PRIMEDIA INC
Form DEF 14A
April 25, 2006
SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934

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PRIMEDIA INC.
(Name of Registrant as Specified In Its Charter)

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(4) Date Filed:

PRIMEDIA Inc.
745 Fifth Avenue
New York, New York 10151

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held Wednesday, May 17, 2006

To the Stockholders of
PRIMEDIA Inc.:

The annual meeting of stockholders of PRIMEDIA Inc. will be held on Wednesday, May 17, 2006, at The Peninsula, 700 Fifth Avenue, New York, New York 10019 at 10:00 a.m. to:

(1) Elect seven directors;

(2) Act upon the selection of auditors for the fiscal year ending December 31, 2006; and

(3) Transact such other business as may properly come before the meeting.

Only holders of record of common stock of PRIMEDIA Inc., $.01 par value, at the close of business on April 6, 2006, will be entitled to vote at the meeting.

Christopher A. Fraser
Senior Vice President, General Counsel and Secretary

April 25, 2006

PROXY STATEMENT

Solicitation of Proxies

This proxy statement is furnished by the Board of Directors (the Board) of PRIMEDIA Inc. (the Company or PRIMEDIA and, where appropriate, together with its subsidiaries), in connection with its solicitation of proxies for use at the annual meeting of stockholders to be held on Wednesday, May 17, 2006, at 10:00 a.m., at The Peninsula, 700 Fifth Avenue, New York, NY 10019 and at any and all adjournments thereof. Mailing of this proxy statement and form of proxy will commence on or about April 26, 2006. Holders of record of common stock of the Company, $.01 par value (the Common Stock), at the close of business on April 6, 2006, will be entitled to one vote for each share held on all matters to come before the meeting. On April 6, 2006, there were outstanding 263,888,027 shares of Common Stock. Stockholders are requested to complete, date and sign the enclosed proxy card and promptly return it in the enclosed envelope. Alternatively, stockholders may vote via the Internet or by telephone as indicated on the enclosed materials.

The proxy on the enclosed form may be revoked at any time before it has been exercised. Unless the proxy is revoked or there is a direction to abstain on one or more proposals, it will be voted on each proposal and, if a choice is made with respect to any matter to be acted upon, in accordance with such choice. If no choice is specified, the proxy will be voted as recommended by the Board.

The cost of the preparation of proxy materials and the solicitation of proxies will be borne by the Company.

Voting at the Meeting

A majority of the votes entitled to vote on matters at the meeting constitutes a quorum. If a share is represented for any purpose at the meeting, it is present for all other matters. Abstentions and shares held of record by a broker or its nominee (Broker Shares) that are voted on any matter are included in determining the number of votes present. Broker Shares that are not voted on any matter at the meeting will not be included in determining whether a quorum is present.

Each matter to be voted on requires a majority of the votes cast. Abstentions and Broker Shares that are not voted on the matter will not be included in determining the number of votes cast.

Stockholders proxies are received by the Company s independent proxy processing agent and the vote is certified by independent inspectors of election. Proxies will be kept confidential, except as necessary to meet legal requirements. During the proxy solicitation period, the Company will receive vote tallies from time to time from the inspectors, but such tallies will provide aggregate figures rather than names of stockholders. The independent inspectors will notify the Company if a stockholder has failed to vote so that he or she may be reminded and requested to do so.

CORPORATE GOVERNANCE

Governance Principles

The Board is committed to establishing and maintaining corporate governance practices which reflect the highest standards of ethics and integrity. Toward that end, the Company has established a Nominating and Corporate Governance Committee and adopted Corporate Governance Guidelines which set forth the practices of the Board, including guidelines for determining qualifications for directors, director independence and business conduct and ethics for the Board. The Corporate Governance Guidelines are consistent with the listing standards of the New York Stock Exchange (the NYSE) and the rules of the Securities and Exchange Commission (the SEC). The Nominating and Corporate Governance Committee charter is attached to this Proxy Statement as Annex A and is also

available, along with the Company s Corporate Governance Guidelines, in the Governance section of the Company s website located at www.primedia.com. They are also available in print by writing to PRIMEDIA Inc., Corporate Secretary, 745 Fifth Avenue, New York, NY 10151. All modifications to the Corporate Governance Guidelines will be reflected on the Company s website.

NYSE Certification. The Company is required to comply with the NYSE listing standards applicable to corporate governance. On June 1, 2005, the Company timely submitted to the NYSE the Annual CEO Certification, pursuant to Section 303A.12 of the NYSE s listing standards, whereby the Chief Executive Officer of the Company certified that he was not aware of any violation by the Company of the NYSE s corporate governance listing standards as of the date of the certification.

Director Independence

Director Independence. The Board is comprised of a majority of independent directors. In order for a director to be considered independent, the Board must affirmatively determine that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The Board has established guidelines to assist it in making this determination and those guidelines are set forth in Annex A of our Corporate Governance Guidelines. In each case, the Board considers all relevant facts and circumstances. The mere ownership of a significant amount of stock is not in and of itself a bar to independence, but one factor to consider. Applying these guidelines and the rules of the NYSE and other applicable laws, the Board has determined that the following directors, comprising a majority of the Company s directors, are independent members of its Board: David A. Bell, Meyer Feldberg, Perry Golkin, H. John Greeniaus, Henry Kravis and Thomas Uger. The remaining directors, Dean B. Nelson and Beverly C. Chell, are executive officers of the Company. As described in further detail below, Mr. Kravis will not be standing for re-election.

Board Committee Independence. Under the applicable NYSE rules and the Sarbanes-Oxley Act of 2002, the Company must have an audit committee comprised solely of independent directors. In addition to the requirements for independent directors in the preceding paragraph, members of the audit committee must meet separate requirements that they receive no compensation from the Company, other than compensation for serving as a director and that they are not affiliated persons of the Company. The Company is in compliance with all the independence requirements relating to its committees. Please refer to Committees of the Board below for more information on the Board committees.

Code of Business Conduct and Ethics

The Company strongly believes that its business practices should reflect the highest standards of honesty, fair dealing and ethics. Toward that end, the Board has adopted a Code of Business Conduct and Ethics (the Ethics Code) which applies to all directors, officers and employees of the Company. The Ethics Code is available in the Governance section of the Company s website located at www.primedia.com. It is also available in print by writing to PRIMEDIA Inc., Corporate Secretary, 745 Fifth Avenue, New York, NY 10151. Any modifications to the Ethics Code will be reflected on the Company s website. The Company also has an Ethics Committee which investigates allegations of unethical or inappropriate behavior as well as a toll-free Audit Alertline which employees may use on a confidential basis to notify the Audit Committee if they become aware of any questionable accounting practices.

Stockholder Communications with the Board

Stockholders who wish to communicate with a member or members of the Board may do so by addressing their correspondence to such member or members c/o Corporate Secretary, PRIMEDIA Inc., 745 Fifth Avenue, New York, NY 10151.

ELECTION OF DIRECTORS

Board of Directors

Our Board currently consists of 8 members. Henry R. Kravis, a director since 1991, has notified the Company that he will not stand for re-election. Mr. Kravis decision not to stand for re-election is not the result of any disagreement between Mr. Kravis and the Company on any matter relating to the Company s operations, policies or practices. Mr. Kravis informed the Company that his travel schedule had increased dramatically and that he does not have adequate time to devote to Board directorships.

The Board has responsibility for establishing broad corporate policies and for the overall performance of the Company. Members of the Board are kept informed of the Company s businesses by various reports and documents sent to them each month as well as by operating and financial reports made at Board and committee meetings by the Chairman of the Board, President and Chief Executive Officer (CEO) and other officers and management executives.

Regular meetings of the Board are held throughout the year. In 2005, the Board held six regular meetings, one special meeting and also acted by unanimous written consent. Each director standing for election attended at least 80 percent of the total number of meetings of the Board and Board committees of which he or she was a member in 2005.

It is the Company s policy that directors are encouraged to attend the annual meeting of stockholders. Nine directors attended the annual meeting in 2005.

Executive Sessions

The directors of the Company who are not officers or employees of the Company hold regular executive sessions at which management directors, including the CEO, are not present. Unless the Board determines otherwise, these sessions shall occur, at a minimum, two times a year. In addition, those directors of the Company who are not management or affiliated with the Company s majority shareholder, investment partnerships controlled by Kohlberg Kravis Roberts & Co. L.P. (KKR), hold an executive session at least once a year at which only these directors are present. The director with the most seniority in attendance at an executive session presides over such executive session. Since the last Annual Meeting of Stockholders, three executive sessions were held without management directors and one without the management directors and directors affiliated with KKR.

Committees of the Board

The Board has established the following committees to assist it in discharging its responsibilities: Audit, Compensation, Nominating and Corporate Governance and Executive. Under the applicable NYSE rules, the Company is considered a controlled company because more than 50% of the stockholder voting power of the Company is held by KKR. As a result, the Company is not required to have a compensation, nominating or corporate governance committee; however, the Board has elected to establish these committees anyway. The Board has determined that all the members of each of the Board s committees meet the criteria for independence as established by the NYSE and under the Sarbanes-Oxley Act of 2002. Each of the committees is described in greater detail below. The Board has established written charters for the Audit Committee and Nominating and Corporate Governance Committee. A copy of the Nominating and Corporate Governance Committee Charter is attached to this Proxy Statement as Annex A. In addition, each of the charters can be found in the Governance section on the Company s website located at www.primedia.com or can be obtained in print by writing to PRIMEDIA Inc., Corporate Secretary, 745 Fifth Avenue, New York, NY 10151. Any changes to the charters will be reflected on the Company s website.

Audit Committee. The purpose of the Audit Committee is to assist the Board in overseeing (i) the accounting, reporting and financial practices of the Company and its subsidiaries, including the integrity of the Company s financial statements; (ii) the Company s compliance with legal and

regulatory requirements; (iii) the independent auditor s qualifications and independence; and (iv) the performance of the Company s internal audit function and the Company s independent auditor. Its duties include selecting and overseeing the independent auditor, reviewing the scope of the audit to be conducted by them, including the results of such audit, reviewing the Company s internal audit function and its disclosure and internal controls procedures, approving audit and other services to be provided by the Company s independent auditor and overseeing the Company s financial reports, including our annual report, and the accounting policies and practices followed by the Company in preparing such reports.

The charter of the Audit Committee requires that the Committee be comprised of at least three directors, all of whom must be independent under the NYSE rules and the Sarbanes-Oxley Act of 2002. In addition, each member of the Audit Committee must be financially literate within the meaning of the NYSE listing standards, and at least one member must be an audit committee financial expert, as determined by the Board in accordance with SEC rules. The members of the Audit Committee are Meyer Feldberg (Chairman), David Bell and H. John Greeniaus. The Board has determined that each of the Committee members is independent and financially literate and that Messrs. Greeniaus and Bell each qualify as an audit committee financial expert and have accounting and related financial management expertise within the meaning of the NYSE listing standards. The Audit Committee met 11 times in 2005 and also acted by unanimous written consent. The Audit Committee s Report appears on page 26 of this Proxy Statement.

Compensation Committee. The purpose of the Compensation Committee is to review and administer the Company s compensation programs for the Company as well as remuneration arrangements for its senior executives, including the CEO. The current members of the Compensation Committee are Perry Golkin (Chairman), H. John Greeniaus and Thomas Uger. The Compensation Committee met once in 2005 and also acted by unanimous written consent. The Compensation Committee s Report appears on page 10 of this Proxy Statement.

Nominating and Corporate Governance Committee. Because it is a controlled company under the NYSE rules, the Company is not required to have a nominating committee and prior to March 2006, did not have such a committee. In March 2006, however, the Board elected to charge the Corporate Governance Committee with the additional responsibilities of nominating qualified individuals for the Board. The committee was therefore renamed the Nominating and Corporate Governance Committee. A copy of the Nominating and Corporate Governance Committee Charter is attached to this Proxy Statement as Annex A. The purpose of the Nominating and Corporate Governance Committee is to (i) develop and recommend to the Board a set of corporate governance principles and to perform a leadership role in shaping the Company s corporate governance and (ii) identify qualified candidates to serve on the Board and recommend director nominees to be submitted to the stockholders for election at an annual meeting. The Committee s duties include regularly reviewing and recommending changes to the Company s corporate governance principles, including retirement and other tenure policies for directors, assessing channels through which the Board receives information, overseeing evaluation of the Board and management and annually evaluating the Committee s performance and charter. The members of the Nominating and Corporate Governance Committee are David Bell (Chairman), Meyer Feldberg and H. John Greeniaus. The Board has determined that each of the Committee members is independent. The Nominating and Corporate Governance Committee met four times in 2005.

Executive Committee. The Executive Committee has authority to act for the Board on all matters during intervals between Board meetings. The Executive Committee consists of Messrs. Kravis and Golkin. During 2005, the Executive Committee acted by unanimous written consent.

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Self Evaluations

In accordance with its Corporate Governance Guidelines, the full Board, the Audit Committee and Corporate Governance Committee (now the Nominating and Corporate Governance Committee) each completed a self evaluation since the last Annual Meeting of Stockholders.

Director Nominations

As part of its nominating responsibilities, the Nominating and Corporate Governance Committee of the Board will consider stockholder recommendations for candidates for the Board which should be sent to PRIMEDIA Inc., Corporate Secretary, 745 Fifth Avenue, New York, NY 10151. Such nominations must conform to the procedures set forth in the Company s By-Laws, a copy of which is available by writing to the Corporate Secretary at the above address. The Nominating and Corporate Governance Committee of the Board also considers candidates recommended by current directors, Company officers, employees and others. Candidates should be individuals with high standards of ethics and integrity, good judgment and who are committed to representing the interests of the stockholders. They should have broad business, governmental, non-profit or professional experience that indicates the candidate will be able to make significant and immediate contributions to the Board s discussions and decisions. They should be able to devote sufficient time and energy to the performance of the duties of a director. The Board s review of a candidate is typically based on any written materials provided with respect to the potential candidate, personal references and interviews. In the future, the Nominating and Corporate Governance Committee will use these and other materials approved by the Board and the Nominating and Corporate Governance Committee to evaluate potential candidates. In 2005, the Company did not pay a fee to any third party to identify candidates.

The Nominees

It is proposed that the following seven directors be elected to hold office until the next annual meeting of stockholders and until their successors have been elected. Unless otherwise marked or indicated, a proxy will be voted for such persons.

Although management does not anticipate that any of the persons named below will be unable or unwilling to stand for election, a proxy, in the event of such an occurrence, may be voted for a substitute designated by the Board. However, in lieu of designating a substitute, the Board may reduce the number of directors.

The Board of Directors recommends that you vote FOR the nominees described below.

David A. Bell Director Age: 62	Mr. Bell became a Director in May 2001. He is currently Chairman Emeritus of the Interpublic Group of Companies (IPG). From January 2005 until March 2006, Mr. Bell was Co-Chairman of IPG. From February 2003 until January 2005, he was the Chairman and Chief Executive Officer of IPG. He was the Vice Chairman of IPG from July 2001 to January 2003 and the Chairman of the Board and Chief Executive Officer of True North Communications Inc. from 1999 through 2001. Mr. Bell is also a director of The Warnaco Group, Inc. Mr. Bell is Chairman of the Nominating and Corporate Governance Committee and a member of the Audit Committee.

Beverly C. Chell Vice Chairman, Chief Financial Officer Age: 63	Ms. Chell became a Director in March 1992. She is currently Vice Chairman of the Company, a position she has held since November 1991. Ms. Chell also serves as Chief Financial Officer of the Company, a position she has held since December 2005. From 1991 through November 2005, Ms. Chell also was General Counsel and Secretary of the Company.
Meyer Feldberg Director Age: 64	Professor Feldberg became a Director in January 1997. He is currently serving as a Senior Advisor to Morgan Stanley, which he joined in March 2005. Professor Feldberg is the Sanford Bernstein Professor of Leadership and Ethics at the Columbia University Graduate School of Business (CUGSB). He is also Dean Emeritus of the CUGSB. From 1989 to 2004, Professor Feldberg was the Dean and a Professor at the CUGSB. He is also a director of UBS Funds, Federated Department Stores, Inc., Revlon, Inc. and SAPPI, Ltd. He is Chairman of the Audit Committee and a member of the Nominating and Corporate Governance Committee.
Perry Golkin Director Age: 53	Mr. Golkin became a Director in November 1991. He is a General Partner of KKR Associates and a member of the limited liability company which serves as the general partner of KKR. He is also a director of Bristol West Holdings, Inc., Willis Group Holdings Limited and Rockwood Holdings, Inc. Mr. Golkin is a member of the Compensation and Executive Committees.
H. John Greeniaus Director Age: 61	Mr. Greeniaus became a director in June 1998. He has been President of G-Force, Inc., a financial services company, since 1998. He was previously Chairman and Chief Executive Officer of Nabisco, Inc. He is also a director of the Interpublic Group of Companies, Inc. He is Chairman of the Compensation Committee and a member of the Audit Committee and Nominating and Corporate Governance Committee.
Dean B. Nelson Chairman of the Board, President and Chief Executive Officer Age: 47	Mr. Nelson became a Director and Chairman of the Board in April 2003 and became President and Chief Executive Officer of the Company in October 2005. He has been the Chief Executive Officer of Capstone Consulting LLC (Capstone) since March 2000.

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Thomas Uger Director Age: 31	Mr. Uger became a Director in September 2005. He joined KKR in 1998 and has been a principal of KKR since June 2005.

Compensation of Directors

Directors who are full-time employees of the Company receive no additional compensation for services as a director. Non-employee directors receive an annual fee of $55,000 for all services on the Board and all committees. The chairman of the Audit Committee receives an additional $30,000 annually and all other members of the Audit Committee receive an additional $25,000. The chairman of the Nominating and Corporate Governance Committee receives an additional $15,000 annually and all other members of the Nominating and Corporate Governance Committee receive an additional $10,000.

Pursuant to the Directors Deferred Compensation Plan, a non-employee director may elect to defer all or part of her or his fee. Deferred amounts are credited to an unfunded cash account or Common Stock equivalent account, as selected by the director. Interest, at PRIMEDIA s average borrowing rate, is credited quarterly for bookkeeping purposes to a director s cash account. Subject to certain restrictions, a director is permitted to take distributions in cash from a cash account or in shares of Common Stock or cash equivalent equal to the then value of credited shares, at the Company s option, in whole or in part, from her or his account following retirement or termination of service. One of the current non-employee directors, Mr. Golkin, has elected to defer his fees in Common Stock equivalents.

Executive Officers

The following are the executive officers of the Company other than Mr. Nelson and Ms. Chell:

Michaelanne C. Discepolo Executive Vice President, Human Resources Age: 53	Ms. Discepolo has been Executive Vice President, Human Resources of the Company since March 2001 and was Senior Vice President, Human Resources from December 1999 to March 2001.
Robert C. Metz Executive Vice President; CEO, Consumer Guides Group Age: 53	Mr. Metz has been Executive Vice President of the Company since May 2000 and has been Chief Executive Officer of the Consumer Guides Group for over five years.
Steven R. Aster Senior Vice President; President, Consumer Marketing Age: 49	Mr. Aster has been President of Consumer Marketing since July 2004 and a Senior Vice President of the Company since November 2005. From February 2002 until July 2004, Mr. Aster was Executive Vice President, Consumer Marketing and GM of the Company s Soaps division. From June 2000 through February 2002, Mr. Aster was Executive Vice President, Consumer Marketing of the Company.

David Crawford Senior Vice President; President and COO of Consumer Source Inc. Age: 43	Mr. Crawford has been President and COO of Consumer Source Inc. (formerly Haas Publishing Companies) (CSI) since October 2005 and a Senior Vice President of the Company since November 2005. From January 2005 through October 2005, Mr. Crawford was Senior Vice President of CSI and President of DistribuTech and New Homes. From February 2004 through January 2005, Mr. Crawford was Senior Vice President of CSI and President of DistribuTech and from June 1998 through February 2004, he was Vice President of DistribuTech.
Christopher A. Fraser Senior Vice President, General Counsel and Secretary Age: 43	Mr. Fraser has been Senior Vice President, General Counsel and Secretary of the Company since November 2005. From April 2002 through November 2005, he was Senior Vice President Law and from December 1999 through April 2002, Deputy General Counsel of the Company.
Judy L. Harris Senior Vice President; President and CEO of Channel One Communications Age: 50	Ms. Harris has been President and CEO of Channel One since April 2005 and a Senior Vice President of the Company since November 2005. From March 2001 through March 2005, Ms. Harris was Executive Vice President, Business & Development for the Public Broadcasting System. From November 1999 until February 2001, Ms. Harris was Senior Vice President/General Manager, Consumer & Educational Products for Discovery Communications, Inc.
Eric M. Leeds Senior Vice President, Investor Relations Age: 36	Mr. Leeds has been Senior Vice President, Investor Relations of the Company since November 2004. From March 1996 until November 2004, Mr. Leeds served as director and executive director of G.A. Kraut Company Inc., an investor relations consulting firm.
Jeffrey N. Paro Senior Vice President; President, Outdoor and Marine Group Age: 49	Mr. Paro has been President, Outdoor and Marine Group since January 2004 and a Senior Vice President of the Company since November 2005. From October 2002, through January 2004, Mr. Paro was the Group Publisher, Outdoor Group. From November 2001 through October 2002, Mr. Paro was a consultant for Wind Point Partners, a private equity group. From May 1999 until August 2001, Mr. Paro was Senior Vice President, Group Publisher at Time4Media.

Steven Parr Senior Vice President; President, Performance Auto Group, International Auto Group and Consumer Auto Group Age: 47	Mr. Parr has been a Senior Vice President and President of the Company s Performance Auto Group (PAG), International Auto Group (IAG), Consumer Auto Group (CAG) and Home Technology Group since November 2005. From May 2005 to November 2005, Mr. Parr was President of PAG, IAG and CAG. From February 2005 through May 2005, Mr. Parr was President of PAG and CAG and from May 2004 through February 2005, Mr. Parr was President of PAG. From February 2002 until May 2004, Mr. Parr was President and CEO of Harry N. Abrams, Inc., a book publishing company. Prior to August 2001, Mr. Parr was President of EMAP USA.
Robert J. Sforzo Senior Vice President, Chief Accounting Officer and Controller Age: 59	Mr. Sforzo has been Chief Accounting Officer of the Company since May 2003, a Senior Vice President of the Company since December 1999 and Controller of the Company since October 1998.
Scott Wagner Senior Vice President; Executive Vice President, PRIMEDIA Enthusiast Media; President, Lifestyles Group Age: 35	Mr. Wagner joined the Company in April 2003 and has been Executive Vice President of PRIMEDIA Enthusiast Media and President of PRIMEDIA s Lifestyles Group since January 2005 and a Senior Vice President of the Company since November 2005. He has been a principal of Capstone since 2000.
Carl Salas Senior Vice President, Treasurer Age: 45	Mr. Salas has been Treasurer since May 2005 and a Senior Vice President since April 2006. He joined the Company as Vice President and Assistant Treasurer in June 2003. From October 2002 until June 2003, Mr. Salas was a principal at Castle Crow & Company, LLC, a merchant bank. Prior to 2002, Mr. Salas was a Managing Director at Banc of America Securities LLC.

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EXECUTIVE COMPENSATION

Compensation Committee Report on Executive Compensation

The Compensation Committee of the Board of Directors (Compensation Committee) is responsible for the establishment and oversight of the Company s executive compensation program. It is composed of non-management directors who are independent under the NYSE rules.

Executive Compensation Philosophy

The Company s executive compensation program is designed to meet the following objectives:

- To align the interests and compensation of the executive officers with Company performance and the interests of stockholders;
- To attract, retain and motivate executive talent;
- To ensure that a significant portion of executive officers total compensation is dependent upon the appreciation of the Company s Common Stock; and
- To provide a balanced total compensation package that recognizes the individual contributions of executive officers and the overall business results of the Company.

The Compensation Committee periodically reviews the Company s executive compensation program, and evaluates the link between the Company s performance and its executive compensation.

The Compensation Committee believes the holding of significant equity interests in the Company by management aligns the interests of stockholders and management. Through the programs described in this report, a significant portion of each executive officer s total compensation is linked directly to individual and Company performance and to Common Stock price appreciation.

The key elements of the Company s executive compensation program consist of base salary, an annual bonus, certain multi-year, cash incentive programs, and a long-term incentive program consisting of stock options and, in some cases, restricted stock.

Incentives play an important role in motivating executive performance and in aligning executive pay practices with the interests of stockholders. The Company s executive compensation program is intended to reward achievement of both short and long-term business goals. The long-term incentive program is designed especially to ensure that the Company s executive officers have a significant portion of their total compensation tied to factors that affect the performance of the Company s Common Stock.

The Compensation Committee develops the individual and corporate goals and objectives relevant to the compensation of the Company s CEO. The Committee also reviews the total compensation of the most highly-compensated executive officers other than the CEO, including those named executive officers whose compensation is detailed in this Proxy Statement. This is designed to ensure consistency throughout the executive compensation program.

The Compensation Committee s policies with respect to each of the elements of the executive compensation program are discussed below. While the elements of compensation are described separately, the Committee considers the total compensation package afforded by the Company when determining each component of the executive officer s compensation.

Base Salaries Base salaries for new executive officers are determined initially by evaluating the responsibilities of the position held, the experience of the individual and salaries paid in the competitive marketplace for executive talent, including a comparison of base salaries for comparable positions at other companies.

The Company regularly monitors the salaries of its executives and adjustments are made based upon the performance of the Company and of the employee. The Compensation Committee considers both financial and non-financial performance measures in making salary adjustments. If an executive officer has responsibility for a particular business unit, such unit s financial results are also considered. Mr. Nelson and Mr. Crawford were the only named executive officers whose base salaries were increased in 2005.

Annual Incentive Program The Company s executive officers, as well as other key managerial and professional employees, are eligible for annual cash incentive awards under the executive incentive compensation plans (the EICP) described on page 15 of this Proxy Statement. Participating executives are eligible to earn individual awards expressed as a percentage of base salary. For 2005, all the named executive officers participated in the EICP.

The final award is the product of the executive officer s earned base salary, the applicable target percentage of the base salary, and percentage achievement against target for financial performance measures and individual performance for discretionary measures. For 2005, the discretionary portion was 10% of the total targeted award.

Annual corporate and business unit performance measures and individual target percentages are recommended at the beginning of each year by the CEO and approved by the Compensation Committee. For executive officers at the corporate level, the corporate performance objectives for the financial award portion of the EICP award payments for 2005 were based on financial measures, including consolidated net revenue, EBITDA and net free cash flow for the Company, each as defined. For participants at the business unit level, the business unit performance objectives for 2005 included the respective unit s segment EBITDA, net revenues and net free cash flow.

Achievements in excess of the objectives for financial measures result in the individual receiving more than his or her target percentage. The range of target percentages of base salary used in 2005 for annual cash incentive awards for the named executive officers was 50% to 100%. The 100% potential bonus was applicable only to Mr. Conlin. Mr. Conlin left the Company in October 2005 and pursuant to his separation agreement, received a prorated portion of his bonus.

2005 Bonus for Mr. Nelson. Based on the Company s results in 2005 compared to the performance objectives described herein and the Compensation Committee s evaluation of Mr. Nelson s performance, the Compensation Committee awarded Mr. Nelson the aggregate EICP bonus set forth on page 15 of this Proxy Statement.

Long-Term Incentive Program Stock Options Under the 1992 Stock Purchase and Option Plan, as amended (the Plan), stock options are granted periodically to the Company s senior executive group as well as to other key managerial and professional employees. Stock options entitle the holder to purchase during a specified time period a fixed number of shares of Common Stock at a set price.

The Compensation Committee considers guidelines for the number of stock options to be granted based on data provided by the Company s compensation consultants and its Human Resources Department. The number of stock options granted is a function of the employee s base pay, position, performance, and the imputed value of the option. The Compensation Committee also takes into account management s recommendations regarding the number of options to be awarded to specific employees. Stock options are awarded from time to time to eligible recipients. The Compensation Committee also allocates stock options under the Plan for use in attracting new executives.

Stock options are designed to align the interests of executives with those of the stockholders. Stock options have an exercise price equal to the closing market price of the Common Stock on the business day preceding the date of grant. Since December 2003, stock options have been granted with a five-year term and prior to December 2003, stock options were granted with a ten-year term.

Stock options granted to all eligible recipients since December 2003, including the senior executive group, have a three-year step vesting requirement of one-third per year, with full vesting occurring at the end of the third year following the date of grant. Stock options provide incentives for future performance by the creation of stockholder value over the long term since the benefit of the stock options cannot be realized unless stock price appreciation occurs. The Company did not grant any stock options to any named executive officers in 2005.

Long-Term Incentive Program Restricted Stock

The Compensation Committee makes restricted stock awards under the Plan from time to time as special incentive awards. Restricted shares vest if the recipient of the grant remains in the employment of the Company for a prescribed period of time. The Company did not grant any restricted stock to any named executive officers in 2005. Information on restricted stock awards made by the Compensation Committee to the named executive officers in 2004 and 2003 is set forth in the chart on page 15 of this Proxy Statement.

Other Executive Incentive Programs

Mr. Metz and Mr. Crawford each participate in two incentive programs for senior executives of the businesses they manage, the Company s Consumer Guides segment. The two programs, described on page 18 of this Proxy Statement, are designed to incentivize long-term earnings growth and accelerate the Company s organic growth by spurring the rollout of the auto and new home guide businesses.

Election of New Chief Executive Officer in 2005

In October 2005, Mr. Nelson replaced Mr. Conlin as Chief Executive Officer of the Company. The compensation and termination arrangements for Mr. Conlin are disclosed under the headings Executive Compensation and Employment Agreements on pages 15 and 17, respectively, of this Proxy Statement.

Compensation of Dean Nelson, Chairman of the Board, President and Chief Executive Officer

Upon replacing Mr. Conlin as CEO of the Company in October 2005, Mr. Nelson received an increase in his base salary from $750,000 to $1,000,000 and his target bonus under the EICP for 2005 was 60% of his base salary. As described elsewhere in this Proxy Statement, Mr. Nelson also possesses sole voting and investment power with respect to 1,800,000 options to purchase the Company s Common Stock which were issued to Capstone Consulting LLC. Mr. Nelson is the CEO of Capstone.

Policy Regarding Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code provides that publicly-held companies may be limited in deducting from their taxable income certain compensation in excess of $1 million paid to the chief executive officer and the four other most highly-compensated officers. The Compensation Committee has considered the effect of Section 162(m) on the Company s executive compensation program in developing its policy with respect to the deductibility of the Company s executive compensation. It is the Committee s position that in administering the performance-based portion of the Company s executive compensation program, it will attempt to satisfy the requirements for deductibility under Section 162(m). However, the Committee believes that it needs to retain the flexibility to exercise its judgment in assessing an executive s performance and that the total compensation system for executive officers should be managed in accordance with the objectives outlined in the Executive Compensation Philosophy section of this report and in the best overall interests of the Company s stockholders. Should the requirements for deductibility under Section 162(m) conflict with the executive compensation philosophy or with what the Compensation Committee believes to be in the best interests of the stockholders, the Compensation Committee will act in accordance with the

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executive compensation philosophy and in the best interests of the stockholders, notwithstanding the effect of such action on deductibility for any given year.

Conclusion

In 2005, as in previous years, a substantial portion of the Company s executive compensation consisted of performance-based variable elements. The Compensation Committee intends to continue the policy of linking executive compensation to Company performance and returns to stockholders.

SUBMITTED BY THE COMPENSATION COMMITTEE OF THE COMPANY S BOARD OF DIRECTORS

Perry Golkin, Chairman

H. John Greeniaus

Thomas Uger

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PERFORMANCE GRAPH

CUMULATIVE TOTAL RETURN
Based upon an initial investment of $100 on December 31, 2000
with dividends reinvested

Source: Georgeson Shareholder Communications Inc.

The above graph assume a $100 investment on December 31, 2000, and reinvestment of all dividends, in the Company s Common Stock, the S&P 500 Index and a composite peer group consisting of Emmis Communications Corp., Martha Stewart Living Omnimedia, Inc., (beginning after its initial public offering in the second quarter of 2000) Meredith Corp., Penton Media, Inc. and Reader s Digest Association Inc. (Class A).

	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05
PRIMEDIA Inc.	$ 100	$ 36	$ 17	$ 24	$ 32	$13
S&P © 500	$ 100	$ 88	$ 69	$ 88	$ 98	$103
Custom Peer Group (5 Stocks)	$ 100	$ 68	$ 56	$ 64	$ 66	$65

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Executive Compensation Table

The following table shows compensation paid for the fiscal years ended December 31, 2005, 2004 and 2003 by the Company to the current Chief Executive Officer of the Company and each of the other four most highly compensated executive officers of the Company in 2005 in all capacities in which they served:

Long-Term Compensation