)	(3,426,263)
Accumulated other comprehensive loss	(167)	(167)
Common stock in treasury, at cost (8,442,409 shares at March 31, 2005 and December 31, 2004)	(75,877)	(75,877)
Total shareholders' deficiency	(777,032)	(1,144,820)
Total Liabilities and Shareholders' Deficiency	$ 1,882,976	$ 1,559,048

See notes to condensed consolidated financial statements (unaudited).

2

PRIMEDIA INC. AND SUBSIDIARIES

CONDENSED STATEMENTS OF CONSOLIDATED OPERATIONS (UNAUDITED)
(dollars in thousands, except share and per share amounts)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Revenues, net:		
Advertising	$ 196,048	$ 195,499
Circulation	61,945	67,012
Other	46,031	43,561
Total revenues, net	304,024	306,072
Operating costs and expenses:		
Cost of goods sold	60,581	61,287
Marketing and selling	69,774	69,481
Distribution, circulation and fulfillment	57,125	55,332
Editorial	27,597	26,312
Other general expenses	40,237	38,986
Corporate administrative expenses	6,074	7,480
Depreciation of property and equipment	7,845	8,720
Amortization of intangible assets and other	3,148	4,713
Severance related to separated senior executives		658
Non-cash compensation	1,201	1,919
Provision for severance, closures and restructuring related costs	1,058	2,471
Provision for unclaimed property		5,400
Operating income	29,384	23,313
Other income (expense):		
Interest expense	(33,226)	(28,138)
Interest on shares subject to mandatory redemption	(10,945)	(10,945)
Amortization of deferred financing costs	(1,334)	(1,102)
Other income, net	635	289
Loss from continuing operations before income tax expense	(15,486)	(16,583)
Provision for income taxes	(3,912)	(4,367)
Loss from continuing operations	(19,398)	(20,950)
Discontinued operations (including gain on sale of businesses, net of $383,178 and $38,109 in 2005 and 2004, respectively)	384,912	32,021
Net income	365,514	11,071
Preferred stock dividends		(5,153)
Income applicable to common shareholders	$ 365,514	$ 5,918
Basic and diluted income (loss) per common share:		
Continuing operations	$ (0.07)	$ (0.10)
Discontinued operations	1.46	0.12
Income applicable to common shareholders	$ 1.39	$ 0.02

	Three Months Ended March 31,	
Basic and diluted common shares outstanding	262,661,656	259,894,408

See notes to condensed consolidated financial statements (unaudited).

PRIMEDIA INC. AND SUBSIDIARIES

CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS (UNAUDITED)
(dollars in thousands)

	Three Months Ended March 31,	
	2005	**2004**
Operating activities:		
Net income	$ 365,514	$ 11,071
Adjustments to reconcile net income to net cash provided by (used in) operating activities	(365,002)	(12,176)
Changes in operating assets and liabilities	4,094	(30,395)
Net cash provided by (used in) operating activities	4,606	(31,500)
Investing activities:		
Additions to property, equipment and other, net	(5,889)	(6,153)
Proceeds from sales of businesses and other	431,306	58,077
Payments for businesses acquired, net of cash acquired	(7,820)	(1,117)
Proceeds from sale of (payments for) other investments, net	(2)	547
Net cash provided by investing activities	417,595	51,354
Financing activities:		
Borrowings under credit agreements	63,150	93,000
Repayments of borrowings under credit agreements	(131,650)	(100,000)
Proceeds from issuances of common stock, net	1,074	628
Deferred financing costs paid	(62)	
Capital lease obligations	(2,073)	(2,822)
Other	(51)	(235)
Net cash used in financing activities	(69,612)	(9,429)
Increase in cash and cash equivalents	352,589	10,425
Cash and cash equivalents, beginning of period	13,000	8,685
Cash and cash equivalents, end of period	$ 365,589	$ 19,110
Supplemental information:		
Cash interest paid, including interest on capital and restructured leases	$ 14,256	$ 7,085
Cash interest paid on shares subject to mandatory redemption	$ 10,945	$ 10,945
Cash taxes paid, net of refunds received	$ 58	$ 101
Cash paid for severance, closures and restructuring related costs	$ 4,503	$ 4,337
Non-cash activities:		
Payments of dividends-in-kind on Series J Convertible Preferred Stock	$	$ 5,153

See notes to condensed consolidated financial statements (unaudited).

4

PRIMEDIA INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(dollars in thousands, except share and per share amounts)

1. *Summary of Significant Accounting Policies*

Basis of Presentation

PRIMEDIA Inc., together with its subsidiaries, is herein referred to as either "PRIMEDIA" or the "Company." In the opinion of the Company's management, the condensed consolidated financial statements present fairly the consolidated financial position of the Company as of March 31, 2005 and December 31, 2004 and the consolidated results of operations of the Company for the three month periods ended March 31, 2005 and 2004, and consolidated cash flows of the Company for the three months ended March 31, 2005 and 2004 and all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. All intercompany accounts and transactions have been eliminated in consolidation. These statements should be read in conjunction with the Company's annual consolidated financial statements and related notes for the year ended December 31, 2004, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004. The operating results for the three months ended March 31, 2005 and 2004 are not necessarily indicative of the results that may be expected for a full year.

Stock Based Compensation

The Company has a stock-based employee compensation plan. Effective January 1, 2003, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation", as amended by SFAS 148, "Accounting for Stock-Based Compensation Transition and Disclosure", using the prospective method. Upon adoption, the Company began expensing the fair value of stock-based compensation for all grants, modifications and settlements made on or after January 1, 2003. As a result of the adoption of SFAS 123, the Company recorded a non-cash compensation charge of $566 and $590, relating to stock options and the PRIMEDIA Employee Stock Purchase Plan, for the three months ended March 31, 2005 and 2004, respectively.

The following table illustrates the effect on net income applicable to common shareholders and basic and diluted income per common share as if the Company had applied the fair value recognition provisions of SFAS 123 to all stock-based employee compensation grants for all periods presented:

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Reported net income applicable to common shareholders	$ 365,514	$ 5,918
Add: stock-based employee compensation expense included in reported net income	566	765
Deduct: total stock-based employee compensation expense determined under fair value based method for all awards	(1,770)	(3,161)
Pro forma net income applicable to common shareholders	$ 364,310	$ 3,522
Per common share:		
Reported basic and diluted income	$ 1.39	$ 0.02
Pro forma basic and diluted income	$ 1.39	$ 0.01

Pro forma information regarding net income and earnings per share is required by SFAS 123, and has been determined as if the Company had accounted for its employee stock options granted on or before December 31, 2002 under the fair value method of SFAS 123. The fair value of these options was estimated at the date of grant using the Black-Scholes pricing model. For the three months ended March 31, 2005 and 2004, respectively, the following weighted-average assumptions were used: risk-free interest rates of 3.78% and 2.18%; dividend yields of 0.0% and 0.0%; volatility factors of the expected market price of the Company's common stock of 75% and 89%, and a weighted-average expected life of the options of three years. The estimated fair value of options granted during the three months ended March 31, 2005 and 2004 was $21 and $8, respectively.

The Black-Scholes pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (revised 2004) ("SFAS 123(R)"). Upon the effective date, SFAS 123(R) replaces FASB Statement No. 123, Accounting for Stock-Based Compensation, and supersedes Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees. See the Recent Accounting Pronouncements section below for further discussion.

Recent Accounting Pronouncements

SFAS No. 151, "Inventory Costs"

In November 2004, the FASB issued SFAS No. 151, which is an amendment of Accounting Research Bulletin ("ARB") No. 43, Chapter 4. SFAS 151 clarifies that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges and requires the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. This SFAS is effective for inventory costs incurred for annual periods beginning after June 15, 2005. The Company does not anticipate any material impact on its consolidated financial statements.

SFAS No. 123 (revised 2004)," Share-Based Payment"

In December 2004, the FASB issued SFAS 123(R), which replaces SFAS 123 and supercedes APB No. 25. The FASB has concluded that companies may adopt the new standard in one of two ways: the modified prospective transition method and the modified retrospective transition method. The modified prospective transition method requires recognition of compensation expense from the beginning of the fiscal period in which the recognition provisions are first applied as if the fair-value-based accounting method had been used to account for all employee awards granted, modified, or settled after the effective date and to any awards that were not fully vested as of the effective date. The modified retrospective method requires recognition of compensation expense for periods presented prior to the adoption of the fair value based accounting method for share-based payment; that is, an entity would recognize employee compensation cost for prior periods presented in the amounts reported in the pro forma disclosures provided in accordance with SFAS No. 123. The Company is planning to adopt SFAS No. 123(R) using the modified prospective method effective January 1, 2006, which will result in an increase in non-cash compensation expense. The Company is still evaluating the impact of the adoption of this standard on its consolidated financial statements.

SFAS No. 153, "Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29"

In December 2004, the FASB issued SFAS No. 153, which amends ARB 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. SFAS 153 is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company does not anticipate that the adoption of this standard will have a material impact on its consolidated financial statements.

2. *Divestitures*

The Company has classified the results of certain divested entities as discontinued operations in accordance with SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

In January 2004, the Company completed the sale of *New York* magazine, part of the Enthusiast Media segment, the results of which have been classified as discontinued operations for all periods presented. Proceeds from the sale of $55,000, subject to standard post-closing adjustments, were used to pay down the Company's borrowings under its bank credit facilities with JPMorgan Chase Bank, Bank of America, N.A., The Bank of New York and The Bank of Nova Scotia, as agents (the "bank credit facilities"). The Company recorded a gain on the sale of *New York* magazine of approximately $38,000 in discontinued operations for the three months ended March 31, 2004. Additionally, the Company finalized a working capital settlement with the purchaser of *Seventeen* and its companion teen properties, resulting in a payment to the purchaser of $3,379 in January 2004.

In February 2004, the Company completed the sale of Kagan World Media, part of the Business Information segment, the results of which have been classified as discontinued operations for all periods presented. Proceeds from the sale were approximately $2,200, subject to standard post-closing adjustments.

In September 2004, the Company announced that it was exploring the sale of its Workplace Learning division, excluding Interactive Medical Network ("IMN"). Workplace Learning was part of the Education segment (formerly known as the Education and Training segment) which was renamed to reflect the classification of Workplace Learning as a discontinued operation. On March 31, 2005, the Company completed the sale of Bankers Training & Consulting Company, the financial services division of Workplace Learning. Proceeds from the sale were approximately $21,300, subject to standard post-closing adjustments and the Company recorded a net gain of approximately $18,700 in discontinued operations in 2005. On April 1, 2005, the Company sold the remaining net assets of Workplace Learning for the assumption of liabilities, resulting in a loss in carrying value of $14,400. In accordance with SFAS 144, the Company recorded the loss in carrying value of the remaining assets in discontinued operations on March 31, 2005 (See Subsequent Events Note 17). The operating results of Workplace Learning, excluding IMN, have been reclassified as discontinued operations for all periods presented and the remaining assets and liabilities have been classified as held for sale as of March 31, 2005 and December 31, 2004.

On March 18, 2005, the Company completed the sale of About.com, part of the Enthusiast Media segment, the results of which have been classified as discontinued operations for all periods presented. Gross proceeds from the sale of approximately $410,000 were used to reduce the Company's borrowings under its revolving bank credit facility and for general corporate purposes. The Company intends, through a series of steps, to further reduce outstanding long-term debt and/or redeem outstanding shares subject to mandatory redemption. The Company recorded a net gain on the sale of About.com of $378,900 in discontinued operations in 2005.

Total revenues, net, and income before provision for income taxes included in discontinued operations for the three months ended March 31, 2005 and 2004 on the accompanying condensed statements of consolidated operations are as follows:

Included in Discontinued Operations

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Total revenues, net	$ 18,077	$ 24,069
Income before income tax expense (including gain on sale of businesses)	$ 385,059	$ 32,044

Balance Sheet of Businesses Held for Sale

The assets and liabilities of businesses which the Company has initiated plans to sell, but had not sold, as of March 31, 2005 and December 31, 2004 have been reclassified to held for sale on the accompanying condensed consolidated balance sheets as follows:

	March 31, 2005	December 31, 2004
ASSETS		
Accounts receivable, net	$ 4,353	$ 5,114
Inventories	1,241	1,524
Prepaid expenses and other	1,010	588
Property and equipment, net	16,197	18,991
Other non-current assets	113	14,057
Assets held for sale	$ 22,914	$ 40,274
LIABILITIES		
Accounts payable	$ 1,229	$ 2,371
Accrued expenses and other	2,815	4,177
Deferred revenues current	4,895	5,545
Current portion of capital lease obligations	1,096	1,076
Long-term portion of capital lease obligations	13,529	13,811
Liabilities of businesses held for sale	$ 23,564	$ 26,980

3. *Accounts Receivable, Net*

Accounts receivable, net, consisted of the following:

	March 31, 2005	December 31, 2004
Accounts receivable	$ 182,907	$ 192,126
Less: Allowance for doubtful accounts	10,366	10,526
Allowance for returns and rebates	2,630	2,595
	$ 169,911	$ 179,005

4. *Inventories*

Inventories consisted of the following:

	March 31, 2005	December 31, 2004
Raw materials	$ 17,025	$ 15,097
Work in process	137	98
Finished goods	9,179	7,501
	$ 26,341	$ 22,696

5. *Goodwill, Other Intangible Assets and Other*

Since the adoption of SFAS 142, "Goodwill and Other Intangible Assets," on January 1, 2002, the Company assesses goodwill and indefinite lived intangible assets for impairment at least once a year. The Company has established October 31 as the annual impairment test date. In addition to the annual impairment test, an assessment is also required whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the three months ended March 31, 2005 and 2004, there were no events or changes in circumstances requiring the Company to perform an impairment test related to goodwill, intangible assets or other finite lived assets, and accordingly, there were no impairments recorded.

Historically, the Company did not need a valuation allowance for the portion of the tax effect of net operating losses equal to the amount of deferred tax liabilities related to tax-deductible goodwill and trademark amortization expected to occur during the carryforward period of the net operating losses based on the timing of the reversal of these taxable temporary differences. Upon adoption of SFAS 142, the Company recorded a valuation allowance in excess of its net deferred tax assets to the extent the difference between the book and tax basis of indefinite-lived intangible assets is not expected to reverse during the net operating loss carryforward period. With the adoption of SFAS 142, the Company no longer amortizes the book basis in the indefinite-lived intangibles, but continues to amortize these intangibles for tax purposes. For the three months ended March 31, 2005 and 2004, income tax expense primarily consisted of deferred income taxes of $3,842 and $4,289, respectively, related to the increase in the Company's net deferred tax liability for the tax effect of the net increase in the difference between the book and tax basis in the indefinite-lived intangible assets.

In addition, since amortization of tax-deductible goodwill and trademarks ceased on January 1, 2002, the Company will have deferred tax liabilities that will arise each quarter as these intangible assets continue to be amortized for tax purposes. As a result of the adoption of SFAS 142, the Company records a valuation allowance in excess of its net deferred tax assets to the extent the differences between the book and tax basis of indefinite-lived intangible assets is not expected to reverse during the expiration period of the Company's net operating loss carryforwards and other tax deductible temporary differences. The Company expects that it will record a total of approximately $12,000 to increase deferred tax liabilities during the remaining nine months of 2005.

Changes in the carrying amount of goodwill for the three months ended March 31, 2005, by operating segment, are as follows:

	Enthusiast Media	Consumer Guides	Business Information	Total
Balance as of January 1, 2005	$ 688,911	$ 96,001	$ 117,667	$ 902,579
Purchase price allocation adjustments for valuation reports		4,143		4,143
Goodwill written off related to the sale of businesses	(15,430)			(15,430)
Balance as of March 31, 2005	$ 673,481	$ 100,144	$ 117,667	$ 891,292

Intangible assets subject to amortization in accordance with SFAS 142 consist of the following:

		March 31, 2005			December 31, 2004		
	Range of Lives	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks	3	$	$	$	$ 20,449	$ 20,449	$
Membership, subscriber and customer lists	2-20	290,976	269,703	21,273	290,917	268,021	22,896
Non-compete agreements	1-10	136,366	135,315	1,051	136,226	135,042	1,184
Trademark license agreements	2-15	2,984	2,921	63	2,984	2,917	67
Copyrights	3-20	17,940	17,406	534	17,940	17,344	596
Databases	2-12	5,579	5,334	245	9,334	9,000	334
Advertiser lists	5-20	138,182	127,385	10,797	135,978	126,687	9,291
Distribution agreements	1-7	10,410	10,410		10,410	10,410	
Other	1-5	10,346	9,846	500	9,804	9,804	
		$ 612,783	$ 578,320	$ 34,463	$ 634,042	$ 599,674	$ 34,368

Intangible assets not subject to amortization had a carrying value of $209,019 and $208,516 at March 31, 2005 and December 31, 2004, respectively, and consisted primarily of trademarks. Amortization expense for other intangible assets still subject to amortization was $2,803 and $4,350 for the three months ended March 31, 2005 and 2004, respectively. Amortization of deferred wiring costs of $345 and $363 for the three months ended March 31, 2005 and 2004, respectively, has also been included in amortization of intangible assets and other on the accompanying condensed statements of consolidated operations. At March 31, 2005, estimated future amortization expense of other intangible assets still subject to amortization, excluding deferred wiring costs, is as follows: approximately $9,000 for the remaining nine months of 2005 and approximately $8,000, $6,000, $5,000 and $3,000 for 2006, 2007, 2008 and 2009, respectively.

6. *Accrued Expenses and Other*

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2005	December 31, 2004
Payroll, commissions and related employee benefits	$ 49,376	$ 41,143
Rent and lease liabilities	6,701	7,781
Retail display costs and allowances	14,926	14,620
Royalties	2,005	2,273
Circulation costs	6,196	6,531
Professional fees	3,593	4,288
Taxes	17,431	12,843
Deferred purchase price	1,987	565
Interest payable	37,016	17,549
Interest payable on shares subject to mandatory redemption	10,947	10,947
Other	33,858	24,572
	$ 184,036	$ 143,112

The above amounts include $891 and $2,064 of restructuring related payroll costs, $23 and $280 of contract termination costs and $5,084 and $6,695 of restructuring related leases at March 31, 2005 and December 31, 2004, respectively.

7. *Long-term Debt*

Long-term debt consisted of the following:

	March 31, 2005	December 31, 2004
Borrowings under bank credit facilities	$ 412,406	$ 480,406
$7^5/_8$% Senior Notes Due 2008	225,618	225,581
$8^7/_8$% Senior Notes Due 2011	470,541	470,390
8% Senior Notes Due 2013	300,000	300,000
Senior Floating Rate Notes Due 2010	175,000	175,000
	1,583,565	1,651,377
Obligation under capital leases and other	7,194	9,506
	1,590,759	1,660,883
Less: Current maturities of long-term debt	24,070	24,919
	$ 1,566,689	$ 1,635,964

Under the most restrictive covenants as defined in the bank credit facilities agreement, the Company must maintain a minimum interest coverage ratio, as defined, of 2.25 to 1 and a minimum fixed charge coverage ratio, as defined, of 1.05 to 1. The maximum allowable debt leverage ratio, as defined in the bank credit facilities, is 6.25 to 1 and decreases to 6.00 to 1, 5.75 to 1, 5.50 to 1, 5.25 to 1, 5.00 to 1, 4.75 to 1, and 4.50 to 1 on October 1, 2005, July 1, 2006, October 1, 2006, April 1, 2007, October 1, 2007, April 1, 2008 and July 1, 2008, respectively. The Company is in compliance with all of the financial and operating covenants of its financing arrangements.

With the exception of the term loans B and C, the amounts borrowed under the bank credit facilities bear interest, at the Company's option, at either the base rate plus an applicable margin ranging from 0.125% to 1.5% or LIBOR plus an applicable margin ranging from 1.125% to 2.5%. The term loan B bears interest at the base rate plus 1.75% or LIBOR plus 2.75%. The term loan C bears interest at the base rate plus 3.375% or LIBOR plus 4.375%. At March 31, 2005 and December 31, 2004, the weighted average variable interest rate on all outstanding borrowings under the bank credit facilities was 5.4% and 5.0%, respectively.

The Senior Floating Rate Notes bear interest equal to three-month LIBOR plus 5.375% per year.

8. *Common Stock and Related Options*

The following table summarizes information about stock options outstanding and exercisable at March 31, 2005:

Range of Exercise Prices	Number Outstanding at 3/31/05	Number Exercisable at 3/31/05	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price for Outstanding Options	Weighted Average Exercise Price of Exercisable Options
$0.08 $0.43	48,195	48,195	3	$ 0.24	$ 0.24
$1.20 $1.96	610,805	475,185	6	1.85	1.85
$2.02 $2.98	1,686,680	512,046	4	2.80	2.77
$3.09 $3.80	2,059,500	542,000	7	3.09	3.10
$4.00 $5.95	7,177,768	5,627,581	5	4.73	4.78
$6.00 $9.83	3,974,678	2,759,345	6	6.80	7.12
$10.13 $19.81	8,056,567	7,791,567	5	13.25	13.11
$20.00 $36.52	152,881	152,589	5	26.10	26.11
Total	23,767,074	17,908,508	5	$ 7.74	$ 8.75

9. *Non-Cash Compensation*

	Three Months Ended March 31,	
	2005	2004
Restricted stock(1)	$ 635	$ 1,154
Stock Based Compensation (SFAS 123)(2)	566	590
Amortization of the intrinsic value of unvested "in-the-money" options issued in connection with the About acquisition(3)		175
Total	$ 1,201	$ 1,919

(1) During the three months ended March 31, 2005 and 2004, the Company recognized $635 and $1,154, respectively, of non-cash compensation charges related to the Company's grants of shares of restricted common stock to certain executives during 2003 and 2004, as well as grants of shares of restricted common stock to certain employees in 2003 and 2004 in exchange for their options in the Company's Internet subsidiaries. These grants are being expensed ratably over their related vesting periods.

(2) In accordance with SFAS 123, the Company recorded a non-cash compensation charge of $566 and $590 for the three months ended March 31, 2005 and 2004, respectively, relating to stock options and the PRIMEDIA Employee Stock Purchase Plan.

(3) In connection with the acquisition of About in 2001, the Company recorded a charge of $175 related to the amortization of the intrinsic value of unvested "in the money" options for the three months ended March 31, 2004. As of March 31, 2004, these options were fully vested.

10. *Senior Executives Severance and Provision for Severance, Closures and Restructuring Related Costs*

Senior Executives Severance

Through March 31, 2004, the Company finalized and recorded $658 of severance related to the separation of the former Interim Chief Executive Officer and President and the former Chief Executive Officer.

Provision for Severance, Closures and Restructuring Related Costs

Through the first quarter of 2005, the Company continued cost reduction initiatives previously announced to streamline operations, reduce layers of management and consolidate real estate.

Details of the initiatives implemented and the payments made in furtherance of these plans during the three-months ended March 31, 2005 and 2004 are presented in the following tables:

	Liability as of January 1, 2005	Net Provision for the Three Months Ended March 31, 2005	Payments during the Three Months Ended March 31, 2005	Liability as of March 31, 2005
Severance and closures:				
Employee-related termination costs	$ 1,978	$ 714	$ (1,651)	$ 1,041
Termination of leases related to office closures	35,417	344	(2,702)	33,059
Total severance and closures	$ 37,395(1)	$ 1,058	$ (4,353)	$ 34,100

	Liability as of January 1, 2004	Net Provision for the Three Months Ended March 31, 2004	Payments during the Three Months Ended March 31, 2004	Liability as of March 31, 2004
Severance and closures:				
Employee-related termination costs	$ 4,352	$ 174	$ (1,524)	$ 3,002
Termination of leases related to office closures	37,056	2,297	(2,304)	37,049
Total severance and closures	$ 41,408(1)	$ 2,471(2)	$ (3,828)	$ 40,051

(1) Reduced for liabilities relating to discontinued operations totaling $430 and $2,266 at January 1, 2005 and 2004, respectively.

(2) Adjusted to exclude net provisions related to discontinued operations totaling $257 for the three months ended March 31, 2004.

The remaining costs, comprised primarily of real estate lease commitments for space that the Company no longer occupies, are expected to be paid through 2015. To reduce the lease related costs, the Company has aggressively pursued subleases of its available office space. These leases have been recorded at their net present value amounts and are net of estimated sublease income amounts. If the Company is successful in subleasing the restructured office space at a different rate, or is unable to sublease the space by the prescribed date used in the initial calculation, the reserve will be adjusted accordingly. The Company evaluates the appropriateness of its reserves on a quarterly basis.

As a result of the implementation of these plans, the Company has closed and consolidated 23 office locations and has notified a total of 2,060 individuals that they would be terminated under these plans. As of March 31, 2005, all of these individuals have been terminated.

Liabilities of $5,732 and $8,650 representing the current portion of the provision for severance, closures and restructuring related costs are included in accrued expenses and other on the condensed consolidated balance sheets as of March 31, 2005 and December 31, 2004, respectively. Liabilities of $28,368 and $28,745 representing the non-current portion of the provision for severance, closures and restructuring related costs are included in other non-current liabilities on the condensed consolidated balance sheets as of March 31, 2005 and December 31, 2004, respectively.

For purposes of the Company's bank credit facility and Senior Note agreements, the provision for severance, closures and restructuring related costs is excluded from the Company's calculation of consolidated EBITDA.

11. *Provision for Unclaimed Property*

Based on an initial assessment at the end of 2003, the Company believed that certain business units may have had unclaimed property that should have been remitted to one or more states under their respective escheatment requirements. The property in question related primarily to unused advertising credits and outstanding accounts payable checks for which the Company had an accrual recorded in the amount of $3,600 as of December 31, 2003. The Company hired an outside consultant to assist in estimating the potential risk. It was premature to estimate the extent of the financial risk at the end of 2003, but the Company believed that the risk would not have a material impact on its results of operations or financial position. Upon completion of the initial phase of this assessment, the Company recorded an estimated provision for unclaimed property of $5,400 in the three months ended March 31, 2004. The calculation of this provision represents the recording of a correction of an error for unclaimed property transactions which occurred during the years 1991 to 2003; however, the amount of the provision, applicable to any year within this period, is not material to the results of operations for each of the respective years, nor is the total provision in relation to the estimated results of operations for 2004 considered material.

The Company has entered the next phase of the assessment whereby the consultant is assisting in refining the estimated provision and in negotiating settlements under voluntary compliance agreements with the relevant states.

12.
Comprehensive Income

Comprehensive income for the three months ended March 31, 2005 and 2004 is presented in the following table:

	Three Months Ended March 31,	
	2005	**2004**
Net income	$ 365,514	$ 11,071
Other comprehensive income (loss):		
Foreign currency translation adjustments		(10)
Total comprehensive income	$ 365,514	$ 11,061

13.
Income (loss) per Common Share

Income (loss) per common share for the three months ended March 31, 2005 and 2004 has been determined based on net income available to common shareholders, divided by the weighted average number of common shares outstanding for all periods presented.

Potentially dilutive common shares include the effect of stock options, warrants and convertible preferred stock. The securities that could potentially dilute basic earnings per share in the future consist of approximately 30,700,000 of stock options and warrants and 60,800,000 of stock options, warrants and Series J Convertible Preferred Stock at March 31, 2005 and 2004, respectively. These securities were not included in the computation of diluted income (loss) per share because the effect of their inclusion would be antidilutive.

14.
Contingencies

The Company is involved in ordinary and routine litigation incidental to its business. In the opinion of management, there is no pending legal proceeding that would have a material adverse effect on the condensed consolidated financial statements of the Company.

15.

Business Segment Information

The Company's products compete, primarily in the United States, in four principal segments: Enthusiast Media, Consumer Guides, Business Information and Education. PRIMEDIA believes that this structure better aligns its businesses to provide a clearer sense of its strategic focus and operating performance.

The Enthusiast Media segment produces and distributes content through magazines and via the Internet to consumers in various niche and enthusiast markets. It includes the Company's consumer magazine brands, their related Web sites, events, licensing and merchandising.

The Consumer Guides segment is the nation's largest publisher and distributor of free publications, including *Apartment Guide, New Home Guide* and *Auto Guide.*

The Business Information segment includes the Company's business-to-business targeted publications, Web sites and exhibitions with a focus on bringing sellers together with qualified buyers in numerous industries.

The Education segment consists of the businesses that provide content for schools, universities, government and other public institutions as well as training. It includes Channel One, Films Media Group and IMN, a continuing medical education business.

The information presented below includes certain intersegment transactions and is, therefore, not necessarily indicative of the results had the operations existed as stand-alone businesses. Intersegment transactions represent intercompany advertising and other services, which are billed at what management believes are prevailing market rates. These intersegment transactions, which represent transactions between operating units in different business segments, are eliminated in consolidation.

Information regarding the operations of the Company by business segment is set forth below based primarily on the nature of the targeted audience. Corporate represents items not allocated to other business segments. PRIMEDIA evaluates performance based on several factors, of which the primary financial measure is segment earnings before interest, taxes, depreciation, amortization and other (income) charges ("Segment EBITDA"). Other (income) charges include severance related to separated senior executives, non-cash compensation, provision for severance, closures and restructuring related costs, provision for unclaimed property and (gain) loss on sale of businesses and other, net.

	Three Months Ended March 31,	
	2005	**2004**
Revenues, net:		
Enthusiast Media	$ 156,454	$ 163,028
Consumer Guides	75,648	71,386
Business Information	53,404	54,802
Education	18,883	17,191
Intersegment Eliminations	(365)	(335)
Total	$ 304,024	$ 306,072
Segment EBITDA(1):		
Enthusiast Media	$ 23,611	$ 28,259
Consumer Guides	18,244	19,641
Business Information	4,618	5,089
Education	2,249	1,719
Corporate Overhead	(6,086)	(7,514)
Total	$ 42,636	$ 47,194

Depreciation, amortization and other charges(2):		
Enthusiast Media	$ 4,895	$ 8,089
Consumer Guides	2,547	2,909
Business Information	2,050	5,220
Education	1,977	2,739
Corporate	1,783	4,924
Total	$ 13,252	$ 23,881
Operating income (loss):		
Enthusiast Media	$ 18,716	$ 20,170
Consumer Guides	15,697	16,732
Business Information	2,568	(131)
Education	272	(1,020)
Corporate	(7,869)	(12,438)
Total	29,384	23,313
Other income (expense):		
Interest expense	(33,226)	(28,138)
Interest on shares subject to mandatory redemption	(10,945)	(10,945)
Amortization of deferred financing costs	(1,334)	(1,102)
Other income, net	635	289
Loss from continuing operations before income tax expense	$ (15,486)	$ (16,583)

(1) Segment EBITDA represents the segments' earnings before interest, taxes, depreciation, amortization and other (income) charges (see Note 2 below). Segment EBITDA is not intended to represent cash flows from operating activities and should not be considered as an alternative to net income or loss (as determined in conformity with generally accepted accounting principles in the United States of America), as an indicator of the Company's operating performance or to cash flows as a measure of liquidity. Segment EBITDA is presented herein because the Company's chief operating decision maker evaluates and measures each business unit's performance based on its Segment EBITDA results. PRIMEDIA believes that Segment EBITDA is the most accurate indicator of its segments' results, because it focuses on revenue and operating cost items driven by each operating managers' performance, and excludes items largely outside of the operating managers' control. Segment EBITDA may not be available for the Company's discretionary use as there are requirements to redeem shares subject to mandatory redemption and repay debt, among other payments. Segment EBITDA as presented may not be comparable to similarly titled measures reported by other companies since not all companies necessarily calculate Segment EBITDA in an identical manner, and therefore, is not necessarily an accurate measure of comparison between companies.

(2) Other (income) charges include severance related to separated senior executives, non-cash compensation, provision for severance, closures and restructuring related costs and provision for unclaimed property.

16. *Financial Information for Guarantors of the Company's Debt*

The information that follows presents condensed consolidating financial information as of March 31, 2005 and December 31, 2004 and for the three months ended March 31, 2005 and 2004 for a) PRIMEDIA Inc. (as the Issuer), b) the guarantor subsidiaries, which are with limited exceptions, the

restricted subsidiaries, represent the core PRIMEDIA businesses and exclude investment and other development properties included in the unrestricted category, c) the non-guarantor subsidiaries (primarily representing Internet assets and businesses, new launches and other properties under evaluation for turnaround or shutdown and foreign subsidiaries), which are with limited exceptions, the unrestricted subsidiaries, d) elimination entries and e) the Company on a consolidated basis. During the three months ended March 31, 2005, there have been no reclassifications between restricted and unrestricted subsidiaries.

The condensed consolidating financial information includes certain allocations of revenues, expenses, assets and liabilities based on management's best estimates which are not necessarily indicative of the financial position, results of operations and cash flows that these entities would have achieved on a stand-alone basis and should be read in conjunction with the consolidated financial statements of the Company. The intercompany balances in the accompanying condensed consolidating financial statements include cash management activities, management fees, cross promotional activities and other intercompany charges between Corporate and the business units and among the business units. The non-guarantor subsidiary results of operations include: Internet operations, foreign operations, certain distribution operations, certain start-up magazine businesses, revenues and related expenses derived from the licensing of certain products of guarantor subsidiaries and expenses associated with the cross promotion by the guarantor subsidiaries of the activities of the non-guarantor subsidiaries. The transactions described above are billed, by the Company, at what the Company believes are prevailing market rates. All intercompany related activities are eliminated in consolidation.

PRIMEDIA INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEET
(UNAUDITED)

March 31, 2005
(dollars in thousands)

	PRIMEDIA Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	PRIMEDIA Inc. and Subsidiaries
ASSETS					
Current assets:					
Cash and cash equivalents	$ 355,642	$ 9,201	$ 746	$	$ 365,589
Accounts receivable, net		160,453	9,458		169,911
Inventories		25,538	803		26,341
Prepaid expenses and other	4,135	18,972	19,026		42,133
Assets held for sale			22,914		22,914
Total current assets	359,777	214,164	52,947		626,888
Property and equipment, net	5,019	57,592	10,121		72,732
Investment in and advances to subsidiaries	524,465			(524,465)	
Other intangible assets, net		235,260	8,222		243,482
Goodwill		842,562	48,730		891,292
Other non-current assets	8,987	34,836	4,759		48,582
Total Assets	$ 898,248	$ 1,384,414	$ 124,779	$ (524,465)	$ 1,882,976
LIABILITIES AND SHAREHOLDERS' DEFICIENCY					
Current liabilities:					
Accounts payable	$ 4,020	$ 53,325	$ 2,608	$	$ 59,953
Intercompany payables	(592,222)	(860,486)	1,452,708		
Accrued expenses and other	77,167	98,510	8,359		184,036
Deferred revenues	1,738	162,898	7,102		171,738
Current maturities of long-term debt	21,789	2,243	38		24,070
Liabilities of businesses held for sale			23,564		23,564
Total current liabilities	(487,508)	(543,510)	1,494,379		463,361
Long-term debt	1,562,996	3,601	92		1,566,689
Shares subject to mandatory redemption	474,559				474,559
Intercompany notes payable		2,820,780		(2,820,780)	
Deferred revenues	15,725	993			16,718
Deferred income taxes	79,014				79,014
Other non-current liabilities	30,494	28,090	1,083		59,667
Total Liabilities	1,675,280	2,309,954	1,495,554	(2,820,780)	2,660,008
Shareholders' deficiency:					
Common stock	2,713				2,713
Additional paid-in capital	2,357,048				2,357,048
Accumulated deficit	(3,060,749)	(925,534)	(1,370,614)	2,296,148	(3,060,749)

	PRIMEDIA Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	PRIMEDIA Inc. and Subsidiaries
Accumulated other comprehensive loss	(167)	(6)	(161)	167	(167)
Common stock in treasury, at cost	(75,877)				(75,877)
Total shareholders' deficiency	(777,032)	(925,540)	(1,370,775)	2,296,315	(777,032)
Total Liabilities and Shareholders' Deficiency	$ 898,248	$ 1,384,414	$ 124,779	$ (524,465)	$ 1,882,976

PRIMEDIA INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS (UNAUDITED)

For the Three Months Ended March 31, 2005 (dollars in thousands)

	PRIMEDIA Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	PRIMEDIA Inc. and Subsidiaries
Revenues, net	$	$ 262,440	$ 49,539	$ (7,955)	$ 304,024
Operating costs and expenses:					
Cost of goods sold		55,707	4,874		60,581
Marketing and selling		62,220	7,554		69,774
Distribution, circulation and fulfillment		39,184	17,941		57,125
Editorial		24,434	3,163		27,597
Other general expenses	12	23,621	24,559	(7,955)	40,237
Corporate administrative expenses	4,814		1,260		6,074
Depreciation of property and equipment	710	5,574	1,561		7,845
Amortization of intangible assets and other		3,140	8		3,148
Non-cash compensation	1,201				1,201
Provision for severance, closures and restructuring related costs	(128)	1,133	53		1,058
Operating income (loss)	(6,609)	47,427	(11,434)		29,384
Other income (expense):					
Interest expense	(32,775)	(433)	(18)		(33,226)
Interest on shares subject to mandatory redemption	(10,945)				(10,945)
Amortization of deferred financing costs	(336)	(821)	(177)		(1,334)
Equity in losses of subsidiaries	382,359			(382,359)	
Intercompany management fees and interest	37,278	(30,924)	(6,354)		
Other income, net	529	97	9		635
Income (loss) from continuing operations before income tax expense	369,501	15,346	(17,974)	(382,359)	(15,486)
Provision for income taxes	(3,842)	(69)	(1)		(3,912)
Income (loss) from continuing operations	365,659	15,277	(17,975)	(382,359)	(19,398)
Discontinued operations	(145)	380,831	4,226		384,912
Net income (loss)	$ 365,514	$ 396,108	$ (13,749)	$ (382,359)	$ 365,514

PRIMEDIA INC. AND SUBSIDIARIES

CONDENSED STATEMENT OF CONSOLIDATING CASH FLOWS
(UNAUDITED)

For the Three Months Ended March 31, 2005
(dollars in thousands)

	PRIMEDIA Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	PRIMEDIA Inc. and Subsidiaries
Operating activities:					
Net income (loss)	$ 365,514	$ 396,108	$ (13,749)	$ (382,359)	$ 365,514
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities	(413,362)	(337,158)	3,159	382,359	(365,002)
Changes in operating assets and liabilities	10,230	10,961	(17,097)		4,094
Net cash provided by (used in) operating activities	(37,618)	69,911	(27,687)		4,606
Investing activities:					
Additions to property, equipment and other, net	(116)	(1,040)	(4,733)		(5,889)
Proceeds from sales of businesses and other		410,000	21,306		431,306
Payments for businesses acquired, net of cash acquired		(1,056)	(6,764)		(7,820)
Payments for other investments, net		(2)			(2)
Net cash provided by (used in) investing activities	(116)	407,902	9,809		417,595
Financing activities:					
Intercompany activity	458,218	(477,090)	18,872		
Borrowings under credit agreements	63,150				63,150
Repayments of borrowings under credit agreements	(131,650)				(131,650)
Proceeds from issuances of common stock, net	1,074				1,074
Deferred financing costs paid		(51)	(11)		(62)
Capital lease obligations	(911)	(900)	(262)		(2,073)
Other		(51)			(51)
Net cash provided by (used in) financing activities	389,881	(478,092)	18,599		(69,612)
Increase (decrease) in cash and cash equivalents	352,147	(279)	721		352,589
	3,495	9,480	25		13,000

	PRIMEDIA Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	PRIMEDIA Inc. and Subsidiaries
Cash and cash equivalents, beginning of period					
Cash and cash equivalents, end of period	$ 355,642	$ 9,201	$ 746	$	$ 365,589

PRIMEDIA INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

December 31, 2004
(dollars in thousands)

	PRIMEDIA Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	PRIMEDIA Inc. and Subsidiaries
ASSETS					
Current assets:					
Cash and cash equivalents	$ 3,495	$ 9,480	$ 25	$	$ 13,000
Accounts receivable, net		171,143	7,862		179,005
Inventories		22,553	143		22,696
Prepaid expenses and other	4,851	20,535	4,037		29,423
Assets held for sale			40,274		40,274
Total current assets	8,346	223,711	52,341		284,398
Property and equipment, net	5,613	64,731	9,462		79,806
Investment in and advances to subsidiaries	713,005			(713,005)	
Other intangible assets, net		242,389	495		242,884
Goodwill		886,534	16,045		902,579
Other non-current assets	9,322	36,138	3,921		49,381
Total Assets	$ 736,286	$ 1,453,503	$ 82,264	$ (713,005)	$ 1,559,048
LIABILITIES AND SHAREHOLDERS' DEFICIENCY					
Current liabilities:					
Accounts payable	$ 13,036	$ 68,708	$ 2,988	$	$ 84,732
Intercompany payables	(441,488)	(554,146)	995,634		
Accrued expenses and other	56,726	83,128	3,258		143,112
Deferred revenues	1,738	147,397	8,179		157,314
Current maturities of long-term debt	22,221	2,648	50		24,919
Liabilities of businesses held for sale			26,980		26,980
Total current liabilities	(347,767)	(252,265)	1,037,089		437,057
Long-term debt	1,631,786	4,178			1,635,964
Shares subject to mandatory redemption	474,559				474,559
Intercompany notes payable		2,486,489	401,955	(2,888,444)	
Deferred revenues	16,150	943			17,093
Deferred income taxes	75,172				75,172
Other non-current liabilities	31,206	32,570	247		64,023
Total Liabilities	1,881,106	2,271,915	1,439,291	(2,888,444)	2,703,868
Shareholders' deficiency:					
Common stock	2,709				2,709
Additional paid-in capital	2,354,778				2,354,778
Accumulated deficit	(3,426,263)	(818,406)	(1,356,866)	2,175,272	(3,426,263)
Accumulated other comprehensive loss	(167)	(6)	(161)	167	(167)

	PRIMEDIA Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	PRIMEDIA Inc. and Subsidiaries
Common stock in treasury, at cost	(75,877)				(75,877)
Total shareholders' deficiency	(1,144,820)	(818,412)	(1,357,027)	2,175,439	(1,144,820)
Total Liabilities and Shareholders' Deficiency	$ 736,286	$ 1,453,503	$ 82,264	$ (713,005)	$ 1,559,048

PRIMEDIA INC. AND SUBSIDIARIES

CONDENSED STATEMENT OF CONSOLIDATING OPERATIONS
(UNAUDITED)

For the Three Months Ended March 31, 2004
(dollars in thousands)

	PRIMEDIA Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	PRIMEDIA Inc. and Subsidiaries
Revenues, net	$	$ 283,104	$ 33,840	$ (10,872)	$ 306,072
Operating costs and expenses:					
Cost of goods sold		57,743	3,544		61,287
Marketing and selling		60,487	8,994		69,481
Distribution, circulation and fulfillment		41,248	14,084		55,332
Editorial		23,375	2,937		26,312
Other general expenses		34,558	15,300	(10,872)	38,986
Corporate administrative expenses	5,771		1,709		7,480
Depreciation of property and equipment	684	6,263	1,773		8,720
Amortization of intangible assets and other		4,684	29		4,713
Severance related to separated senior executives	658				658
Non-cash compensation	1,919				1,919
Provision for severance, closures and restructuring related costs	1,606	865			2,471
Provision for unclaimed property	56	5,344			5,400
Operating income (loss)	(10,694)	48,537	(14,530)		23,313
Other income (expense):					
Interest expense	(27,417)	(711)	(10)		(28,138)
Interest on shares subject to mandatory redemption	(10,945)				(10,945)
Amortization of deferred financing costs	(336)	(762)	(4)		(1,102)
Equity in income of subsidiaries	27,293			(27,293)	
Intercompany management fees and interest	37,109	(36,895)	(214)		
Other income (expense), net	349	(51)	(9)		289
Income (loss) from continuing operations before income tax expense	15,359	10,118	(14,767)	(27,293)	(16,583)
Provision for Income taxes	(4,288)	(65)	(14)		(4,367)
Income (loss) from continuing operations	11,071	10,053	(14,781)	(27,293)	(20,950)
Discontinued operations		35,782	(3,761)		32,021