PRIMEDIA INC
Form DEF 14A
April 26, 2007

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

# SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

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|---|---|
| o | Preliminary Proxy Statement |
| o | **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))** |
| x | Definitive Proxy Statement |
| o | Definitive Additional Materials |
| o | Soliciting Material Pursuant to §240.14a-12 |

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

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

| | | |
|---|---|---|
| x | No fee required. | |
| o | Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11. | |
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| | (3) | Filing Party: |
| | (4) | Date Filed: |

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

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To be held Wednesday, May 23, 2007**

To the Stockholders of
PRIMEDIA Inc.:

The annual meeting of stockholders of PRIMEDIA Inc. will be held on Wednesday, May 23, 2007, at The Peninsula, 700 Fifth Avenue, New York, New York 10019 at 10:00 a.m. to:

(1) Elect nine directors;

(2) Act upon the selection of auditors for the fiscal year ending December 31, 2007; 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 9, 2007, will be entitled to vote at the meeting.

Jason S. Thaler
*Senior Vice President, General Counsel and Secretary*

April 25, 2007

# 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 23, 2007, 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, 2007.

Holders of record of common stock of the Company, $.01 par value (the Common Stock ), at the close of business on April 9, 2007, will be entitled to one vote for each share held on all matters to come before the meeting. On April 9, 2007, there were outstanding 264,898,002 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 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 5, 2006, 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, Dan Ciporin, Meyer Feldberg, Perry Golkin, H. John Greeniaus, Kevin Smith and Thomas C. Uger. The remaining directors, Dean B. Nelson, the Company s Chairman of the Board, President and Chief Executive Officer ( CEO ) and Beverly C. Chell, the Company s former Vice Chairman and General Counsel, do not qualify as independent under established guidelines.

*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 the Audit Committee. 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.

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## BOARD OF DIRECTORS

### Board of Directors

Our Board currently consists of nine members. 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 CEO and other officers and management executives.

Regular meetings of the Board are held throughout the year. In 2006, the Board held six regular meetings, three special meetings and also acted by unanimous written consent. Each director standing for election attended at least 80% of the total number of meetings of the Board and Board committees of which he or she was a member in 2006.

It is the Company s policy that directors are encouraged to attend the annual meeting of stockholders. Seven directors attended the annual meeting in 2006 either in person or by telephone.

### Executive Sessions

Directors 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 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, except that Beverly C. Chell, a member of the Compensation Committee, and Dean B. Nelson, a member of the Executive Committee, are not considered independent. Each of the committees is described in greater detail below. The Board has established written charters for the Compensation Committee, Audit Committee and Nominating and Corporate Governance Committee. 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 the accounting, reporting and financial practices of the Company. Its duties include selecting and overseeing the Company s independent auditor, reviewing the scope of the audit to be conducted by the independent auditor, 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 Audit 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 have accounting or related financial expertise as determined by the Board. The members of the Audit Committee are Meyer Feldberg (Chairman), David A. Bell, Dan Ciporin, H. John Greeniaus and Kevin Smith. The Board has determined that each of the Audit Committee members is independent and financially literate and that Messrs. Bell, Ciporin, Greeniaus and Smith each qualify as an audit committee financial expert, as defined by the SEC, and as a result have accounting and related financial management expertise within the meaning of the NYSE listing standards. The Audit Committee met nine times in 2006 and also acted by unanimous written consent. The Audit Committee s Report appears on page 37.

*Compensation Committee.* The purpose of the Compensation Committee is to review and administer the Company s compensation programs, including remuneration arrangements for its senior executives, including the CEO. The current members of the Compensation Committee are Perry Golkin (Chairman), Beverly C. Chell, H. John Greeniaus and Thomas C. Uger. The Compensation Committee met five times in 2006 and also acted by unanimous written consent. Additional information about the Compensation Committee s responsibilities is included in the Compensation Discussion and Analysis beginning on page 13. The Compensation Committee s Report appears on page 21.

*Nominating and Corporate Governance Committee.* 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 A. Bell (Chairman), Meyer Feldberg and H. John Greeniaus. The Board has determined that each of the Nominating and Corporate Governance Committee members is independent. The Nominating and Corporate Governance Committee met four times in 2006.

*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 David A. Bell, Dean B. Nelson, Perry Golkin and Thomas C. Uger. During 2006, the Executive Committee acted by unanimous written consent.

**Self Evaluations**

In accordance with its Corporate Governance Guidelines, the full Board, the Audit Committee and 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. Stockholders should send their recommendations 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 also considers candidates recommended by current directors, Company officers, employees and other third parties. 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 2006, the Company did not pay a fee to any third party to identify candidates.

**PROPOSAL 1 ELECTION OF DIRECTORS**

The Company currently has nine directors, all of whom are standing for reelection at this year s annual meeting. It is proposed that all nine 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 these individuals. 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: 63

Mr. Bell became a Director in May 2001. He is currently an Operating Advisor at Pegasus Capital Advisors, L.P., a private equity fund manager. From March 2006 until March 2007, he was Chairman Emeritus of the Interpublic Group of Companies, Inc. ( 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. and DHB Industries Inc. Mr. Bell is Chairman of the Nominating and Corporate Governance Committee and a member of the Audit Committee.

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| **Beverly C. Chell**<br>Director<br>Age: 64 | Ms. Chell became a Director in March 1992. Ms. Chell currently serves as a consultant to the Company. From 1991 through November 2005, Ms. Chell was Vice Chairman, General Counsel and Secretary of the Company. Ms. Chell also served as Vice Chairman and Chief Financial Officer of the Company from December 2005 through June 2006. Ms. Chell is a member of the Compensation Committee. |
| **Dan Ciporin**<br>Director<br>Age: 49 | Mr. Ciporin became a director in July 2006. He is currently a partner in Canaan Partners, a venture capital fund specializing in early stage companies. From September 2005 until March 2007, Mr. Ciporin provided independent consulting services. From January 1999 until August 2005, Mr. Ciporin was Chairman and CEO of Shopping.com, Ltd. Mr. Ciporin is also a director of VistaPrint Limited. Mr. Ciporin is a member of the Audit Committee. |
| **Meyer Feldberg**<br>Director<br>Age: 65 | 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. Professor Feldberg is Chairman of the Audit Committee and a member of the Nominating and Corporate Governance Committee. |
| **Perry Golkin**<br>Director<br>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 Chairman of the Compensation Committee and a member of the Executive Committee. |
| **H. John Greeniaus**<br>Director<br>Age: 62 | 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. Mr. Greeniaus is a member of the Compensation Committee, Audit Committee and Nominating and Corporate Governance Committee. |

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| **Dean B. Nelson**<br>Chairman of the Board, President and Chief Executive Officer<br>Age: 48 | 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 since March 2000. |
| **Kevin Smith**<br>Director<br>Age: 52 | Mr. Smith became a director in July 2006. He currently serves as a consultant to private equity firms. From April 2004 until March 2005, he was the Executive Vice President and Chief Financial Officer of R.R. Donnelly & Sons Co. From January 2002 until March 2004, he was Chief Financial Officer of Heidrick & Struggles International Inc. Mr. Smith is a member of the Audit Committee. |
| **Thomas C. Uger**<br>Director<br>Age: 32 | Mr. Uger became a Director in September 2005. He is currently a director of KKR. He joined KKR in 1998 and from June 2005 through December 2006 was a principal of KKR. Mr. Uger is a member of the Compensation Committee and Executive Committee. |

**NON-EMPLOYEE DIRECTOR COMPENSATION AND BENEFITS**

Only directors who are not full-time employees of the Company receive additional compensation for services as a director. The Company uses a combination of cash and stock-based compensation to attract and retain highly-qualified, independent individuals to serve on our Board. Compensation for non-employee directors during 2006 consisted of the following:

| TYPE OF COMPENSATION | AMOUNT | |
|---|---|---|
| Annual Cash Retainer(1) | $ 55,000 | |
| Additional Annual Retainer for Committee Chair: | | |
| Audit Committee | $ 5,000 | |
| Nominating and Corporate Governance Committee | $ 5,000 | |
| Additional Annual Retainer for Committee Membership: | | |
| Audit Committee | $ 25,000 | |
| Nominating and Corporate Governance Committee | $ 10,000 | |
| Compensation Committee | $ 10,000 | (2) |
| Stock Option Awards(3) | 50,000 | |

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(1) Includes all service on the Board and committees other than those specified above, including attendance at meetings. Annual fees (including any additional fees for committee service) are payable quarterly. For 2007, the annual retainer will remain at $55,000 and additional committee fees will remain unchanged.

(2) Board members affiliated with KKR do not receive additional fees for serving on the Compensation Committee.

(3) Issued upon being elected to the Board. Kevin Smith and Dan Ciporin joined the Board in July 2006 and each was issued 50,000 stock options. No other options were issued to non-employee directors in 2006.

*Stock Option Awards.* Each non-employee director receives a grant of options upon being elected a director. Options received by directors vest over three years in equal installments and expire after five years. The Company does not grant annual stock option awards to its directors but has in the past periodically granted options to directors in addition to those granted upon being elected as a director.

*Business Expenses*. Directors are reimbursed for the business expenses related to attendance at Board meetings, including room, meals and transportation to and from Board meetings.

*Directors Deferred Compensation Plan.* Under the Directors Deferred Compensation Plan, a non-employee director may elect to defer all or part of the annual fees payable to the director. 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 value of credited shares at the time of distribution, at the Company s option, in whole or in part, from her or his account following retirement or termination of service. Only one director, Mr. Golkin, currently participates in the Plan under which he has elected to defer his fees in Common Stock equivalents.

*Director and Officer Liability Insurance.* The Company obtains Director and Officer Liability Insurance to insure our directors and officers against certain losses they may be required to pay as a result of performing their duties on behalf of the Company as directors and officers. The Company pays one premium for this insurance for the whole Company and therefore does not allocate a specific dollar amount to any individual director or the directors as a whole.

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**NON-EMPLOYEE DIRECTOR COMPENSATION FOR 2006**

The table below summarizes the compensation paid by the Company to non-employee directors for the fiscal year ended December 31, 2006:

| Name | Fees earned or paid in cash($) | | Stock Awards($) | Option Awards($)(1) | Non-Equity Incentive Plan Compensation | Change in Pension Value and Nonqualified Deferred Compensation Earnings | All Other Compensation($) | Total($) | |
|---|---|---|---|---|---|---|---|---|---|
| David A. Bell | $ 93,750 | (2) | | $ 42,148 | | | | $ 135,898 | |
| Beverly C. Chell | $ 32,500 | (3) | | $ 401,754 | | | (3) | $ 434,254 | |
| Dan Ciporin | $ 30,850 | (4) | | $ 4,564 | | | | $ 35,414 | |
| Tim Dattels | $ 23,750 | (5) | | $ (18,346 ) | | | | $ 5,404 | |
| Meyer Feldberg | $ 95,000 | (6) | | $ 42,148 | | | | $ 137,148 | |
| Perry Golkin | $ 55,000 | (7) | | | | | | $ 55,000 | (7) |
| H. John Greeniaus | $ 100,000 | (8) | | $ 42,148 | | | | $ 142,148 | |
| Henry Kravis | $ 20,900 | (9) | | | | | | $ 20,900 | |
| Kevin Smith | $ 30,850 | (10) | | $ 4,564 | | | | $ 35,414 | |
| Thomas C. Uger | $ 68,750 | (11) | | | | | | $ 68,750 | |

(1) Dollar amounts in this column reflect the compensation expense recognized by the Company for financial statement reporting purposes with respect to outstanding stock options under FAS 123(R). These values have been determined based on the assumptions set forth in Note 15 to our consolidated financial statements for the fiscal year ended December 31, 2006.

(2) Mr. Bell s fees consisted of the $55,000 annual fee, $25,000 for serving on the Audit Committee and $13,750 for serving on the Nominating and Corporate Governance Committee. Mr. Bell was appointed chairman of the Nominating and Corporate Governance Committee on March 22, 2006.

(3) Ms. Chell ceased to be an employee of the Company as of June 30, 2006. Ms. Chell s fees consisted of $27,500, a prorated portion of the annual fee and $5,000, a prorated portion of the annual fee for serving on the Compensation Committee. Of Ms. Chell s fees, $16,250, representing fees for the fourth quarter 2006, was paid in January 2007. Ms. Chell was appointed to the Compensation Committee on July 12, 2006. See footnote 8 to the Summary Compensation Table for additional compensation unrelated to Ms. Chell s service as a Board member.

(4) Mr. Ciporin joined the Board on July 25, 2006. Mr. Ciporin s fees consisted of $23,913, a prorated portion of the annual fee and $6,937, a prorated portion of the annual fee for serving on the Audit Committee. Mr. Ciporin was appointed to the Audit Committee on September 21, 2006. Of Mr. Ciporin s fees, $20,000, representing fees for the fourth quarter 2006, was paid in January 2007.

(5) Mr. Dattels resigned from the Board as of March 2, 2006. Mr. Dattels fees consisted of $13,750, a prorated portion of the annual fee, $7,500, a prorated portion of the annual fee for serving on the Audit Committee and $2,500, a prorated portion of the annual fee for serving on the Nominating and Corporate Governance Committee.

(6) Mr. Feldberg s fees consisted of the $55,000 annual fee, $28,750 for serving on the Audit Committee and $11,250 for serving on the Nominating and Corporate Governance Committee. Mr. Feldberg was appointed Chairman of the Audit Committee on March 22, 2006.

(7) Mr. Golkin participates in the Directors Deferred Compensation Plan and as a result did not receive any cash compensation during 2006. In lieu of cash compensation, at the end of each calendar quarter during 2006, Mr. Golkin received credits for PRIMEDIA Common Stock in an amount determined by dividing the quarterly fee payable, $13,750, by the share price on the last trading date of the calendar quarter. During 2006, Mr. Golkin received credits in PRIMEDIA Common Stock in the following amounts:

| **Quarter Ending** | **Number of shares credited** | **Share price** |
|---|---|---|
| 3/31/06 | 6,642.5120 | 2.07 |
| 6/30/06 | 7,513.6612 | 1.83 |
| 9/29/06 | 9,046.0526 | 1.52 |
| 12/29/06 | 8,136.0947 | 1.69 |
| | 31,338.3205 | |

As of April 1, 2007, Mr. Golkin has accumulated an aggregate of 157,112 shares of PRIMEDIA Common Stock through the Directors Deferred Compensation Plan.

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(8) Mr. Greeniaus fees consisted of the $55,000 annual fee, $25,000 for serving on the Audit Committee, $10,000 for serving on the Nominating and Corporate Governance Committee and $10,000 for serving on the Compensation Committee.

(9) Mr. Kravis fees consisted of $20,900, a prorated portion of the annual fee. Mr. Kravis did not stand for reelection at the 2006 Annual Meeting and left the board effective May 17, 2006.

(10) Mr. Smith joined the Board on July 25, 2006. Mr. Smith s fees consisted of $23,913, a prorated portion of the annual fee and $6,937, a prorated portion of the annual fee for serving on the Audit Committee. Mr. Smith was appointed to the Audit Committee on September 21, 2006. Of Mr. Smith s fees, $20,000, representing fees for the fourth quarter 2006, was paid in January 2007.

(11) Mr. Uger s fees consisted of $55,000 annual fee for 2006 and $13,750 which represented the quarterly fee for the fourth quarter 2005 that was paid in January 2006.

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**EXECUTIVE OFFICERS**

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

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| **Michaelanne C. Discepolo**<br>Executive Vice President, Human Resources<br>Age: 54 | 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**<br>Executive Vice President; CEO, CSI<br>Age: 54 | Mr. Metz has been Executive Vice President of the Company since May 2000 and has been Chief Executive Officer of Consumer Source Inc. ( CSI ) for over five years. |
| **Bruce Abrahams**<br>Senior Vice President, Tax and Accounting<br>Age: 42 | Mr. Abrahams has been Senior Vice President, Tax and Accounting since January 2006. From November 2005 through January 2006, Mr. Abrahams was Senior Vice President, Internal Audit. From February 2003 through October 2005, Mr. Abrahams was Vice President, Internal Audit. Prior to that, Mr. Abrahams was Senior Director of Financial Reporting. |
| **Steven R. Aster**<br>Senior Vice President; President, Consumer Marketing PRIMEDIA Enthusiast Media Group ( PEM )<br>Age: 50 | Mr. Aster has been head of Consumer Marketing for PEM since June 2000 and a Senior Vice President of the Company since November 2005. |
| **David Crawford**<br>Senior Vice President; President and COO of CSI<br>Age: 44 | Mr. Crawford has been President and COO of 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. |
| **Eric M. Leeds**<br>Senior Vice President, Investor Relations<br>Age: 37 | 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. |
| **Kevin J. Neary**<br>Senior Vice President, Chief Financial Officer<br>Age: 43 | Mr. Neary has been Senior Vice President and Chief Financial Officer since June 2006. From August 2004 until May 2006, he was Chief Financial Officer of PEM and from September 2003 through July 2004, he was Senior Vice President, Finance of PEM. From November 2000 until August 2003, he was Chief Operating Officer and Chief Financial Officer of Channel One. |

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| **Steven Parr**<br>Senior Vice President; President, PEM<br>Age: 48 | Mr. Parr has been President of PEM since July 2006 and a Senior Vice President of the Company since November 2005. From November 2005 through July 2006, Mr. Parr was President of the Company s Performance Auto Group (PAG), International Auto Group (IAG), Consumer Auto Group (CAG) and Home Technology Group. 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**<br>Senior Vice President, Chief Accounting Officer and Controller<br>Age: 60 | 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. |
| **Carl Salas**<br>Senior Vice President, Treasurer<br>Age: 46 | 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. |
| **Jason S. Thaler**<br>Senior Vice President, General Counsel and Secretary<br>Age: 35 | Mr. Thaler has been Senior Vice President, General Counsel and Secretary of the Company since February 2007. From December 2006 through February 2007, he was Senior Vice President, Deputy General Counsel, from January 2004 through December 2006 he was Associate General Counsel and from August 2001 through January 2004, he was Assistant General Counsel. |

**COMPENSATION DISCUSSION AND ANALYSIS**

**Overview**

This Compensation Discussion and Analysis describes the Company s compensation philosophy, objectives and methodologies, including the determination of compensation for our named executive officers in 2006 (see page 22 for a list of our named executive officers and additional information concerning their compensation for 2006).

**Overall Compensation Philosophy**

PRIMEDIA s executive compensation program is designed to attract, retain and motivate top executive talent while aligning the interests and compensation of such executives with the interests of our stockholders. To that end, compensation packages provided by our Company include both cash and stock-based compensation that recognize and reward individual contributions to the Company as measured against established financial and operational goals of the Company. Our executive compensation packages are intended to reward achievement of both short and long-term business goals and are made up of salary and annual bonuses, equity incentive compensation consisting of stock options or, in rare cases, restricted stock and other specifically-tailored cash incentive programs.

**Role of Compensation Committee, Management and Third Parties in the Executive Compensation Process**

*Role of Compensation Committee*

Under 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 committee. However, the Board has elected to establish a Compensation Committee to assist it in reviewing and administering the Company s compensation program.

**The Compensation Committee is responsible for establishing and overseeing the Company s executive compensation program. In connection with its duties, the Compensation Committee periodically reviews the executive compensation program and evaluates the relationship between the program and the Company s performance. The Compensation Committee considers, among other things, the following factors in making decisions regarding executive compensation:**

- The Company s compensation philosophy;
- The Company s financial and operational performance relative to peers and industry standards;
- Aligning of executive interests with stockholder interests;
- Total compensation and the combination of compensation elements; and
- Ability to attract, retain and motivate executives.

The Compensation Committee also develops the individual and corporate goals and objectives relevant to the compensation of the Company s CEO. Furthermore, to ensure consistency throughout the compensation process, the Compensation Committee together with our CEO reviews the compensation components for the Company s other named executive officers.

***Role of Management***

Management of the Company assists the Compensation Committee in making compensation determinations in various ways. Our CEO assesses the performance of the other named executive officers and recommends their compensation to the Compensation Committee. In addition, our CEO and Executive Vice President, Human Resources develop proposals regarding changes in compensation for review and approval by the Compensation Committee and assist the Compensation

Committee in making compensation decisions by providing data necessary to evaluate and implement compensation proposals and programs. Our Executive Vice President, Human Resources often attends Compensation Committee meetings to provide recommendations and insight regarding executive compensation.

In addition, the Compensation Committee has established a pool consisting of 150,000 options and has delegated to our CEO the authority and discretion to make grants from such pool not exceeding 15,000 options per grant. Our CEO is required to periodically report these grants to the Compensation Committee.

*Role of Compensation Consultant and other Advisors*

Neither the Company nor the Compensation Committee has any contractual relationship with any compensation consultant. Periodically, however, the Company, through its Human Resources department, has engaged Hewitt Associates to assist with specific requests regarding equity compensation packages. In particular, in 2006, the Company engaged Hewitt Associates to provide advice relating to the treatment of stock options in connection with the potential spin-off of CSI and to provide relevant market data in connection with the compensation relating to the promotion of one of our named executive officers. In addition, the Company from time to time seeks advice from legal counsel regarding current developments in laws and regulations relating to compensation matters.

**2006 Executive Compensation Components**

During 2006, the Company s compensation program consisted of the following components:

- Base Salary

- Annual Incentive

- Long-Term Incentive Program/Equity Awards

- Other Executive Incentive Programs

- Retirement Benefits

- Personal Benefits and Perquisites

*Base Salary*

Base salaries for our named executive officers depend on the level of responsibility of the position, experience of the executive, performance of the executive and objectives of the Company. In addition, the Company evaluates salaries paid in the competitive marketplace for executive talent and compares base salaries for comparable positions at other companies.

The Company regularly monitors base salaries and adjustments are made based upon the performance of the Company and the executive. Both financial and non-financial performance measures are considered when determining if any adjustment is warranted. If a named executive officer has responsibility for a particular business unit, the financial results of that unit are also considered. In addition, certain of our named executive officers have employment agreements which set forth the executive s base salary (see page 26 for a more detailed description of such agreements).

During 2006, the following base salary adjustments were made for named executive officers:

- Kevin Neary: Upon Mr. Neary s promotion to Chief Financial Officer, his base salary increased as of May 17, 2006 from $330,000 to $400,000.

- Steven Parr: Upon Mr. Parr s promotion to President, PEM, his base salary increased as of August 1, 2006 from $525,000 to $600,000.

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- Robert Metz: CEO, CSI, base salary increased as of January 1, 2006 from $475,000 to $500,000. This increase was based on merit.

*Annual Incentive Program*

During 2006, each of the named executive officers participated in the Company s Executive Incentive Compensation Plan ( EICP ). The EICP is an annual cash incentive program that provides cash awards that are contingent and based on pre-established financial targets. Awards are based on a percentage of the executive s earned base salary during the calendar year in which they participate in the EICP.

In December of each year, as part of the Company s annual budget process, the Compensation Committee determines the components of the financial objectives portion of the EICP and sets the threshhold, target and maximum levels for each component as well as the weighting of each component respective to the total award. The Compensation Committee considers specific circumstances relating to the Company s current operations when determining the threshold, target and maximum levels.

For 2006, for named executive officers other than those employed by CSI, 80% of the named executive officer s EICP award was based on achievement of financial objectives relating to consolidated net revenues, EBITDA and net free cash flow (each as defined below) of their respective business units, with each component accounting for 20%, 40% and 20%, respectively, of the total financial objectives. The remaining 20% is a discretionary portion.

For named executive officers at CSI (Messers. Metz and Crawford), 90% of the EICP award was based on achievement of financial objectives relating to consolidated net revenues, EBITDA and net free cash flow of CSI, with each component accounting for 25%, 40% and 25%, respectively, of the total financial objectives. The remaining 10% is a discretionary portion. The financial objectives for Messers. Metz and Crawford are based solely on CSI financial results.

The Company defines the financial objectives under the EICP as follows:

- *Net Revenue*: the total product and services revenues as set forth in the Company s annual audited financial statements, excluding barter revenues, intercompany revenues and cross-promotion revenues.

- *EBITDA*: segment EBITDA, which represents a Company business segment s earnings before interest, taxes, depreciation, amortization and other charges.

- *Net Free Cash Flow*: total segment EBITDA, plus/minus changes in working capital, non-cash EBITDA items and acquisition reserve payments.

Bonus payments range from 50% to 150% of an executive s target bonus and are contingent upon meeting the pre-established objectives as follows:

- No payment for a particular financial objective of the EICP award unless the Company achieves the threshold performance level for that objective;

- Payment of at least 50% but less than 100% of the target bonus for the financial objective of the EICP award determined on a pro rata basis if the Company achieves or exceeds the threshold performance level for that objective but does not meet the target performance level;

- Payment of at least 100% but less than 150% of the target bonus for the financial objective of the EICP award determined on a pro rata basis if the Company achieves or exceeds the target performance level for that objective but does not meet the maximum performance level; and

- Payment of 150% of the target bonus for the financial objective of the EICP award if the Company achieves or exceeds the maximum performance level for that objective.

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Following the completion of the audit of the Company s financial statements for the prior fiscal year, the Compensation Committee, with the assistance of the Human Resources department, reviews the actual performance of the Company in relation to each of the pre-determined financial objectives to determine financial achievement. Discretionary awards for named executive officers in most cases are determined by applying the weighted average financial award percentage to the discretionary award target amounts. Payment of EICP bonuses is generally made in April of the fiscal year following the plan year.

The total target awards under the EICP for each of the named executive officers for 2006 and 2007 are:

| Name | 2006 EICP Target (percentage) | 2006 EICP Target (dollars) | 2007 EICP Target (percentage) | 2007 EICP Target (dollars) |
|---|---|---|---|---|
| Dean B. Nelson | 60% | $ 600,000 | 60% | $ 600,000 |
| Beverly C. Chell | 55 | 412,500 | | |
| Kevin J. Neary | 55 | 205,637 | 55 | 220,000 |
| Steven Parr | 60 | 333,865 | 60 | 360,000 |
| Robert C. Metz | 65 | 325,000 | 65 | 325,000 |
| David Crawford | 60 | 255,000 | 60 | 255,000 |

Each of our named executive officers received the following EICP payments in May 2006 related to the fiscal year ended December 31, 2005:

| Name | 2005 EICP Bonus Award |
|---|---|
| Dean B. Nelson | $ 412,480 |