PRIMEDIA INC
Form 10-K
March 16, 2005

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended: December 31, 2004

OR

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

Commission File number: 1-11106

PRIMEDIA Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**13-3647573** (I.R.S. Employer Identification No.)
745 Fifth Avenue, New York, New York (Address of principal executive offices)	**10151** (Zip Code)

(212) 745-0100
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

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

The aggregate market value of the voting common equity of PRIMEDIA Inc. ("PRIMEDIA") which is held by non-affiliates of PRIMEDIA, computed by reference to the closing price as of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2004, was approximately $278 million. The registrant has no non-voting common stock.

As of February 28, 2005, 262,078,660 shares of PRIMEDIA's Common Stock were outstanding.

The following documents are incorporated into this Form 10-K by reference: Part III of this Report on Form 10-K incorporates information by reference from the registrant's Proxy Statement for its 2005 Annual Meeting of shareholders to be held on May 11, 2005. The definitive Proxy Statement will be filed within 120 days of the end of the fiscal year ended December 31, 2004.

TABLE OF GUARANTORS

Exact Name of Registrant as Specified in its Charter	State or other Jurisdiction of Incorporation or Organization	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number
About, Inc	Delaware	514191	13-4034015
Canoe & Kayak, Inc.	Delaware	511120	41-1895510
Channel One Communications Corporation.	Delaware	515120	13-3783278
Cover Concepts Marketing Services LLC	Delaware	541890	04-3370389
CSK Publishing Company, Inc	Delaware	511120	13-3023395
Enthusiast Media Subscription Company, Inc	Delaware	561499	20-1941137
Films for the Humanities & Sciences, Inc.	Delaware	512110	13-1932571
Go Lo Entertainment, Inc.	Delaware	561920	95-4307031
Haas Publishing Companies, Inc.	Delaware	511130	58-1858150
Hacienda Productions, Inc.	Delaware	512110	13-4167234
HPC Brazil, Inc.	Delaware	511130	13-4083040
IntelliChoice, Inc.	California	511120	77-0168905
Kagan Media Appraisals, Inc.	California	511120	77-0157500
Kagan Seminars, Inc.	California	511120	94-2515843
Kagan World Media, Inc.	Delaware	511120	77-0225377
McMullen Argus Publishing, Inc.	California	511120	95-2663753
Media Central IP Corp.	Delaware	551112	13-4199107
Motor Trend Auto Shows Inc.	Delaware	561920	57-1157124
Paul Kagan Associates, Inc	Delaware	511120	13-4140957
PRIMEDIA Business Magazines & Media Inc.	Delaware	511120	48-1071277
PRIMEDIA Companies Inc.	Delaware	551112	13-4177687
PRIMEDIA Enthusiast Publications, Inc.	Pennsylvania	511120	23-1577768
PRIMEDIA Finance Shared Services, Inc.	Delaware	551112	13-4144616
PRIMEDIA Holdings III Inc.	Delaware	551112	13-3617238
PRIMEDIA Information Inc.	Delaware	511120	13-3555670
PRIMEDIA Leisure Group Inc.	Delaware	551112	51-0386031
PRIMEDIA Magazines Inc.	Delaware	511120	13-3616344
PRIMEDIA Magazine Finance Inc.	Delaware	511120	13-3616343
PRIMEDIA Special Interest Publications Inc.	Delaware	511120	52-1654079
PRIMEDIA Specialty Group Inc.	Delaware	551112	36-4099296
PRIMEDIA Workplace Learning LLC	Delaware	611430	13-4119787
PRIMEDIA Workplace Learning LP	Delaware	611430	13-4119784
Simba Information Inc.	Connecticut	511120	06-1281600
The Virtual Flyshop, Inc.	Delaware	511120	01-0775104

The address, including zip code, and telephone number, including area code, of each additional registrant's principal executive office is 745 Fifth Avenue, New York, New York 10151 (212-745-0100).

These companies are listed as guarantors of the debt securities of the registrant. The consolidating financial statements of the Company depicting separately its guarantor and non-guarantor subsidiaries are presented as Note 26 of the notes to the consolidated financial statements. All of the equity securities of each of the guarantors set forth in the table above are owned, either directly or indirectly, by PRIMEDIA Inc., and there has been no default during the preceding 36 calendar months with respect to any indebtedness or material long-term leases of PRIMEDIA Inc. or any of the guarantors.

PRIMEDIA Inc.
Annual Report on Form 10-K
December 31, 2004

PART I

ITEM 1. BUSINESS.

General

PRIMEDIA Inc. ("PRIMEDIA" or the "Company") is the leading targeted media company in the United States. The Company's properties comprise more than 200 brands that connect buyers and sellers in more markets than any other media company through print publications, Web sites, events, newsletters and video programs in four market segments.

The Company's segments are: Enthusiast Media, Consumer Guides, Business Information and Education. The results of these segments, consistent with past practice, are regularly reviewed by the Company's chief operating decision maker and the executive team to determine how resources will be allocated to each segment and to assess the performance of each segment.

The year 2004 was a year of product upgrades and product introductions. The Company executed on its strategy of focusing on organic growth and upgrading, investing in, and leveraging the high potential brands across the Company.

Enthusiast Media Segment

PRIMEDIA Enthusiast Media encompasses the Company's consumer magazines, their related Web sites, events, licensing and merchandising and About.com ("About"). Enthusiast Media is the third largest overall producer of magazine advertising pages in the U.S., according to Media Industry Newsletter, February 14, 2005, and has leading market positions in its enthusiast groups: Automotive, Outdoors, Action Sports, Crafts, History, Marine, Equine and Home Technology categories. An agreement to sell About was announced on February 17, 2005.

Enthusiast Media Products

Group	Publications	Web Sites	Events	Video Programs
Performance Automotive	42	46	20	3
International Automotive	12	13	16	
Consumer Automotive	3	4	18	
Outdoors	17	18	16	7
Action Sports	10	10	16	
Home Technology	7	7	2	
Lifestyles	33	20	16	
Soaps	2	1		
Subtotal	**126**	**119**	**104**	**10**
About.com		475		
Total	**126**	**594**	**104**	**10**

Advertising; Circulation; Editorial

For the year ended December 31, 2004, in the Enthusiast Media segment, 56% of revenues were from advertising, 36% from circulation and 8% from other sources. The Company's consumer magazine circulation revenue is divided between newsstand sales and subscriptions, at 51% and 49% of circulation revenue, respectively.

Readers value enthusiast magazines for their targeted editorial content and also rely on them as primary sources of information in the relevant topic areas. This aspect makes the enthusiast magazines important media buys for advertisers. Advertising sales for the Company's enthusiast magazines are generated largely by in-house sales forces. The magazines compete for advertising on the basis of circulation and the niche markets they serve. Each of the Company's enthusiast magazines faces competition in its subject area from a variety of publishers and competes for readers on the basis of the high quality of its targeted editorial, which is provided by in-house and freelance writers.

The Company also operates RetailVision, a specialty magazine distribution company, which distributes over 700 titles, including the titles of 80 other publishers, to over 50,000 independent niche retail locations such as auto parts retailers, craft shops, tackle shops, and music stores.

Brands

The Company publishes 57 automotive magazines, including consumer automotive titles such as *Automobile* and *Motor Trend* which cater to the high-end and new car automotive market, as well as highly specialized enthusiast titles such as *Hot Rod*, *Truckin'*, *Super Street*, *Lowrider*, *Motorcyclist*, *4Wheel & Off-Road* and *Four Wheeler*. The Company's automotive magazines represent the largest portfolio of magazines in the enthusiast and consumer automotive categories. Supplementing the print publications, PRIMEDIA has a strong presence on the Internet with a companion Web site to each publication. In the high-end and new car markets, PRIMEDIA's publications compete against *Car and Driver* and *Road and Track*, both owned by Hachette Filipacchi Media U.S. Inc.

The Company is a leading publisher of magazines for outdoor and other enthusiast markets with such titles as *Fly Fisherman*, *Power & Motoryacht*, *EQUUS*, and *Creating Keepsakes*. The Company also publishes numerous magazines targeting action sports enthusiasts such as *Surfer*, *Surfing*, *Skateboarder* and *Snowboarder*. In the consumer technology market, the Company's publications include *Home Theater, Stereophile* and *PHOTOgraphic*. The Company's major competitors in the enthusiast market include the Time4Media division of Time Warner Inc., Hachette Filipacchi Media U.S. Inc. and Meredith Publishing, a subsidiary of Meredith Corporation. The Company also competes in individual enthusiast markets with a number of smaller, privately-owned or regionally-based magazine publishers. PRIMEDIA also publishes two leading soap opera magazines, *Soap Opera Digest* and *Soap Opera Weekly*. Both publications compete with Bauer Publishing.

The Company has continued to build brand extensions around its key franchises and has seen solid gains in book events, licensing products and television shows. The Company is focused on building multiple revenue streams online including subscriber acquisition, direct-to-consumer, e-commerce and pay-per click, lead generation and other online advertising.

About

About is a leading producer of information and original content on the Internet. About generates revenue from two primary sources: brand advertising on the About network and auction-based pay per click classified.

Consumer Guides Segment

Consumer Guides Products

Category	Northeast	Southeast	Midwest	West	International	TOTAL
Apartment Guide	24	23	14	19		**80**
New Home Guide	5	5	6	2	1	**19**
Auto Guide		2				**2**
DistribuTech Retail Locations	5,217	**3,046**	**2,347**	**5,401**		**16,011**
Major Markets	Washington D.C., Philadelphia, Baltimore, Chicago	**Atlanta, Tampa, Orlando, Miami, Charlotte**	**Dallas-Fort Worth, Houston, Austin, Kansas City**	**Phoenix, Las Vegas, Los Angeles, San Francisco, Denver**	**Brazil**	

PRIMEDIA Consumer Guides is the leading publisher and distributor of free consumer guides in the United States with *Apartment Guide*, *New Home Guide* and *Auto Guide*, distributing through its proprietary distribution network, DistribuTech. PRIMEDIA is the largest publisher and distributor of rental apartment guides in the U.S. with guides in 75 regional markets with a combined monthly circulation of 1.6 million. Most of the Company's apartment guide publications are distributed monthly and provide informational listings about featured apartment communities. Virtually 100% of *Apartment Guide* advertising revenue is generated by apartment community managers who need to fill vacant apartments. All of the Company's consumer guides are free to users. The Company is a leading provider of apartment listings due to the cost effectiveness of its products as measured by the cost per lease to the advertiser.

The performance of *Apartment Guide* continued to be impacted by a relatively low interest rate environment allowing more home purchasing and causing a soft apartment rental market. The average number of monthly unique visitors to the Company's Web site, Apartmentguide.com, was approximately 1.2 million per month in 2004. Apartmentguide.com, which carries all of the listings included in the print products, plus listings for cities in which the Company has no publication, listed approximately 19,750 properties as of December 31, 2004. The Web site offers many premium features not provided by its print products including virtual tours and search functionality. Approximately $10 million of revenue was generated by the sale of these premium products during 2004.

Through the print guides and the Apartmentguide.com Web site, the Company generated approximately 8 million leads for apartment property managers in 2004. The majority of *Apartment Guide* customers purchase 12-month contracts, and, in 2004, approximately 90% of standard listing contracts were renewed when they expired. In 2004, Apartment Guide had approximately 23,000 advertisers. Advertising in the apartment publications is generated by a 348 person sales force located throughout the United States. The Company's national competitors include Trader Publishing Company (publishers of *For Rent*) and Network Communications Inc. (publishers of *Apartment Finder*).

DistribuTech

DistribuTech is the nation's largest distributor of free publications, and distributes its own consumer guides and over 1,900 third-party titles. In 2004, publications were distributed to more than 49,000 grocery, convenience, video and drug stores, universities, military bases, major employers and other locations in 73 metropolitan areas. Approximately one-third of these locations have exclusive distribution agreements with DistribuTech. The guides are typically displayed in free-standing, multi-pocket racks. DistribuTech generates revenues by leasing rack pockets to other publications and ensuring that the publications are stocked in specific racks. DistribuTech services the racks at each location an average of two to three times per week. DistribuTech competes for third-party publication distribution primarily on the basis of its prime retail locations and its service. DistribuTech's principal competitor is Trader Distribution Services, a division of Trader Publishing Company.

New Home Guide

The Company is a leader in new home guides with publications in 19 major markets including Denver, Phoenix, Dallas-Fort Worth and Philadelphia. New launches in 2004 included Orlando and Houston. Consumer Guides is targeting to have 25 *New Home Guides* by year end 2005 through launches and strategic acquisitions.

The new home publications provide informational listings about featured new home communities with the majority of advertising revenue generated by builders and developers. Most of the Company's *New Home Guide* publications are published bi-monthly with a combined circulation of one-half million. Advertisers are featured on the Newhomeguide.com Web site, which received over 2.7 million unique users in 2004 and was comprised of over 4,800 total properties as of December 31, 2004. The Company's national competitor is Network Communications, Inc. (publishers of *New Home Finder*).

Auto Guide

The Company's newest business is its Auto Guide division. Consumer Guides launched its first *Auto Guide* in Charlotte, North Carolina in March 2004 followed by a second launch in Triad (Greensboro, Winston Salem), North Carolina in November 2004. The Company's third *Auto Guide* was launched in the Triangle (Raleigh-Durham), North Carolina market in January 2005. The Company plans to aggressively build its Auto Guide division throughout 2005 with both internally launched start up markets and acquisitions of competing publications.

The Company is building on its proprietary distribution channels and successful high margin business model to enter the substantial market for pre-owned vehicle advertising by auto dealers. *Auto Guide* publishes current auto dealer pre-owned car inventory and also provides customer leads to dealers through its Web sites in each market. (i.e., charlotteautoguide.com). On February 16, 2005, the Company acquired *Atlanta Cars Magazine*, the leading provider of new and used car, SUV and truck listings from dealerships in the Atlanta area and the related online property, atlantacars.com. Consumer Guides is targeting having a total of 10 *Auto Guides* by the end of 2005. The Company's main national competitor is Trader Publishing Company (publisher of *Auto Trader and Auto Mart).*

Business Information Segment

PRIMEDIA Business Information is a leading information provider in more than 18 business markets. Business Information is a leading publisher of magazines, directories, data products, buyer's guides, Web sites and events that provide vital information to business professionals.

Business Information Products

Category	Publications	Directories, Data Products & Buyer's Guides	Web Sites	Conferences and Trade Shows
Transportation and Public Services	14	20	19	3
Entertainment and Media	11	11	19	4
Technology and Telecommunications	7	5	8	2
Energy and Construction	12	10	21	9
Marketing and Meetings	10	5	15	6
Financial Services	4	2	5	1
Agribusiness and Textiles	14	2	17	
Fitness and Healthcare	2	2	5	3
Total	**74**	**57**	**109**	**28**

Magazines

Each of the business information magazines is distributed almost exclusively to purchasing decision-makers in a targeted industry group and provides a highly targeted advertising medium to that industry. These magazines compete for advertising on the basis of advertising rates, circulation, reach, editorial content and readership commitment. Advertising sales are made by in-house sales forces and are supplemented by independent representatives in selected regions and overseas. The Financial Services, Telecommunications and Electrical categories had strong years in 2004 as a result of innovative marketing programs. In 2004, over 78% of the Company's business information magazine titles ranked number one or number two in their category based on advertising pages as tracked by Inquiry Management Systems.

The Company competes with large domestic and international competitors across the different business information markets that it serves. These competitors include Reed Business Information (owned by Reed Elsevier Group plc), VNU Business Media (owned by VNU NV) and Advanstar Communications.

In 2005, the Company will actively seek to further leverage Business Information's powerful brands, focusing on new revenue streams from ancillary products and outside alliances. The Company will also work to enhance existing marketing programs beyond print advertising, expanding the use of e-mail newsletters, subscription data products, Webcasts, market databases and other tools, to better identify prospects and deliver leads to customer sales organizations.

Data Products

The Company also publishes products that provide in-depth data on selected markets. *Ward's Automotive Reports* is recognized as the authoritative source for industry-wide statistics on automotive production and sales. In addition, the Company publishes used vehicle valuation information in print and electronic formats including *EquipmentWatch*. The *EquipmentWatch* Web site was revamped in 2004 and post-revamping revenues grew substantially. Other data based products include *The Electronics Source Book* and *AC-U-KWIK*.

Conferences and Trade Shows

The Company sponsors conferences and trade shows, in most cases serving the advertisers and readers of the corresponding publications, including Waste Expo, Lighting Dimensions International, Promo Expo and Club Industry National. A number of the conferences and trade shows were repositioned in 2004 including relaunching the Anti-Aging exposition as the Integrative Medicine for Anti-Aging Conference.

Education Segment

PRIMEDIA Education is comprised of Channel One, a proprietary network to secondary schools, Films Media Group, a leading source of educational videos in multiple formats, and Interactive Medical Network ("IMN"), a continuing medical education business.

Education Products

Channel One News is the highest rated teen television program, reaching over 7.7 million teens in over 350,000 classrooms across the U.S. and is the only daily, closed circuit television news program delivered to secondary school students in their classrooms. *Channel One News'* average teen audience is ten times larger than the average teen audience of the five cable news networks and the evening newscasts of ABC, CBS, and NBC combined, and is twenty times larger than MTV's average weekly teen audience.

Channel One generates the majority of its revenue by selling the two minutes of advertising shown during each 12-minute *Channel One News* daily newscast. *Channel One News* airs only during the school year, typically September to June. Accordingly, Channel One earns the largest share of its revenue in the beginning of the school year, the Company's fourth quarter. The *Channel One News* program does not air during the summer months and, accordingly, Channel One sees a seasonal revenue drop in the Company's third quarter each year. Channel One has no direct competitors.

The Films Media Group is a leading distributor of videos, DVDs, and CD-ROMs to schools, colleges, and libraries in North America. Its products are sold mostly by direct mail to teachers, instructors and librarians and primarily serve students in grades 8 to 12 and in college. Films Media Group has seen the demand for VHS formats decline in favor of DVD, and has launched a platform for the digital distribution of its content library suited to the technology structure at learning institutions in 2005. The major competitors are Discovery Communications, Inc. (which recently acquired United Learning and AIMS Multimedia), PBS Video and Schlessinger Media, a division of Library Video Company (which recently acquired Safari Technologies' Video Networking Division).

IMN, previously part of Workplace Learning that has been discontinued, provides continuing medical education principally dealing with the central nervous system.

Divestitures

Historically, PRIMEDIA has actively sought to acquire magazines and other media properties to strengthen its competitive position in the segments and markets in which it competes. The Company has also traditionally managed its portfolio of media assets by opportunistically divesting assets no longer core to the Company's overall strategy. In 2004, PRIMEDIA continued to focus on reducing the amount of debt and preferred stock on its balance sheet through the divestiture *New York* Magazine.

In early 2004, the Company completed the sale of *New York* magazine to New York Media Holdings, LLC, an entity controlled by Wasserstein family trusts, for $55 million. Additionally, the Company completed the sale of Kagan World Media to MCG Capital Corporation and About Web Services to United Online, Inc. for proceeds of approximately $2.2 and $12.2 million, respectively, in 2004.

During August 2004, *Folio* and *Circulation Management* were contributed to a venture with a third party, under which the Company will not have a significant continuing involvement in the operations and the Company's share of associated cash flows is not expected to be significant. Additionally, *American Demographics* was sold in November 2004.

In September 2004, the Company announced that it would explore strategic options regarding its Workplace Learning division and is actively pursuing the sale of this division, excluding the Interactive Medical Network.

Financial results for these divestitures and planned divestitures are reported in discontinued operations on the statements of consolidated operations. As a result of these divestitures, the Company is now more focused on growing the revenues of its core businesses.

On February 17, 2005, the Company announced an agreement to sell About, Inc., part of the Enthusiast Media segment, to the New York Times Company for approximately $410 million. The sale is subject to customary regulatory approvals and is expected to be completed in the first quarter of 2005. (See Recent Developments section of Item 7. Management's Discussion And Analysis Of Financial Condition And Results Of Operations for further discussion)

Production and Fulfillment

Virtually all of the Company's print products are printed and bound by independent printers. The Company believes that because of its buying power, outside printing services can be purchased at favorable prices. The Company provides most of the content for its Web sites but outsources technology and production.

The principal raw material used in the Company's products is paper which is purchased directly from several paper mills, including the industry's two largest paper mills. Paper prices increased in 2004 with additional increases occurring in early 2005 and forecasted for later in 2005.

The Company uses the U.S. Postal Service for distribution of many of its products and marketing materials and is therefore subject to postal rate changes. Many of the Company's products are packaged and delivered to the U.S. Postal Service directly by the printers. Other products are sent from warehouses and other facilities operated by the Company. Postal rates did not increase in 2004 and are not expected to increase in 2005. While we are not able to quantify the impact, we do anticipate postal rate increases in 2006.

In the future, the Company may be affected by cost increases driven by inflation or market conditions.

Employees

During 2004, the Company's headcount declined primarily due to divestitures and consolidation of certain functions. As of December 31, 2004, the Company had approximately 4,500 full-time equivalent employees compared to approximately 4,700 at the end of 2003. None of its employees are union members. Management considers its relations with its employees to be good.

Company Organization

PRIMEDIA was incorporated on November 22, 1991 in the State of Delaware. The principal executive office of the Company is located at 745 Fifth Avenue, New York, New York, 10151; telephone number (212) 745-0100.

The Company holds regular meetings to inform investors about the Company. To obtain information on these meetings or to learn more about the Company please contact:

Eric M. Leeds
Senior Vice President, Investor Relations
Tel: 212-745-1885

The 2005 PRIMEDIA Annual Meeting of Shareholders will be held on Wednesday, May 11, 2005 at 10 a.m., at the Peninsula Hotel, 700 Fifth Avenue, New York, NY.

Available Information

The Company's Internet address is: www.primedia.com. The Company makes available free of charge through its Web site its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the Securities and Exchange Commission.

ITEM 2. PROPERTIES.

The following table sets forth certain information with respect to the Company's principal locations as of December 31, 2004. These properties were leased by the Company initially for use in its operations but as a result of divestitures and consolidations, certain of these properties are now leased to third party tenants. Of the total of approximately 2.6 million rentable square feet currently under lease, approximately 505,000 rentable square feet are either available for sublease or currently subleased to a third party. The locations presently used by the Company for its operations are considered adequate by the Company for its present needs.

Principal Locations	Principal Use	Approximate Rentable Square Feet(rsf)	Type of Ownership Expiration Date of Lease
New York, NY 745 Fifth Ave.	Executive and administrative offices (Corporate)	81,041	Lease expires in 2008, 38,023 rsf sublet
New York, NY 249 W. 17th Street	Executive and administrative offices (Enthusiast Media)	79,000	Lease expires in 2007
New York, NY 1440 Broadway	Executive and administrative offices (Corporate and Education)	206,801	Lease expires in 2015, 184,220 rsf currently sublet
New York, NY 200 Madison Ave.	Executive and administrative offices (Enthusiast Media)	45,480	Lease expires in 2006
New York, NY 260 Madison Ave.	Executive and administrative offices (Enthusiast Media)	33,208	Lease expires in 2008
New York, NY 261 Madison Ave.	Executive and administrative offices (Enthusiast Media)	40,324	Lease expires in 2008, 8,869 rsf sublet
Lawrenceville, NJ 2572 Brunswick Pike	Printing and video duplication (Education)	54,000	Lease expires in 2013
Anaheim, CA 2400 Katella Ave.	Executive and administrative offices (Enthusiast Media)	33,522	Lease expires in 2008
Los Angeles, CA 6420 Wilshire Blvd.	Executive and administrative offices (Enthusiast Media)	207,469	Lease expires in 2009, 75,070 rsf currently sublet
Los Angeles, CA 5300 Melrose Avenue	Executive and administrative offices and broadcast production (Education)	26,221	Lease expires in 2005
Harrisburg, PA 6375 Flank Drive	Executive and administrative offices (Enthusiast Media)	14,107	Lease expires in 2014
Harrisburg, PA 6405 Flank Drive	Executive and administrative offices (Enthusiast Media)	32,200	Lease expires in 2009
Overland Park, KS 9800 Metcalf Avenue	Executive and administrative offices (Business Information)	85,648	Lease expires in 2006, 5,962 rsf sublet
Stamford, CT 11 Riverbend Drive	Executive and administrative offices (Business Information)	62,751	Lease expires in 2006 22,000 rsf available for sublease
Norcross, GA 3119-3139 Campus Drive	Executive and administrative offices (Consumer Guides)	50,100	Lease expires in 2009
Norcross, GA 3159 Campus Drive	Executive and administrative offices (Consumer Guides)	20,200	Month to month
Carrolton, TX 4101 International Parkway	Executive and administrative offices, small printing and video duplication (Education)	205,750	Lease expires in 2014

ITEM 3. LEGAL PROCEEDINGS.

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 consolidated financial statements of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There were no matters submitted to a vote of security holders during the fourth quarter of 2004.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Market Information

PRIMEDIA Common Stock is listed on the New York Stock Exchange, under the ticker symbol "PRM". As of February 28, 2005, there were 877 holders of record of PRIMEDIA Common Stock. The Company has not paid and has no present intention to pay dividends on its Common Stock. In addition, the Company's bank credit facility and Senior Notes impose certain limitations on the amount of dividends permitted to be paid on the Company's Common Stock. See Item 7 of Part II, "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity, Capital and Other Resources-Financing Arrangements." High, low and closing sales prices for 2004 and 2003 were as follows:

	2004 Sales Price		
Quarters Ended	**High**	**Low**	**Close**
March 31	$ 3.06	$ 2.33	$ 2.70
June 30	$ 3.09	$ 2.51	$ 2.78
September 30	$ 2.78	$ 1.64	$ 2.35
December 31	$ 4.06	$ 2.15	$ 3.80

	2003 Sales Price		
Quarters Ended	**High**	**Low**	**Close**
March 31	$ 3.05	$ 1.87	$ 2.45
June 30	$ 3.78	$ 2.03	$ 3.05
September 30	$ 3.99	$ 2.33	$ 2.85
December 31	$ 3.45	$ 2.58	$ 2.83

The closing stock price increased by 34.3% from December 31, 2003 to December 31, 2004. From January 1, 2005 through March 10, 2005, the high price for the stock was $4.44, the low price was $3.35 and the closing price on March 10, 2005 was $3.96.

Equity Compensation Plan Information

Information required by this item with respect to equity compensation plans of the Company is incorporated by reference to the Company's Proxy Statement for its 2005 Annual Meeting of shareholders. The definitive Proxy Statement will be filed within 120 days of the end of the fiscal year ended December 31, 2004.

Recent Sales of Unregistered Securities

In November 2004, the Company issued 78,000 shares of its unregistered Common Stock to Paul Kagan as deferred purchase price payable in connection with the acquisition by the Company in November 2000 of the assets of Paul Kagan Associates, Inc. and the stock of certain of its affiliated companies. The aggregate purchase price paid by the Company in connection with the transaction was 1,190,000 shares of the Company's Common Stock, of which 390,000 shares were payable in five equal annual installments of 78,000 shares on each annual anniversary of the closing date of the transaction. The issuance to Paul Kagan was made by the Company in reliance on Section 4(2) of the Securities Act of 1933, as amended.

In June 2004, the Company issued to George Roberts, a former director of the Company, 90,082 shares of the Company's unregistered Common Stock as compensation for his services as a director from March 1992 to May 2004. Mr. Roberts was permitted to defer payment of his director's fees and receive the fees in the form of Common Stock pursuant to the Directors' Deferred Compensation Plan. Mr. Roberts deferred the payment of an aggregate of $385,975 of directors' fees that he would have otherwise received in cash at the time the services were provided. The issuance to Mr. Roberts was made by the Company in reliance on the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended.

ITEM 6. SELECTED FINANCIAL DATA.

The selected consolidated financial data were derived from the audited consolidated financial statements of the Company as of December 31, 2004 and 2003 and for the years ended December 31, 2004, 2003 and 2002. The data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the related notes thereto included elsewhere herein.

In September 2004, the Company announced that it would explore strategic options regarding its Workplace Learning division and is actively pursuing the sale of this division, excluding the Interactive Medical Network ("IMN"). In addition, during the fourth quarter of 2004, the Company decided to shut down six magazines in the Enthusiast Media segment. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), the Company has reclassified the results of Workplace Learning, excluding IMN, and the six Enthusiast Media magazines as discontinued operations for all periods presented.

PRIMEDIA INC. AND SUBSIDIARIES

	Years Ended December 31,				
	2004	2003	2002	2001	2000
	(dollars in thousands, except per share amounts)				
Operating Data:					
Revenues, net(1)	$ 1,307,079	$ 1,282,750	$ 1,340,763	$ 1,299,239	$ 1,260,581
Depreciation of property and equipment(2)	37,380	46,351	56,172	64,139	39,437
Amortization of intangible assets, goodwill and other(3)(7)	26,669	53,589	158,893	670,607	100,571
Other (income) charges(4)	20,954	29,249	67,265	39,552	38,032
Operating income (loss)	175,014	122,413	(39,079)	(630,801)	14,370
Provision for impairment of investments(5)	(804)	(8,975)	(19,045)	(106,200)	(188,526)
Interest expense	(123,317)	(122,914)	(138,593)	(144,277)	(141,381)
Income (loss) from continuing operations before provision for income tax(12)	21,331	(37,829)	(195,193)	(924,902)	(321,969)
Provision for income taxes(6)	(14,945)	(12,220)	(46,375)	(135,000)	(41,200)
Income (loss) from continuing operations	6,386	(50,049)	(241,568)	(1,059,902)	(363,169)
Discontinued operations	29,084	88,921	30,653	(51,739)	16,343
Cumulative effect of a change in accounting principle(7)			(388,508)		
Net income (loss)	35,470	38,872	(599,423)	(1,111,641)	(346,826)
Preferred stock dividends and related accretion, net(8)(12)	(13,505)	(41,853)	(47,656)	(62,236)	(53,063)
Income (loss) applicable to common shareholders	21,965	(2,981)	(647,079)	(1,173,877)	(399,889)
Basic and diluted income (loss) applicable to common shareholders per common share(9):					
Loss from continuing operations	$ (0.03)	$ (0.35)	$ (1.14)	$ (5.18)	$ (2.58)
Discontinued operations	0.11	0.34	0.12	(0.24)	0.10
Cumulative effect of a change in accounting principle(7)			(1.53)		
Net income (loss)	$ 0.08	$ (0.01)	$ (2.55)	$ (5.42)	$ (2.48)
Basic and diluted common shares outstanding	260,488,000	259,230,001	253,710,417	216,531,500	161,104,053
Balance Sheet Data:					
Cash and cash equivalents	$ 13,000	$ 8,685	$ 18,553	$ 33,588	$ 23,690
Working capital deficiency(10)	(152,659)	(176,429)	(225,287)	(233,929)	(342,308)
Other intangible assets and Goodwill, net	1,145,463	1,178,941	1,323,560	2,029,727	1,647,592
Total assets	1,559,048	1,636,121	1,835,620	2,731,219	2,677,479
Long-term debt(11)	1,635,964	1,562,441	1,727,677	1,945,631	1,503,188
Shares subject to mandatory redemption (Exchangeable preferred stock)(12)	474,559	474,559	484,465	562,957	561,324
Total shareholders' deficiency	(1,144,820)	(1,013,255)	(1,043,798)	(480,592)	(236,026)

(see notes on the following page)

Notes to Selected Financial Data

(1)

As a result of divestitures made in 2004 and the related requirements of SFAS 144, the Company reclassified amounts from revenues, net, to discontinued operations for the years ended December 31, 2003, 2002, 2001, and 2000 as follows:

	Years Ended December 31,			
	2003	2002	2001	2000
Revenues, net (as reported in 2004 Form 8-K)	$ 1,331,531	$ 1,397,640	$ 1,360,610	$ 1,324,007
Less:				
Effect of SFAS 144 for 2004 divestitures	48,781	56,877	61,371	63,426
Revenues, net (as reclassified)	$ 1,282,750	$ 1,340,763	$ 1,299,239	$ 1,260,581

(2)

Includes an impairment of long-lived assets of $8,657 for the year ended December 31, 2002.

(3)

Includes an impairment of intangible assets, goodwill and other, of $7,853, $13,780, $101,354, and $427,016 for the years ended December 31, 2004, 2003, 2002, and 2001, respectively.

(4)

Represents severance related to separated senior executives of $658 and $9,372 for the years ended December 31, 2004 and 2003, respectively, non-cash compensation of $6,097, $11,184, $10,502, $56,679 and $27,810 for the years ended December 31, 2004, 2003, 2002, 2001 and 2000, respectively, provision for severance, closures and restructuring related costs of $9,651, $8,102, $49,516, $40,106, and $24,022 for the years ended December 31, 2004, 2003, 2002, 2001, and 2000, respectively, provision for unclaimed property of $5,500 for the year ended December 31, 2004 and (gain) loss on the sale of businesses and other, net, of ($952), $591, $7,247, ($57,233), and ($13,800) for the years ended December 31, 2004, 2003, 2002, 2001, and 2000, respectively.

The

Company adopted SFAS 123 "Accounting for Stock-Based Compensation" in the fourth quarter of 2003 and began recording employee stock-based compensation under the fair value method effective January 1, 2003. The adoption resulted in a non-cash compensation charge of $5,980 for the year ended December 31, 2003. In accordance with SFAS 123, the Company recorded a non cash compensation charge of $2,603 for the year ended December 31, 2004.

(5)

Represents impairments of the Company's investment in CMGI, Inc. of $7,029 and $155,474 for the years ended December 31, 2001 and 2000, respectively, the Company's investment in Liberty Digital of $658 and $21,869 for the years ended December 31, 2001 and 2000, respectively, the Company's investments in various assets-for-equity transactions of $8,975, $10,783 and $83,647 for the years ended December 31, 2003, 2002 and 2001, respectively, and various other PRIMEDIA investments of $804, $8,262, $14,866 and $11,183 for the years ended December 31, 2004, 2002, 2001 and 2000, respectively.

(6)

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 income 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. As a result of the adoption of SFAS 142, "Goodwill and Other Intangible Assets", the Company records 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 will continue to amortize these intangibles for tax purposes. For 2004, 2003 and 2002, income tax expense primarily consists of deferred income taxes of $13,808, $11,864 and $49,500, 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. The income tax expense recorded in 2004, 2003 and 2002 is net of tax refunds received. During 2001 and 2000, the Company increased its valuation allowance due to continued historical operating losses and the impairment of long-lived assets, primarily goodwill and investments, resulting in a net provision for income taxes of $135,000 and $41,200, respectively. At December 31, 2004, the Company had aggregate net operating and capital loss carryforwards of $1,684,847 which will be available to reduce future taxable income.

(7)

In connection with the adoption of SFAS 142 on January 1, 2002, the Company recorded an impairment charge related to its goodwill and certain indefinite lived intangible assets as a cumulative effect of a change in accounting principle. Additionally, SFAS 142 prohibited the amortization of goodwill and indefinite lived intangible assets, effective January 1, 2002. Amortization expense for goodwill and certain trademarks which ceased being amortized under SFAS 142 (excluding provisions for impairment) was $184,474 and $34,964 for the years ended December 31, 2001 and 2000, respectively.

(8)

Includes gain on exchanges of the Series D Exchangeable Preferred Stock, Series F Exchangeable Preferred Stock and Series H Exchangeable Preferred Stock of $944 and $32,788 in 2003 and 2002, respectively, and the issuance of warrants valued at $5,891 and $498 to KKR 1996 Fund during 2002 and 2001, respectively, in connection with the EMAP acquisition.

(9)

Basic and diluted income (loss) per common share, as well as the basic and diluted common shares outstanding, were computed as described in Note 15 of the notes to the consolidated financial statements included elsewhere in this Report.

(10)

Includes current maturities of long-term debt and net assets held for sale, where applicable. Consolidated working capital reflects certain industry working capital practices and accounting principles, including the expensing of certain editorial and product development costs when incurred and the recording of deferred revenue from subscriptions as a current liability. Advertising costs are expensed when the promotional activities occur except for certain direct-response advertising costs which are capitalized and amortized over the estimated period of future benefit.

(11)

Excludes current maturities of long-term debt.

(12)

The Company adopted SFAS 150 "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity", prospectively, effective July 1, 2003, which requires the Company to classify as long-term liabilities its Series D Exchangeable Preferred Stock, Series F Exchangeable Preferred Stock and Series H Exchangeable Preferred Stock and to classify dividends from preferred stock as interest expense. Such stock is now described as shares subject to mandatory redemption and dividends on these shares are now described as interest on shares subject to mandatory redemption, whereas previously they were presented below net income (loss) as preferred stock dividends. The adoption of SFAS 150 increased the loss from continuing operations for the years ended December 31, 2004 and 2003 by $45,124 and $22,547, respectively, which represents primarily interest on shares subject to mandatory redemption and amortization of issuance costs which are included in the amortization of deferred financing costs on the accompanying statement of consolidated operations. If SFAS 150 was adopted on January 1, 2000, loss from continuing operations would have increased by $22,670, $18,431, $54,692 and $53,063 for the years ended December 31, 2003, 2002, 2001 and 2000, respectively. The 2003 and 2002 increase to loss from continuing operations has been reduced by a net gain of $944 and $32,788, respectively, on exchanges of the Exchangeable Preferred Stock.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS).

Introduction

The following discussion and analysis summarizes the financial condition and operating performance of the Company and its business segments and should be read in conjunction with the Company's historical consolidated financial statements and notes thereto included elsewhere in this Annual Report.

Executive Summary

Our Business

The Company's revenues are generated from advertising (print and online), circulation (subscriptions and single copy sales) and other sources (events, third party distribution, sales of data products and directories, television, list rental, brand licensing and merchandising). PRIMEDIA's operating expenses include cost of goods sold (principally paper and printing); marketing and selling; distribution, circulation and fulfillment; editorial; and other general and corporate administrative expenses (collectively referred to as "operating expenses").

The Company has four reportable segments which best enable it to execute key investment and organic growth initiatives. Those segments are Enthusiast Media, Consumer Guides, Business Information and Education.

Background

Historically, PRIMEDIA was a broad based media enterprise built primarily from a series of acquisitions and comprised of numerous disparate assets. During the past few years, the Company has been opportunistically divesting selective properties in order to better focus on its core businesses and reduce debt and shares subject to mandatory redemption. The Company has been positioning itself as a highly focused targeted media company which is investing in its businesses to drive growth.

Additionally, over the past few years, to counter the effects of the weakness in the overall advertising environment, the Company aggressively attacked its cost structure. The Company also realigned and reorganized its management structure to better reflect its emphasis on delivering exceptional products and brands to the marketplace to achieve organic growth. These initiatives have resulted in charges for severance, closures and restructuring related costs to integrate Company operations and consolidate many back office functions and facilities, resulting in a significant reduction in the number of employees and office space, creating operational and financial efficiencies.

Overall, these actions have continued to strengthen the balance sheet and improve liquidity as the Company becomes a more efficient organization.

Business Trends

The media industry continues to be adversely affected by an overall advertising environment that is softer than historical norms, declining single copy sales of consumer magazines and budgetary constraints in the education markets. Additionally, low interest rates have facilitated apartment dwellers in becoming homeowners and high apartment vacancy rates have pressured the advertising budgets of property managers.

In 2004, most of PRIMEDIA's products grew despite being affected by soft industry trends. The Company is capitalizing on trends impacting markets where it has a large presence, including the general trend of marketers seeking to better target their advertising, the growth of free publications, strong growth in online advertising and the increasing popularity of avocations and leisure activities. Additionally, the Company continues to take many actions to lower costs and improve profitability, including consolidating, selling or shutting down certain properties.

Company Strategy

The Company's strategy is to focus on its core targeted media businesses and grow by leveraging and expanding its market-leading brands. During 2004, the Company made organic growth its top priority, while still diligently controlling its cost structure. PRIMEDIA is well positioned to capitalize on the shift away from mass advertising to targeted media.

The Company is implementing its organic growth strategy through various actions, including:

- introducing new products,
- improving and upgrading existing products,
- expanding into new markets,
- enhancing the caliber of its sales force,
- broadening its advertiser base,
- optimizing distribution, and
- leveraging its well known brands through extensions including events, television, radio, licensing and merchandising.

The Company's continuing implementation of this strategy has been yielding successful results in initiatives at each of its business segments which are highlighted in the segment discussions below and in the Results of Operations section.

2004 Summary Consolidated Results

In 2004, revenues were $1,307,079 up 1.9% as compared to $1,282,750 in 2003. Revenue increased at the Company's three major business segments while revenues at the Education segment decreased $13,245. In 2004, operating expenses were $1,047,062 up 1.5% compared to 2003. In 2004, operating income was $175,014 improved from $122,413 in 2003 due to increased revenues, reduced depreciation, amortization, non-cash compensation and severance related to separated senior executives. These decreases were partially offset by a provision for unclaimed property in 2004. Net income was $35,470 in 2004 compared to $38,872 in 2003 as the improved operating income in 2004, gains on the sales of *New York* Magazine of approximately $38,000 and the Company's investment in All About Japan, Inc. of approximately $16,700 were offset by the gain on the sale of *Seventeen* Magazine and its companion teen properties of approximately $107,000 recorded in 2003.

Segment Strategy & 2004 Summary Segment Results

The Company believes that it has created the foundation for growth in each of its three key segments.

- Enthusiast Media redesigned and reinvigorated products with most growing by double digits
- Consumer Guides launched new *Auto Guide* product line with significant growth potential
- Business Information reported three consecutive quarters of revenue growth after three years of decline

Enthusiast Media

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 Automotive, Performance Automotive, International Automotive, Outdoors, Action Sports, Lifestyles and Home Technology magazine groups, their related Web sites, events, licensing and merchandising, as well as About.com. The Company announced an agreement to sell About.com on February 17, 2005. The Company's results presented herein include the results of About.com for all periods presented. See further discussion in the Recent Developments section. In 2004, revenues for the Enthusiast Media segment were $730,035, up 2.7%, and Segment EBITDA (as defined below) was $162,124, up 13.4%, compared to 2003.

The Company's strategy for this segment of leveraging its well-known brands to drive growth is being implemented through:

- improving product quality,
- improving circulation management,
- investing in sales capabilities,
- attracting non-endemic, national advertisers, and
- expanding online extensions.

Improving Product Quality

In 2004, the product improvement program began focusing on a few of the segment's larger titles, including *Motor Trend, Hot Rod* and *Petersen's Hunting*, with the performance of the brands that were upgraded through this strategy well above the aggregate segment performance. The Company's product improvement program will accelerate in 2005, with approximately 30 upgrades planned for 2005. The benefits from these upgrades should be evident in the second half of 2005.

Improving Circulation Management

The Company is taking aggressive steps to overcome the challenging circulation environment, particularly in newsstand sales, as it sees this area as the biggest challenge for the segment. These steps include:

- expanding distribution in alternative retail locations, such as automotive specialty stores for automotive titles and sporting goods stores for outdoor titles;
- accessing and analyzing direct retail data feeds more rigorously to curtail distribution in inefficient locations while adding copies in its better selling locations; and
- testing category management programs with key retailers.

The Company has seen considerable newsstand pickup from key titles that were redesigned this year, and additional product improvements should lead to better overall results in both newsstand and subscription performance.

Attracting Non-Endemic, National Advertisers

PRIMEDIA's targeted publications and online products reach more 18-34 year old males than any other publishing company and nearly twice that of its closest competitor. The Company is capitalizing on its reach into this elusive and valuable demographic as its national advertising programs are successfully driving revenue growth from non-endemic, national advertisers.

Expanding Online Extensions

The Company is focused on building multiple online revenue streams, including subscriber acquisition; direct-to-consumer e-commerce; and pay-per-click, lead generation and other online advertising. The Company's publication-branded sites also play an important role in promoting the Company's events, licensed products, and television shows, bolstering revenue for the Company's non-online products.

Consumer Guides

The Consumer Guides segment is the nation's largest publisher and distributor of free publications, including the *Apartment Guide, New Home Guide* and *Auto Guide* publications. In 2004, revenues for the Consumer Guides segment were $287,093, up 3.8%, and Segment EBITDA was $81,480, down 2.0%, compared to 2003.

The Company intends to continue the growth in this segment by:

- improving *Apartment Guide* market penetration,
- expanding *Auto Guide* and *New Home Guide* into new markets,
- continuing to expand third party distribution and
- driving users to its online properties.

Apartment Guide

Apartment Guide was able to maintain its strong fundamental performance through an aggressive focus on its sales and servicing programs and by showcasing the industry leading performance of *ApartmentGuide.com. ApartmentGuide.com* leads the industry in qualified lead delivery to advertisers, reaching nearly a half-million leads per month for several months in 2004 and together with *Apartment Guide*, totaled an industry-leading 8 million for the year, up 37.6% compared to 2003.

Auto Guide

The Company believes that given the size and strength of the used car market, which is the largest segment of the auto market, *Auto Guide* represents a very attractive long-term opportunity that is at least comparable to its 30-year old *Apartment Guide* business with 80 publications in 75 markets. The Company is targeting to have a total of 10 *Auto Guides* by the end of 2005 through a mix of launches and strategic acquisitions. Highlights of the introduction of the *Auto Guide* product line:

March 2004 Launched 1st *Auto Guide* testing various publication formats and selling models

- Charlotte, North Carolina
- 29 weeks to reach $1 million annualized revenue run rate

November 2004 Launched *Triad Auto Guide*

- Triad Area Greensboro, High Point and Winston-Salem, North Carolina
- 5 weeks to reach $1 million annualized revenue run rate

January 2005 Launched *The Triangle Auto Shoppers Guide*

- Research Triangle Raleigh, Durham and Chapel Hill, North Carolina
- launched at $1 million annualized revenue run rate

February 2005	Acquired *Atlanta Cars Magazine*

Atlanta's leading provider of new and used car, SUV, and truck listings from area dealerships

gained expertise of founder and president, Greg Elam, to jointly start *Auto Guides* in additional U.S markets over next two years

New Home Guide

The Company also launched its *New Home Guide* in the Orlando and Houston markets during 2004, bringing its total markets served to 19. The Company is targeting to increase the *New Home Guide* markets to a total of 25 by the end of 2005 through launches and strategic acquisitions. The Company significantly expanded its new homes Internet presence with the acquisition of www.americanhomeguides.com during February 2005. The acquisition provides PRIMEDIA's new home advertisers millions of additional potential customers and consumers access to more new home listings across the country.

DistribuTech

DistribuTech, with exclusive distribution rights for free publications in more than 16,000 retail locations, enables the Company to effectively distribute new and existing proprietary publications in the highest-value locations in 73 markets. For example, in Dallas, DistribuTech has exclusive distribution in the top three supermarkets (Kroger, Albertsons, and Tom Thumb), the top convenience store (7-Eleven), the top drug store (Eckerd), and the top video rental store (Blockbuster).

Business Information

The Business Information segment includes the Company's business-to-business targeted publications, Web sites and events, with a mandate to bring sellers together with qualified buyers in numerous industries. In 2004, revenues for the Business Information segment were $224,892, up 1.6%, and Segment EBITDA was $37,357, up 6.3%, compared to 2003. The segment's revenues grew in 2004 for the first time after three years of decline caused by the severe advertising recession which has particularly affected the business-to-business markets.

PRIMEDIA's strategy for this segment is to continue the positive momentum achieved in 2004 by improving on its delivery of leads to manufacturers and vendors and expanding subscription data products. Business Information brands represent thought leadership in 18 key industries from agribusiness to telecommunications and from entertainment to transportation. The management team is building out its digital platforms to supplement the Company's traditional print publications in delivering the very best communication channels for customers trying to reach qualified buyers across each of those industries.

Building Marketing Partnerships & Programs

The Company believes it is capitalizing on opportunities to enhance marketing programs beyond print advertising by expanding the use of e-newsletters, Webcasts, market databases and other tools to provide creative marketing programs. For example:

- The Agricultural group launched Farm Press University in the fourth quarter, an online educational program offering CEU-accredited courses to growers throughout the Sunbelt.

- The Financial Services group launched:

  - *Small Business Advisor*, a new quarterly publication aimed at helping financial advisors to small businesses and

  - *The Wealth Management Resources Guide* for trust and estate professionals.

Repositioning & Retooling Products

The Company continued repositioning and retooling the portfolio to maximize growth opportunities as it redesigned or repositioned a number of products and launched new products during the year. The Company implemented an aggressive new strategy for its subscription data products resulting in significant growth recorded by the Price Digests and the Ac-U-Kwik groups as well as success from the launch of a revamped Web site for *EquipmentWatch*.

Education

The Education segment is comprised of the businesses that provide content for schools, universities, and medical training initiatives. It includes Channel One, Films Media Group and Interactive Medical Network. In 2004, revenues for the Education segment were $66,396, down 16.6%, and Segment EBITDA was $4,906, down 70.5%, compared to 2003.

The Company is committing to an inflection point for this segment in 2005 similar to what it successfully did for the Business Information segment in 2004. The Company expects that changes in management will enable the Education segment's to contribute to PRIMEDIA's revenue and earnings growth in 2005. The Company is working to improve Channel One advertising and potentially leverage its infrastructure for a new application in schools. IMN has already secured bookings for 2005 in excess of its total revenue for 2004. Films Media Group experienced two consecutive quarters of revenue growth during the second half of 2004 and its strategy is to use technology to make its extensive library of titles available in various digital formats.

Forward-Looking Information

PRIMEDIA, in its fourth quarter 2004 earnings conference call with investors and related earnings release on February 28, 2005, indicated that, using 2004 results excluding About.com as the base, it expected revenues to grow in the low-to-mid single digit percentage range and Segment EBITDA for PRIMEDIA's four business segments, after Corporate Overhead, to grow in the low single digit percentage range in 2005 as compared to 2004.

The Company has assumed that industry fundamentals for enthusiast magazine advertising growth will continue to improve as 2005 progresses, and expects single copy sales of enthusiast magazines to continue to face challenges. Growth at Consumer Guides is expected to build momentum as its entry into new products and markets during 2004 will begin to show results during 2005. Trade advertising and trade shows have reached their inflection point in 2004 and the business-to-business industry is expected to achieve higher revenue growth in 2005. The Education Segment is expected to improve and contribute to the Company's growth in 2005.

These targets for revenue and Segment EBITDA growth reflect continued improvement in the operations offset by an estimated $12,000 to $16,000 in increased paper costs and an estimated $15,000 to $20,000 in distribution renewals, distribution expansion, and new guides launch costs in the Company's Consumer Guides business. In 2005, the Company will apply those growth strategies implemented in 2004 consistently and broadly throughout its segments. The Company expects that most of its 2005 revenue growth will occur in the second half of the year based on the pacing of new product introductions and actions being taken in early 2005 to improve newsstand sales.

The Company believes it will deliver improved results each year as the Company continues to execute on its strategy of focusing on organic growth and upgrading, investing in, and leveraging its high-potential brands across PRIMEDIA.

This Annual Report contains certain forward-looking statements concerning the Company's operations, economic performance and financial condition. These statements are based upon a number of assumptions and estimates, which are inherently subject to uncertainties and contingencies, many of which are beyond the control of the Company, and reflect future business decisions, which are subject to change. Some of the assumptions may not materialize and unanticipated events may occur which can affect the Company's results.

Why We Use The Term Segment EBITDA

Segment EBITDA represents each segment's earnings before interest, taxes, depreciation, amortization and other charges (income) ("Segment EBITDA"). Other charges (income) 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. 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 operating managers' performance, and excludes items largely outside of operating managers' control. Internally, the Company's chief operating decision maker, its President and CEO, and the executive team measure performance primarily based on Segment EBITDA.

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 accounting principles generally accepted 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 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, it is not necessarily an accurate measure of comparison between companies. See reconciliation of Segment EBITDA to operating income (loss) for the Company's four segments in their respective segment discussions below.

Why We Use The Term Free Cash Flow

Free Cash Flow is defined as net cash provided by operating activities adjusted for additions to property, equipment and other, net and capital lease obligations ("Free Cash Flow").

The Company believes that the use of Free Cash Flow enables the Company's chief operating decision maker, its President and CEO, and the executive team to make decisions based on the Company's cash resources. Free Cash Flow also is considered to be an indicator of the Company's liquidity, including its ability to reduce debt and shares subject to mandatory redemption and make strategic investments.

Free Cash Flow is not intended to represent cash flows from operating activities as determined in conformity with accounting principles generally accepted in the United States of America. Free Cash Flow as presented may not be comparable to similarly titled measures reported by other companies since not all companies necessarily calculate Free Cash Flow in an identical manner, and therefore, is not necessarily an accurate measure of comparison between companies.

Intersegment Transactions

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.

Non-Core Businesses

Management believes a meaningful comparison of the results of operations for 2004, 2003 and 2002 is obtained by using the segment information and by presenting results from continuing businesses ("Continuing Businesses") which exclude the results of businesses classified as non-core ("Non-Core Businesses"). The Non-Core Businesses are those businesses that have been divested, discontinued or that management was evaluating for turnaround or shutdown. In the ordinary course of business, corporate administrative costs of approximately $1,900 was allocated to the Non-Core Businesses during 2002. The Company believes that most of these costs, many of which are volume driven, such as the processing of payables and payroll, were permanently reduced due to the shutdown or divestiture of the Non-Core Businesses. Since June 30, 2002, the Company has not classified any additional businesses as Non-Core Businesses nor have any additional balances been allocated to the Non-Core Businesses.

Reclassifications due to Discontinued Operations

In September 2004, the Company announced that it would explore strategic options regarding its Workplace Learning division and is actively pursuing the sale of this division, excluding the Interactive Medical Network. In accordance with Statement of Financial Accounting Standards ("SFAS") 144, "Accounting for the Disposal of Long-Lived Assets", the Company's results have been reclassified to reflect Workplace Learning as discontinued operations for all periods presented.

In addition, during the fourth quarter of 2004, the Company decided to shut down six magazines in the Enthusiast Media segment and has presented the results of these magazines in discontinued operations for all periods presented.

Segment Data

The following table presents the results of the Company's four operating segments and Corporate for the years ended December 31, 2004, 2003 and 2002, respectively:

	Years Ended December 31,		
	2004	2003	2002
Revenues, net:			
Continuing Businesses:			
Enthusiast Media	$ 730,035	$ 710,502	$ 725,024
Consumer Guides	287,093	276,639	267,166
Business Information	224,892	221,439	250,098
Education	66,396	79,641	99,105
Intersegment Eliminations	(1,337)	(5,471)	(14,121)
Subtotal	1,307,079	1,282,750	1,327,272
Non-Core Businesses			13,491
Total	$ 1,307,079	$ 1,282,750	$ 1,340,763
Segment EBITDA(1):			
Continuing Businesses:			
Enthusiast Media	$ 162,124	$ 142,938	$ 128,112
Consumer Guides	81,480	83,163	73,338
Business Information	37,357	35,127	39,412
Education	4,906	16,638	36,830
Corporate Overhead	(25,850)	(26,264)	(31,188)
Subtotal	260,017	251,602	246,504
Non-Core Businesses			(3,253)
Total	$ 260,017	$ 251,602	$ 243,251
Depreciation, amortization and other charges(2):			
Continuing Businesses:			
Enthusiast Media	$ 28,559	$ 42,639	$ 126,251
Consumer Guides	$ 11,199	$ 11,834	$ 15,199
Business Information	$ 14,305	$ 18,191	$ 74,657
Education	$ 16,004	$ 28,390	$ 50,393
Corporate	$ 14,936	$ 28,135	$ 12,747
Non-Core Businesses	$	$	$ 3,083
Operating income (loss):			
Continuing Businesses:			
Enthusiast Media	$ 133,565	$ 100,299	$ 1,861
Consumer Guides	70,281	71,329	58,139
Business Information	23,052	16,936	(35,245)

	Years Ended December 31,		
Education	(11,098)	(11,752)	(13,563)
Corporate	(40,786)	(54,399)	(43,935)
Subtotal	175,014	122,413	(32,743)
Non-Core Businesses			(6,336)
Total	175,014	122,413	(39,079)

Other income (expense):			
Provision for impairment of investments	(804)	(8,975)	(19,045)
Interest expense	(123,317)	(122,914)	(138,593)
Interest on shares subject to mandatory redemption(3)	(43,780)	(21,889)	
Amortization of deferred financing costs	(4,986)	(3,462)	(3,469)
Other, net(4)	19,204	(3,002)	4,993
Income (loss) from continuing operations before income tax expense	21,331	(37,829)	(195,193)
Income tax expense	(14,945)	(12,220)	(46,375)
Income (loss) from continuing operations	6,386	(50,049)	(241,568)
Discontinued operations(5)	29,084	88,921	30,653
Cumulative effect of a change in accounting principle (from the adoption of SFAS 142)			(388,508)
Net income (loss)	$ 35,470	$ 38,872	$ (599,423)

(1) Segment EBITDA represents the segments' earnings before interest, taxes, depreciation, amortization and other charges (income) (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), 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 operating managers' performance, and excludes items largely outside of operating managers' control. Segment EBITDA may not be available for the Company's discretionary use as there are requirements to redeem preferred stock 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. See reconciliation of Segment EBITDA to operating income (loss) for the years ended December 31, 2004, 2003 and 2002 for each of the Company's segments in their respective segment discussions below.

(2) Depreciation for the years ended December 31, 2004, 2003 and 2002 was $37,380, $46,351 and $56,172, respectively, and includes an impairment of long-lived assets of $8,657 in 2002. Amortization for the years ended December 31, 2004, 2003 and 2002 was $26,669, $53,589 and $158,893, respectively. Amortization includes an impairment of intangible assets, goodwill and other of $7,853, $13,780 and $101,354 for the years ended December 31, 2004, 2003 and 2002, respectively. Other charges (income) include severance related to separated senior executives of $658 and $9,372 for the years ended December 31, 2004 and 2003, respectively, non-cash compensation of $6,097, $11,184 and $10,502 for the years ended December 31, 2004, 2003 and 2002, respectively, provision for severance, closures and restructuring related costs of $9,651, $8,102 and $49,516 for the years ended December 31, 2004, 2003 and 2002, respectively, a provision for unclaimed property of $5,500 for the year ended December 31, 2004 and (gain) loss on sale of businesses and other, net, of ($952), $591 and $7,247 for the years ended December 31, 2004, 2003 and 2002, respectively.

(3) Effective July 1, 2003, the Company prospectively adopted SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which requires the

Company to classify as long term liabilities its Series D Exchangeable Preferred Stock, Series F Exchangeable Preferred Stock and Series H Exchangeable Preferred Stock and to classify dividends from this preferred stock as interest expense. Such stock is now collectively described as shares subject to mandatory redemption and dividends on these shares are now included in loss from continuing operations and described as interest on shares subject to mandatory redemption, whereas previously they were presented below net income (loss) as preferred stock dividends. The adoption of SFAS 150 increased the loss from continuing operations for the years ended December 31, 2004 and 2003 by $45,124 and $22,547, respectively, which represents primarily interest on shares subject to mandatory redemption and amortization of issuance costs which is included in the amortization of deferred financing costs on the accompanying statement of consolidated operations. If SFAS 150 was adopted on January 1, 2002 loss from continuing operations, would have increased by $22,670 and $18,431 for the years ended December 31, 2003 and 2002, respectively. The 2003 and 2002 increase to loss from continuing operations has been reduced by a net gain of $944 and $32,788, respectively, on exchanges of the Exchangeable Preferred Stock.

(4) Includes gain on sale of investment of approximately $16,700 in 2004.

(5) Discontinued operations includes gains on sale of businesses, net of tax, of $43,548, $125,241 and $111,449 in 2004, 2003 and 2002, respectively.

Results of Operations

2004 Compared to 2003

Consolidated Results:

Revenues, Net

Consolidated revenues were $1,307,079 in 2004 compared to $1,282,750 in 2003:

	Years Ended December 31,		
	2004	2003	Percent Change
Revenues, net:			
Advertising	$ 847,548	$ 825,169	2.7
Circulation	278,435	288,335	(3.4)
Other	181,096	169,246	7.0
Total	$ 1,307,079	$ 1,282,750	1.9

Advertising revenues increased by $22,379 in 2004 compared to 2003 due to increases of $20,247, $4,899 and $2,785 at the Enthusiast Media, Consumer Guides and Business Information segments, respectively, partially offset by a decline of $5,552 at the Education segment. Circulation revenues decreased $9,900 in 2004, principally driven by a $8,441 decline at the Enthusiast Media segment. Other revenues increased $11,850 in 2004 compared to 2003 due to increases at Enthusiast Media of $8,582, Consumer Guides of $5,565 and Business Information of $2,127, partially offset by a $4,424 decline at the Education segment. Revenue trends within each segment are further detailed in the segment discussions below.

Operating Income (Loss)

Operating income was $175,014 in 2004 compared to $122,413 in 2003. The improvement in operating income in 2004 was primarily due to the increase in revenues of $24,329 and a decrease in amortization and depreciation expenses. Amortization and depreciation expenses decreased $26,920 and $8,971, respectively, in 2004 compared to 2003 primarily due to certain intangible assets and property and equipment that have become fully amortized. In addition, severance related to separated senior executives decreased $8,714 to $658 in 2004 compared to $9,372 in 2003. These expense reductions were partially offset by a provision for unclaimed property. The Company has completed the initial phase of its internal assessment regarding compliance with escheatment requirements for unclaimed property in certain states and as a result has recorded an estimated provision of $5,500 (see Note 19 of the notes to the consolidated financial statements).

Net Income (Loss)

The Company had net income in 2004 of $35,470 compared to $38,872 in 2003. In 2004, the Company recorded a gain on the sale of *New York* Magazine of approximately $38,000 in discontinued operations and a gain on the sale of its investment in All About Japan, Inc. of approximately $16,700 in other, net. In 2003, the Company recorded a gain on the sale of *Seventeen* Magazine and its companion teen properties of approximately $107,000 in discontinued operations.

Interest expense increased $403, or 0.3% in 2004 to $123,317 from $122,914 in 2003. The increase in interest expense was due to increases in floating rate interest rates and the additional debt issued in May 2004. The increase was largely mitigated by the Company's lower average debt levels in the first half of 2004, prior to the redemption of the Series J Convertible Preferred Stock.

In accordance with the prospective adoption, effective July 1, 2003, of SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", income from continuing operations decreased by $45,124 which represents $43,780 of interest on shares subject to mandatory redemption and $1,344 of amortization of issuance costs which is included in the amortization of deferred financing costs on the accompanying statements of consolidated operations for the year ended December 31, 2004. As a result of SFAS 150 being adopted during the third quarter of 2003, loss from continuing operations increased $22,547 for the year ended December 31, 2003. Such charges were recorded as preferred stock dividends and accretion prior to adoption. If SFAS 150 had been adopted retroactively on January 1, 2003, loss from continuing operations would have increased by $22,670 for the year ended December 31, 2003.

SFAS 144 requires sales or disposals of long-lived assets that meet certain criteria to be classified on the statement of consolidated operations as discontinued operations and to reclassify prior periods accordingly. During 2003, the Company completed the sale of Seventeen, Simba Information, Federal Sources, *CableWorld,* Sprinks and RealEstate.com and during 2004, the Company sold *New York* magazine, Kagan World Media, *American Demographics* and About Web Services, About.com's consumer Web hosting business.

Additionally, in August 2004, *Folio* and *Circulation Management* were contributed to a venture with a third party, under which the Company will not have a significant continuing involvement in the operations and the Company's share of associated cash flows is not expected to be significant. The Company sold *American Demographics* in November 2004.

In September 2004, the Company announced that it would explore strategic options regarding its Workplace Learning division and is actively pursuing the sale of this division, excluding IMN. As a result, the Company's Education and Training segment has been renamed the Education segment. In addition, during the fourth quarter of 2004, the Company decided to shut down six magazines in the Enthusiast Media segment.

In accordance with SFAS 144, the financial results of all of these operations have been classified as discontinued operations on the statements of consolidated operations for all periods presented.

For the years ended December 31, 2004 and 2003, discontinued operations includes a net gain on sale of businesses of $43,548 and $125,241, respectively.

Segment Results:

The results of the Company's four reportable segments are discussed below. All amounts are from Continuing Businesses unless otherwise specified.

Enthusiast Media Segment (includes Consumer Automotive, Performance Automotive, International Automotive, Outdoors, Action Sports, Lifestyles and Home Technology magazine groups, their related Web sites, events, licensing and merchandising and About.com)

Revenues, Net

Enthusiast Media revenues were $730,035 or 55.9% and $710,502 or 55.4% of the Company's consolidated revenues for 2004 and 2003, respectively. Enthusiast Media revenues increased $19,533 or 2.7% in 2004 compared to 2003 as follows:

	Years Ended December 31,		
	2004	2003	Percent Change
Revenues, net:			
Advertising	$ 405,709	$ 385,462	5.3
Circulation	260,097	268,538	