PRIMEDIA INC
Form 10-Q
November 15, 2002

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934.

For Quarter Ended: September 30, 2002

Commission file number: 1-11106

PRIMEDIA INC.
(Exact name of registrant as specified in its charter)

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

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

10151
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes /X/ No / /

Number of shares of common stock, par value $.01 per share, outstanding as of October 31, 2002: 258,720,356.

The aggregate market value of the common equity of PRIMEDIA Inc. which is held by non-affiliates of PRIMEDIA Inc. at October 31, 2002 was approximately $184.8 million.

PRIMEDIA Inc.

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PRIMEDIA INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

September 30, 2002

	(dollars in thousands, except
ASSETS	
Current assets:	
Cash and cash equivalents	$ 18,767
Accounts receivable, net	229,353
Inventories, net	24,345
Prepaid expenses and other	42,825
Total current assets	315,290
Property and equipment, net	142,608
Other intangible assets, net	417,270
Goodwill, net	1,093,180
Other investments	29,958
Other non-current assets	67,881
	$ 2,066,187
LIABILITIES AND SHAREHOLDERS' DEFICIENCY	
Current liabilities:	
Accounts payable	$ 101,462
Accrued interest payable	39,100
Accrued expenses and other	221,873
Deferred revenues	202,378
Current maturities of long-term debt	7,882
Total current liabilities	572,695
Long-term debt	1,858,104
Deferred revenues	41,904
Deferred income taxes	45,500
Other non-current liabilities	21,751
Exchangeable preferred stock	490,142
Shareholders' deficiency:	
Series J convertible preferred stock (1,130,981 shares and 1,031,248 shares issued and outstanding at September 30, 2002 and December 31, 2001, respectively)	140,933
Common stock ($.01 par value, 350,000,000 shares and 300,000,000 shares authorized at September 30, 2002 and December 31, 2001, respectively, and 266,225,987 shares and 250,894,668 shares issued at September 30, 2002 and December 31, 2001, respectively)	2,662
Additional paid-in capital (including warrants and options of $32,680 and $25,799 at September 30, 2002 and December 31, 2001, respectively)	2,333,551
Accumulated deficit	(3,356,616)
Accumulated other comprehensive loss	(99)
Unearned compensation	(6,497)
Common stock in treasury, at cost (7,793,175 shares at September 30, 2002 and December 31, 2001)	(77,843)
Total shareholders' deficiency	(963,909)

	$ 2,066,187

See notes to condensed consolidated financial statements (unaudited).

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PRIMEDIA INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED OPERATIONS (UNAUDITED)

	Nine Months En September 30 2002
	(dollars in thousands, except p
Sales, net	$ 1,219,817
Operating costs and expenses:	
Cost of goods sold	286,756
Marketing and selling	248,535
Distribution, circulation and fulfillment	222,114
Editorial	111,264
Other general expenses	168,725
Corporate administrative expenses (excluding $10,612 and $60,167 of non-cash compensation and non-recurring charges in 2002 and 2001, respectively)	23,718
Depreciation of property and equipment (including $2,235 of provision for impairments during the third quarter of 2002)	49,622
Amortization of intangible assets, goodwill and other (including $19,608 and $47,458 of provision for impairments in 2002 and 2001, respectively)	72,099
Non-cash compensation and non-recurring charges	10,612
Provision for severance, closures and restructuring related costs	27,250
(Gain) loss on sales of businesses and other, net	1,841
Operating loss	(2,719)
Other income (expense):	
Provision for the impairment of investments	(15,698)
Interest expense	(107,130)
Amortization of deferred financing costs	(2,608)
Other, net	(277)
Loss from continuing operations before income taxes	(128,432)
Deferred provision for income taxes	(45,500)
Loss from continuing operations	(173,932)
Discontinued operations (including $38,210 gain on sales of divested entities in 2002)	35,906
Cumulative effect of a change in accounting principle (from the adoption of Statement of Financial Accounting Standards No. 142)	(388,508)

Net loss		(526,534)
Preferred stock dividends and related accretion, net (including $31,001 gain on exchange of exchangeable preferred stock in 2002)		(33,145)
Loss applicable to common shareholders	$	(559,679)
Per Common Share:		
Loss from continuing operations	$	(0.82)
Discontinued operations		0.14
Cumulative effect of a change in accounting principle		(1.54)
Basic and diluted loss applicable to common shareholders	$	(2.22)
Basic and diluted common shares outstanding		252,220,023

See notes to condensed consolidated financial statements (unaudited).

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PRIMEDIA INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED OPERATIONS (UNAUDITED)

	Three Mo Septem 2002	
	(dollars in thousands,	
Sales, net	$	399,960
Operating costs and expenses:		
Cost of goods sold		90,343
Marketing and selling		76,450
Distribution, circulation and fulfillment		74,600
Editorial		35,560
Other general expenses		50,563
Corporate administrative expenses (excluding $2,866 and $47,440 of non-cash compensation and non-recurring charges in 2002 and 2001, respectively)		7,266
Depreciation of property and equipment (including $2,235 of provision for impairments in 2002)		17,439
Amortization of intangible assets, goodwill and other (including $14,764 and $47,458 of provision for impairments in 2002 and 2001, respectively)		31,493
Non-cash compensation and non-recurring charges		2,866
Provision for severance, closures and restructuring related costs		2,158
(Gain) loss on sales of businesses and other, net		(290)
Operating income (loss)		11,512
Other income (expense):		
Provision for the impairment of investments		(8,140)
Interest expense		(35,265)
Amortization of deferred financing costs		(885)
Other, net		1,391

Loss from continuing operations before income taxes		(31,387)
Non-cash deferred benefit for income taxes		19,000
Loss from continuing operations		(12,387)
Discontinued operations (including $27,631 gain on sales of divested entities in 2002)		26,755
Net income (loss)		14,368
Preferred stock dividends and related accretion, net (including $2,700 gain on exchange of exchangeable preferred stock in 2002)		(17,195)
Loss applicable to common shareholders	$	(2,827)
Per Common Share:		
Loss from continuing operations	$	(0.11)
Discontinued operations		0.10
Basic and diluted loss applicable to common shareholders	$	(0.01)
Basic and diluted common shares outstanding		257,961,560

See notes to condensed consolidated financial statements (unaudited).

PRIMEDIA INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS (UNAUDITED)

	Nine Months September 2002 (dollars in th
OPERATING ACTIVITIES:	
Net loss	$ (526,534)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities	541,183
Changes in operating assets and liabilities	(2,220)
Net cash provided by (used in) operating activities	12,429
INVESTING ACTIVITIES:	
Additions to property, equipment and other, net	(27,404)
Proceeds from sales of businesses and other, net	129,431
Payments for businesses acquired, net of cash acquired	(3,470)

Payments for other investments	(3,352)
Net cash provided by (used in) investing activities	95,205
FINANCING ACTIVITIES:	
Borrowings under credit agreements	304,765
Repayments of borrowings under credit agreements	(367,890)
Proceeds from issuance of 87/8% Senior Notes, net	-
Payments of acquisition obligation	-
Proceeds from issuances of common stock, net	1,533
Proceeds from issuance of Series J Convertible Preferred Stock and related warrant	-
Payments for repurchases of senior notes	(19,141)
Dividends paid to preferred stock shareholders	(38,279)
Deferred financing costs paid	(108)
Other	(3,335)
Net cash provided by (used in) financing activities	(122,455)
Decrease in cash and cash equivalents	(14,821)
Cash and cash equivalents, beginning of period	33,588
Cash and cash equivalents, end of period	$ 18,767
Supplemental information:	
Cash interest paid	$ 95,184
Tax refunds received, net of payments	$ 184
Businesses acquired:	
Fair value of assets acquired	$ -
Less: Liabilities assumed	(3,470)
Less: Stock and stock option consideration for About.com, Inc. acquisition	-
Less: Cash acquired in connection with the About.com, Inc. acquisition	-
Payments for businesses acquired, net of cash acquired	$ 3,470
Non-cash activities:	
Issuance of warrants in connection with Emap acquisition and related financing	$ 5,891
Issuance of options to a related party in connection with services received	$ 990
Accretion in carrying value of exchangeable and convertible preferred stock	$ 7,510
Payments of dividends-in-kind on Series J Convertible Preferred Stock	$ 12,466
Carrying value of exchangeable preferred stock converted to common stock	$ 73,873
Fair value of common stock issued in connection with conversion of exchangeable preferred stock	$ 42,872

Asset-for-equity investments	$ 2,690

See notes to condensed consolidated financial statements (unaudited).

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PRIMEDIA INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

1. BASIS OF PRESENTATION

PRIMEDIA Inc., together with its subsidiaries, is herein referred to as either "PRIMEDIA" or the "Company." In the opinion of the Company's management, the financial statements present fairly the financial position, results of operations and cash flows of the Company as of and for the nine and three month periods ended September 30, 2002 and 2001 and all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. All significant intercompany accounts and transactions have been eliminated in consolidation. These statements should be read in conjunction with the Company's annual consolidated financial statements and related notes for the year ended December 31, 2001, which are included in the Company's annual report on Form 10-K for the year ended December 31, 2001. The operating results for the nine and three month periods ended September 30, 2002 are not necessarily indicative of the results that may be expected for a full year. Certain amounts in the prior periods' consolidated financial statements have been reclassified to conform to the presentation as of and for the nine and three month periods ended September 30, 2002.

RECENT ACCOUNTING PRONOUNCEMENTS:

In April 2001, the Emerging Issues Task Force ("EITF") issued Consensus No. 00-25 "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products," which addresses whether consideration from a vendor to a reseller of the vendor's products is an adjustment to the selling price or the cost of the product. This issue was further addressed by EITF Consensus No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)," issued in September 2001. The Company adopted EITF 00-25 and EITF 01-9 effective January 1, 2002. The adoption of EITF 00-25 and EITF 01-9 resulted in a net reclassification of product placement costs, relating to single copy sales, previously classified as distribution, circulation and fulfillment expense on the accompanying condensed statements of consolidated operations, to reductions of sales from such activities. The change in classifications is industry-wide and had no impact on the Company's results of operations, cash flows or financial position. The reclassification resulted in a net decrease in sales and a corresponding decrease in operating expenses of $15,503 and $5,833 for the nine and three months ended September 30, 2001, respectively.

In July 2001, the Financial Accounting Standards Board ("FASB") issued two new statements, Statement of Financial Accounting Standards ("SFAS") No.141, "Business Combinations," and SFAS No.142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires that the purchase method be used for all business combinations initiated after June 30, 2001 and prohibits the use of the pooling of interest method. SFAS No.142 changes the method by which companies may recognize intangible assets in purchase business combinations and generally requires identifiable intangible assets to be recognized separately from goodwill. In addition, it eliminates the amortization of all existing and newly acquired goodwill and indefinite lived intangible assets on a prospective basis and requires companies to assess goodwill and indefinite lived intangible assets for impairment, at least annually.

During 2001, the Company adopted SFAS 141 and certain provisions of SFAS 142 in connection with the EMAP Inc. ("EMAP") acquisition as required by the statements. The goodwill and indefinite lived intangible assets related to the acquisition of EMAP have not and will not be amortized. The other identifiable intangible assets are being amortized over a five to ten year useful life.

On January 1, 2002, the Company adopted SFAS 142 for all remaining goodwill and indefinite lived intangible assets. Upon adoption, the Company ceased the amortization of goodwill and indefinite lived intangible assets, which consist primarily of trademarks. All of the Company's other intangible assets are subject to amortization (See Note 7).

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". The standard requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. The standard is effective for the Company beginning January 1, 2003. The adoption of SFAS 143 is not expected to have a material impact on the Company's results of operations or financial position.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which superseded SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". This statement also supersedes accounting and reporting provisions of Accounting Principles Board ("APB") Opinion 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," relating to the disposal of a segment of a business. SFAS No. 121 did not address the accounting for business segments accounted for as discontinued operations under APB Opinion 30 and therefore two accounting models existed for long-lived assets to be disposed of. SFAS No. 144 established one accounting model for long-lived assets to be held and used, long-lived assets (including those accounted for as a discontinued operation) to be disposed of by sale and long-lived assets to be disposed of other than by sale, and resolved certain implementation issues related to SFAS No. 121. The Company adopted SFAS No. 144 on January 1, 2002, and as a result, the results of the Modern Bride Group which consists of MODERN BRIDE plus 16 regional bridal magazines, ExitInfo, CHICAGO, HORTICULTURE and DOLL READER were recorded as discontinued operations for the periods prior to their respective divestiture dates. Discontinued operations includes sales of $28,590 and $61,364 and income of $35,906 (including a gain on sale of $38,210) and $2,586 for the nine months ended September 30, 2002 and 2001, respectively, and sales of $4,675 and $16,185 and income (loss) of $26,755 (including a gain on sale of $27,631) and $(1,989) for the three months ended September 30, 2002 and 2001, respectively. The discontinued operations include expenses related to certain centralized functions that are shared by multiple titles, such as production, circulation, advertising, human resource and information technology costs but exclude general overhead costs. These costs were allocated to the discontinued entities based upon relative revenues for the related periods. The allocation methodology is consistent with that used across the Company. These allocations amounted to $865 and $2,322 for the nine months ended September 30, 2002 and 2001, respectively, and $100 and $775 for the three months ended September 30, 2002 and 2001, respectively. No tax provision was associated with the discontinued operations.

As a result of the adoption of EITF 00-25, EITF 01-9 and SFAS 144, the Company reclassified amounts from sales, net for the nine and three months ended September 30, 2001, as follows:

	Nine Months Ended September 30, 2001	Three Months E September 30,
Sales, net (as originally reported)	$ 1,290,906	$ 418
Less: Effect of SFAS 144	61,364	16
Effect of EITF 00-25 and 01-9	15,503	5
Sales, net (as reclassified)	$ 1,214,039	$ 396

In April 2002, the FASB issued SFAS. 145, "Rescission of FASB Statements Nos. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections." For most companies, SFAS 145 will require gains and losses on

extinguishments of debt to be classified within income or loss from continuing operations rather than as extraordinary items as previously required under SFAS 4, "Reporting Gains and Losses from Extinguishment of Debt an amendment of APB Opinion No. 30." Extraordinary treatment will be required for certain extinguishments as provided under APB Opinion No. 30. The Company has early adopted SFAS 145 in accordance with the provisions of the statement. Accordingly, during the three months ended September 30, 2002, the Company recorded a gain in other expense of $3,093 related to the repurchase and retirement of $22,325 of the Company's notes at a discount (see Note 8).

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 will supersede EITF Consensus No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". SFAS No. 146 will affect the timing of the recognition of costs associated with an exit or disposal plan by requiring them to be recognized when incurred rather than at the date of a commitment to exit or disposal plan and will affect the classification of restructuring costs on the consolidated statements of operations. SFAS No. 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002.

BARTER TRANSACTIONS

The Company trades advertisements in its traditional and online properties in exchange for advertising in properties of other companies and trade show space and booths. Revenue and related expenses from barter transactions are recorded at fair value in accordance with EITF No. 99-17, "Accounting for Advertising Barter Transactions." Revenue from barter transactions is recognized in accordance with the Company's revenue recognition policies. Expense from barter transactions is recognized as incurred. Revenue from barter transactions was approximately $12,000 and $35,000 for the nine months ended September 30, 2002 and 2001, respectively, and approximately $3,000 and $9,000 for the three months ended September 30, 2002 and 2001, respectively, with equal related expense amounts in each nine and three month period.

2. ACQUISITIONS AND OTHER INVESTMENTS

ACQUISITIONS

In 2001, the Company acquired the stock of About.com, Inc. ("About"), a platform comprised of a network of more than 400 highly targeted topic-specific websites and the stock of EMAP from EMAP America Partners. EMAP publishes more than 60 consumer titles reaching over 75 million enthusiasts through a combination of magazines, network and cable television shows, web sites and live consumer events. The acquisitions have been accounted for by the purchase method. The condensed consolidated financial statements include the operating results of the acquisitions subsequent to their respective dates of acquisition. In addition, the Company completed several other smaller acquisitions. The other acquisitions, if they had occurred on January 1 of the year prior to acquisition would not have had a material impact on the results of operations. The pro forma effect of the About and EMAP acquisitions on the Company's operations is presented below.

ABOUT

On February 28, 2001, the Company completed its merger with About. This merger created an integrated traditional and new media company, providing an array of potential marketing solutions to advertisers and niche content to users. Through the efforts of knowledgeable human guides who manage the About sites, the sites provide high-quality original articles, moderated forums and chat rooms and links to related websites.

Under terms of the merger agreement, shareholders of About received approximately 45,000,000 shares of the Company's common stock or 2.3409 shares for each About share. An independent appraisal was completed during 2001 and was used to allocate the purchase price to the fair value of assets acquired and liabilities assumed including identifiable intangibles. The

goodwill related to the About merger was amortized during 2001 over an estimated useful life of three years. The Company believed that a three-year life was responsive to the rapid rate of change in the Internet industry and was consistent with other recent mergers of a comparable nature. Other finite lived identifiable intangible assets are being amortized over a period of three years. The Company determined that the value of its shares of common stock issued was $11.81 per share, based on the weighted-average market values for the two days prior and two days succeeding the acquisition announcement date. The fair value of the vested and unvested options issued was determined using a Black Scholes pricing model. The following is a summary of the calculation of the purchase price, as well as the allocation of purchase price to the fair value of net assets acquired:

Total number of shares of PRIMEDIA common stock issued to consummate the merger		44,951,034
Fair value per share of PRIMEDIA common stock	$	11.81

Value of shares of PRIMEDIA common stock issued	$	530,872
Fair value of replacement options issued (13,383,579 options)		102,404
Less: Unearned compensation related to unvested options		(7,592)
Cost of About shares acquired prior to the merger converted to treasury stock		74,865
Direct merger costs		16,792
Total purchase price		717,341
Less: Fair value of net tangible assets (including cash acquired of $109,490)		(175,050)
Less: Fair value of identifiable intangible assets		(24,743)
Goodwill	$	517,548

In connection with the merger with About, outstanding options to purchase shares of About common stock held by certain individuals were converted into 13,383,579 options to purchase shares of PRIMEDIA common stock. The fair value of the vested and unvested options issued by PRIMEDIA was $102,404 determined using a Black Scholes pricing model. On February 28, 2001, the date that the Company granted these unvested replacement options, the intrinsic value of the "in-the-money" unvested replacement options was $19,741. Based on a four-year service period from the original date that these options were granted, the Company classified $7,592 as unearned compensation relating to unvested options. The Company recorded charges related to the amortization of the intrinsic value of unvested "in-the-money" options of $2,144 and $2,352 during the nine months ended September 30, 2002 and 2001, respectively, and $631 and $1,008 during the three

months ended September 30, 2002 and 2001, respectively (see Note 11). The remaining $12,149 is included within the total purchase price. As of September 30, 2002, a number of these options have been forfeited or expired unexercised. Most of these remaining outstanding options have an exercise price, which exceeded the Company's share price on September 30, 2002.

In the fourth quarter of 2001, concurrent with its annual financial review process, the Company determined that the estimated future undiscounted cash flows of About were not sufficient to recover the carrying value of the goodwill. Accordingly, the Company recorded an impairment charge of $326,297 to write down About's goodwill to the estimated fair value.

In connection with the acquisition, the Company entered into various agreements with two key executives of About as discussed in Note 11.

EMAP

On August 24, 2001, the Company acquired, by merger, 100% of the outstanding common stock of the publishing business of EMAP. The strategic acquisition of

EMAP has strengthened the Company's unique mix of category specific endemic advertising as well as circulation revenue. This acquisition solidified PRIMEDIA as the leader in the specialty magazine industry in terms of revenue and single copy sales. The total consideration was $525,000, comprised of $515,000 in cash, including an estimate of working capital settlements of $10,000 (which is subject to final settlement), and warrants to acquire 2,000,000 shares of the Company's common stock at $9 per share. The fair value of the warrants was approximately $10,000 and was determined using a Black Scholes pricing model. These warrants expire ten years from the date of issuance.

The Company financed the acquisition of EMAP by (1) issuing 1,000,000 shares of Series J Convertible Preferred Stock to KKR 1996 Fund (a partnership associated with Kohlberg Kravis Roberts & Co. L.P., ("KKR") a related party of the Company) for $125,000 and (2) drawing upon its revolving credit facility in an amount of approximately $265,000. In addition, KKR 1996 Fund purchased from the Company $125,000 of common stock and Series K Convertible Preferred Stock, both at a price per share equal to $4.70. This resulted in an additional 10,800,000 shares of common stock and 15,795,745 shares of Series K Convertible Preferred Stock. On September 27, 2001, all of the issued and outstanding shares of the Series K Convertible Preferred Stock were, in accordance with their terms, converted into 15,795,745 shares of the Company's common stock.

The Series J Convertible Preferred Stock is convertible at the option of the holder after one year from the date of issuance, into approximately 17,900,000 shares of the Company's common stock at a conversion price of $7 per share, subject to adjustment. Dividends on the Series J Convertible Preferred Stock accrue at an annual rate of 12.5% and are payable quarterly in-kind. The Company paid dividends-in-kind (99,733 shares of Series J Convertible Preferred Stock) valued at $12,466 during the nine months ended September 30, 2002 and (34,272 shares of Series J Convertible Preferred Stock) valued at $4,284 during the three months ended September 30, 2002. The Company has the option to redeem any or all of the shares of the Series J Convertible Preferred Stock at any time for cash at 100% of the liquidation preference of each share being redeemed. On any dividend payment date, the Company has the option to exchange the Series J Convertible Preferred Stock into 12.5% Class J Subordinated Notes. The Company's ability to redeem or exchange the Series J Convertible Preferred Stock into debt is subject to the approval of a majority of the independent directors.

In connection with the equity financing by KKR 1996 Fund, the Company paid KKR 1996 Fund a commitment fee consisting of warrants to purchase 1,250,000 shares of common stock ("commitment warrants") of the Company at an exercise price of $7 per share, subject to adjustment, and a funding fee consisting of warrants to purchase an additional 2,620,000 shares of the Company's common stock ("funding warrants") at an exercise price of $7 per share, subject to adjustment. These warrants may be exercised after the first anniversary of the grant date and expire on August 24, 2011 or upon a change in control, as defined. In addition, the Company was required to issue to KKR 1996 Fund additional warrants to purchase up to 4,000,000 shares of the Company's common stock at an exercise price of $7 per share, subject to adjustment. The issuance of the additional 4,000,000 warrants was contingent upon the length of time that the Series J

Convertible Preferred Stock was outstanding. As the Series J Convertible Preferred Stock was outstanding for three, six, nine and twelve months from the date of issuance, KKR 1996 Fund received the additional warrants to purchase 250,000, 1 million, 1.25 million and 1.5 million shares of common stock, respectively. The Company ascribed a value of $498, $2,160, $1,988 and $1,743 respectively, to these warrants using the Black Scholes pricing model. These warrants expire ten years from the date of issuance or upon a change in control.

The 1,250,000 commitment warrants issued to KKR 1996 Fund represent a commitment fee related to the financing transaction as a whole. The Company valued these warrants at $5,622 using the Black Scholes pricing model and recorded them as a component of additional paid-in capital.

The Company attributed the 2,620,000 funding warrants to the issuance of the Series J Convertible Preferred Stock. The Company valued these warrants at $9,679 using the Black Scholes pricing model and has accordingly reduced the face value of the Series J Convertible Preferred Stock. The Company accreted the difference between the carrying value and the redemption value of the Series J Convertible Preferred Stock to additional paid in capital using the effective interest method over a one year period as the earliest date at which the preferred stock was convertible was one year from the date of issuance. The accretion was deducted in the calculation of loss applicable to common shareholders.

During the second quarter of 2002, the Company elected to account for the EMAP acquisition as an asset acquisition for income tax purposes. During the third quarter of 2002, the independent valuation of EMAP's intangible assets and other aspects of the purchase cost allocations for the EMAP acquisition were finalized. The completion of the independent valuation report associated with the EMAP acquisition resulted in a reclassification of $37,832 from other intangible assets to goodwill on the accompanying condensed consolidated balance sheet at September 30, 2002.

The following is a summary of the calculation of the purchase price, as described above, as well as the allocation of the purchase price to the fair value of the net assets acquired:

Purchase consideration (including working capital and other settlements)	$ 525,000
Direct Acquisition Costs	6,565
Total purchase price	531,565
Add: Fair value of net tangible liabilities of EMAP	40,235
Less: Fair value of identifiable intangible assets	121,300
Goodwill	$ 450,500

The Company's condensed consolidated results of operations includes results of operations of About and EMAP from their respective dates of acquisition. The results of About and EMAP are included in the Company's consumer segment. The unaudited pro forma information below presents the consolidated results of operations as if the About and EMAP acquisitions had occurred as of January 1, 2001. In accordance with SFAS No. 142, these pro forma adjustments assume that none of the goodwill associated with the EMAP acquisition is amortized. If the Company had recorded amortization of the goodwill and indefinite lived intangible assets in connection with the EMAP acquisition in accordance with the Company's historical amortization policies, assuming the acquisition occurred on January 1, 2001, amortization expense would have increased by approximately $10,200 and $3,400 during the nine months and three months ended September 30, 2001, respectively. The unaudited pro forma information has been included for comparative purposes and is not indicative of the results of operations

of the consolidated Company had the transactions occurred as of January 1, 2001, nor is it necessarily indicative of future results.

		Nine Months Ended September 30 2001
Sales, net	$	1,487
Loss from continuing operations applicable to common Shareholders	$	(651
Loss applicable to common shareholders	$	(649
Basic and diluted loss from continuing operations applicable to common shareholders per common share	$	(
Basic and diluted loss applicable to common shareholders per common share	$	(
Weighted average shares used in basic and diluted loss applicable to common shareholders per common share		242,552

Payments for businesses acquired on the accompanying condensed statement of consolidated cash flows for the nine months ended September 30, 2002, primarily represents payment for certain deferred purchase price liabilities associated with prior year acquisitions.

OTHER INVESTMENTS

Other investments consist of the following:

		September 30, 2002
Cost method investments	$	24,650
Equity method investments		5,308
	$	29,958

The Company's cost method investments consist primarily of the PRIMEDIA Ventures' investments and the assets-for -equity investments, detailed below. PRIMEDIA's equity method investments represent PRIMEDIA's investment in certain companies where PRIMEDIA has the ability to exercise significant influence over the operations (including financial and operational policies).

PRIMEDIA VENTURES' INVESTMENTS

In 1998, the Company created PRIMEDIA Ventures, Inc. ("PRIMEDIA Ventures") to invest in early-stage Internet companies and other technology opportunities such as e-commerce services, enterprise software applications and advertising-related technologies.

The Company recorded provisions for impairment of various PRIMEDIA Ventures' investments of $3,759 and $1,109 as a component of provision for the impairment of investments on the accompanying condensed statements of consolidated operations for the nine and three months ended September 30, 2002, respectively. In addition, the Company recorded provisions for impairment of various PRIMEDIA Ventures' investments of $3,500 as a component of provision for the impairment of investments on the accompanying condensed statements of consolidated operations for the nine months ended September 30, 2001.

The Company sold certain PRIMEDIA Ventures investments, received proceeds of $323 and realized a gain on the sales of $28 for the nine months ended September 30, 2002.

The Company recorded unrealized losses of $693 and $1,895 for the nine and three months ended September 30, 2001, respectively, related to investments in marketable securities. The unrealized losses are recorded as a component of other comprehensive income (loss) ("OCI") within shareholders' deficiency (See Note 13).

Since inception, proceeds from the sales of certain PRIMEDIA Ventures investments as well as related distributions have exceeded amounts invested.

INVESTMENT IN CMGI, INC.

In May 2000, the Company acquired 1,530,000 shares of common stock of CMGI, Inc. in exchange for 8,000,000 shares of the Company's common stock (par value $.01) subject to a one year lockup. The transaction was valued at $164,000, which represents the fair value of the Company's common stock exchanged on the exchange date. For the nine and three months ended September 30, 2001, the Company recorded realized losses of $7,029 and $3,060, respectively, related to its investment in CMGI, Inc. as the decline in the market value of the investment was deemed to be other than temporary. In October 2001, the Company sold its investment in CMGI for total proceeds and gain on sale of $2,149 and $619, respectively.

INVESTMENT IN LIBERTY DIGITAL, INC.

In April 2000, the Company completed its purchase of 625,000 shares of Liberty Digital Series A common stock at forty dollars per share for an aggregate purchase price of $25,000. For the nine and three months ended September 30, 2001, the Company recorded a realized loss of $658 related to its investment in Liberty Digital as the decline in the market value of the investment was deemed to be other than temporary. During the fourth quarter of 2001, the Company sold its investment in Liberty Digital for total proceeds and loss on sale of $1,838 and $668, respectively.

ASSETS-FOR-EQUITY TRANSACTIONS

During 2000, the Company began making strategic investments in companies ("Investees") which included various assets-for-equity transactions. Under these transactions, the Company provides promotional services, such as print advertising, content licensing, customer lists, online advertising and other services in exchange for equity in these entities. Additionally, the Company made cash investments in certain of these Investees. The Company's investments in Investees, included in other investments on the accompanying condensed consolidated balance sheets, totaled $19,578 ($16,703 representing cost method investments and, $2,875 representing equity method investments) and $32,753 ($27,313 representing cost method investments and $5,440 representing equity method investments) at September 30,

2002 and December 31, 2001, respectively. At September 30, 2002 and December 31, 2001, respectively, $8,159 and $12,696 relating to these agreements is included as deferred revenues on the accompanying condensed consolidated balance sheets. This deferred revenue represents advertising, content licensing and other services to be rendered by the Company in exchange for the equity in these entities. The Company recognizes these amounts as revenue in accordance with the Company's revenue recognition policies. The Company recorded revenue from these agreements of $5,590 and $50,561 for the nine months ended September 30, 2002 and 2001, respectively, and $1,059 and $3,699 for the three months ended September 30, 2002 and 2001, respectively.

These transactions are recorded at the fair value of the equity securities received, which are typically based on cash consideration for like securities. For significant transactions involving equity securities in private companies, the Company obtains and considers independent third-party valuations where appropriate. Such valuations use a variety of methodologies to estimate fair value, including comparing the security with the securities of publicly traded companies in similar lines of business, comparing the nature of security, price, and related terms of investors in the same round of financing, applying price multiples to estimated future operating results for the private company, and then also estimating discounted cash flows for that company. Using these valuations and other information available to the Company, such as the Company's knowledge of the industry and knowledge of specific information about the Investee, the Company determines the estimated fair value of the securities received. As required by EITF No. 00-8, "Accounting by a Grantee for an Equity Instrument to Be Received in Conjunction with Providing Goods and Services," the fair value of the equity securities received is determined as of the earlier of the date a performance commitment is reached or the vesting date.

The Company continually evaluates all of its investments for potential impairment in accordance with APB No. 18, "The Equity Method of Accounting for Investments in Common Stock". If an investment is deemed to be permanently impaired, its carrying value will be reduced to fair market value. The Company recorded a provision for impairment of its investments in certain Investees of $11,939 and $7,031 for the nine and three months ended September 30, 2002, respectively, as the decline in value of the investments was deemed to be other than temporary. During the nine and three months ended September 30, 2001, the Company recorded a provision for impairment of its investments in certain Investees of $72,671 and $53,967, respectively, as the decline in value of the investments was deemed to be other than temporary.

The Company recorded $3,272 and $30,717 of equity method losses from Investees during the nine months ended September 30, 2002 and 2001, respectively, and $600 and $2,940 during the three months ended September 30, 2002 and 2001, respectively. These equity method losses from Investees are included in other, net on the accompanying condensed statements of consolidated operations. The Company recognized $690 and $7,200 of revenue related to the equity method Investees during the nine months ended September 30, 2002 and 2001, respectively, and $25 and $1,100 during the three months ended September 30, 2002 and 2001, respectively.

INVESTMENTS IN ABOUT

During 2000, the Company entered into additional business arrangements with About whereby the Company has provided or will provide approximately $89,000 of advertising and promotional services, over a five-year period, as well as the right to use a mailing list owned by the Company, in exchange for an aggregate of 2,873,595 shares of common stock of About. The Company and About have also entered into certain agreements pursuant to which the Company has agreed to purchase advertising and promotional services on the About network. These agreements provide for payments to About in the aggregate of $15,900. At the merger completion date, these agreements became intercompany agreements, the activity of which, subsequent to the merger completion date, has been and will continue to be eliminated in consolidation. In accordance with the terms of these agreements, the Company recorded revenue of approximately $21,000, and expenses of approximately $3,500 during the three months ended March 31, 2001.

3. DIVESTITURES

On February 28, 2002, the Company completed the sale of the Modern Bride Group, part of the Consumer segment, to Advance Magazine Publishers Inc. for total consideration, including a service agreement, of approximately $52,000. Proceeds from the sale were used to pay down the Company's outstanding debt. The related gain on the sale of the Modern Bride Group approximates $6,200 and is included as a component of discontinued operations on the accompanying condensed statement of consolidated operations for the nine months ended September 30, 2002.

On June 28, 2002, the Company completed the sale of ExitInfo, part of the Consumer segment, to Trader Publishing Company for $24,000 (of which, $1,500 is in escrow). Proceeds from the sale were used to pay down the Company's outstanding debt. The related gain on the sale of ExitInfo approximates $3,900 and is included as a component of discontinued operations on the accompanying condensed statement of consolidated operations for the nine months ended September 30, 2002.

On August 1, 2002, the Company completed the sale of CHICAGO, part of the Consumer segment, to an affiliate of the CHICAGO Tribune Company for $35,000 in cash. Proceeds from the sale were used to pay down the Company's outstanding debt. The related gain on the sale of CHICAGO approximates $28,500 and is included as a component of discontinued operations on the accompanying condensed statement of consolidated operations for the nine and three months ended September 30, 2002.

In addition, during the three months ended September 30, 2002, the Company completed several other smaller divestitures, including the divestitures of HORTICULTURE and DOLL READER, both part of the Consumer segment, for proceeds of approximately $5,000. The results of the divestitures, including a related net loss on sale of businesses of approximately $400 for the nine and three months ended September 30, 2002, have been included as a component of discontinued operations on the accompanying condensed statements of consolidated operations for the nine and three months ended September 30, 2002 and 2001.

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following:

		September 30, 2002		De
Accounts Receivable	$	258,042	$	
Less: Allowance for doubtful accounts		20,150		
Allowance for returns and rebates		8,539		
	$	229,353	$	

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5. INVENTORIES, NET

Inventories consist of the following:

		September 30, 2002		Dec
Finished goods	$	7,577	$	
Work in process		177		
Raw materials		19,106		
		26,860		
Less: Allowance for obsolescence		2,515		
	$	24,345	$	

6. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

		September 30, 2002		Dec
Deferred financing costs, net	$	19,821	$	
Deferred wiring and installation costs, net		14,506		
Direct-response advertising costs, net		15,399		
Prepublication and programming costs, net		13,276		
Other		4,879		
	$	67,881	$	

The deferred financing costs are net of accumulated amortization of $11,263 and $8,911 at September 30, 2002 and December 31, 2001, respectively. The deferred wiring and installation costs are net of accumulated amortization of $62,728 and

$56,449 at September 30, 2002 and December 31, 2001, respectively. Direct-response advertising costs are net of accumulated amortization of $ 79,341 and $116,700 at September 30, 2002 and December 31, 2001, respectively. Prepublication and programming costs are net of accumulated amortization of $40,410 and $35,196 at September 30, 2002 and December 31, 2001, respectively.

7. GOODWILL, OTHER INTANGIBLE ASSETS AND OTHER

On January 1, 2002, the Company adopted SFAS 142, which requires an evaluation of goodwill for impairment at the reporting unit level within six months of mandatory adoption of this Standard, as well as subsequent annual evaluations (more frequently if circumstances indicate a possible impairment). As required by SFAS 142, the Company reviewed its indefinite lived intangible assets (primarily trademarks) for impairment as of January 1, 2002 using a relief from royalty valuation model and determined that certain indefinite lived intangible assets were impaired. As a result, the Company recorded an impairment charge within cumulative effect of a change in accounting principle of $21,535 ($0.08 per share) during the first quarter of 2002. The impairment of $21,535 referred to above relates to the Consumer segment.

During the second quarter of 2002, the Company completed its assessment of whether there was an indication that goodwill was impaired at any of its eight identified reporting units (step one). Step one of the transitional impairment test uses a fair value methodology, which differs from the undiscounted cash flow methodology that continues to be used for intangible

assets with an identifiable life. Based on the results of step one of the transitional impairment test, the Company identified two reporting units in the Consumer segment and one reporting unit in the Business-to-Business segment for which the carrying values exceeded the fair values at January 1, 2002, indicating a potential impairment of goodwill in those individual reporting units.

During the third quarter of 2002, the Company completed step two of the transitional impairment test for the reporting units in which an indication of goodwill impairment existed. The Company determined the implied fair value of each of its reporting units, principally using a discounted cash flow analysis and compared such values to the respective reporting unit's carrying amounts. This evaluation indicated that goodwill associated with two reporting units in the Consumer segment and one reporting unit in the Business-to-Business segment were impaired as of January 1, 2002. As a result, the Company recorded an impairment charge within cumulative effect of a change in accounting principle of $329,659 ($1.31 per share) as of January 1, 2002 related to the impairment of goodwill. In connection with step two of the SFAS 142 implementation as it relates to goodwill, the Company reassessed its trademark valuation as of January 1, 2002 and recorded an additional $37,314 ($0.15 per share) impairment and has included such impairment in the cumulative effect of change in accounting principle. Of the impairment of $37,314 referred to above, $23,703 relates to the Consumer segment and $13,611 relates to the Business-to-Business segment. Previously issued financial statements as of March 31, 2002 and for the three months then ended have been restated to reflect the cumulative effect of this accounting change which totaled $388,508.

The Company's SFAS 142 evaluation, including the reassessment of its trademark valuation, was performed by an independent valuation firm, utilizing reasonable and supportable assumptions and projections and reflects management's best estimate of projected future cash flows. The Company's discounted cash flow evaluation used a range of discount rates that represented the Company's weighted-average cost of capital and included an evaluation of other companies in each reporting unit's industry. The assumptions utilized by the Company in the evaluation are consistent with those utilized in the Company's annual planning process. If the assumptions and estimates underlying this goodwill impairment evaluation are not achieved, the ultimate amount of the goodwill impairment could be adversely affected. Subsequent impairments, if any, will be classified as an operating expense. Future impairment tests will be performed at least annually in conjunction with the Company's annual budgeting and forecasting process. The first of these subsequent impairment tests will be performed in the fourth quarter of 2002 and the Company expects to record an additional impairment charge.

Historically, the Company did not need a valuation allowance for the portion of the net operating losses equal to the amount of 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, the reversal will not occur during the carryforward period of the net operating losses. Therefore, the Company recorded a non-cash deferred income tax expense of approximately $52,000 on January 1, 2002 and $16,500 and $4,000 during the nine and three months ended September 30, 2002, respectively, each of which would not have been required prior to the adoption of SFAS 142. The non-cash charge recorded to increase the valuation allowance, was reduced by $23,000 during the third quarter as a result of the impairment of goodwill and certain indefinite lived intangible assets discussed above.

In addition, since amortization of tax-deductible goodwill and trademarks ceased on January 1, 2002, the Company will have deferred tax liabilities that will arise each quarter because the taxable temporary differences related to the amortization of these assets will not reverse prior to the expiration period of the Company's deductible temporary differences unless the related assets are sold or an impairment of the assets is recorded. The Company expects that it will record an additional $4,000 to increase the valuation allowance during the remaining three months of 2002.

The independent valuation reports received in connection with step two of the SFAS 142 impairment test completed during the third quarter indicated that the carrying value of certain finite-lived assets might not be recoverable. Accordingly, impairment testing under SFAS 144 was undertaken, resulting in an impairment charge of $15,199 ($11,141 and $4,058 in the Consumer and Business-to-Business segments, respectively). These charges are included in depreciation of property and equipment ($2,235) and amortization of intangible assets, goodwill and other ($12,964) in the accompanying condensed statements of consolidated operations for the nine and three months ended September 30,

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2002.

Changes in the carrying amount of goodwill for the nine months ended September 30, 2002, by operating segment, are as follows:

	September 30, 2002	
	Consumer Segment	Business-to-Business Segment

Balance as of January 1, 2002	$ 1,052,041	$ 372,589
Transitional impairment charge	(174,076)	(155,583)
Finalization of purchase price allocations (including reclassification of $37,832 from other intangible assets)	44,226	(1,208)
Goodwill related to the sale of businesses	(44,328)	(481)
Balance as of September 30, 2002	$ 877,863	$ 215,317

A reconciliation of the reported net loss and loss per common share to the amounts adjusted for the exclusion of amortization of goodwill and indefinite lived intangible assets, the cumulative effect of a change in accounting principle and the deferred provision for income taxes follows:

	Nine Months End 2002
Reported loss applicable to common shareholders	$ (559,679)
Amortization of goodwill and indefinite lived intangible assets	--
Cumulative effect of a change in accounting principle	388,508
Deferred provision for income taxes	45,500
Adjusted loss applicable to common shareholders	$ (125,671)
Per common share:	
Reported loss applicable to common shareholders	$ (2.22)
Amortization of goodwill and indefinite lived intangible assets	--
Cumulative effect of a change in accounting principle	1.54
Deferred provision for income taxes	0.18
Adjusted loss applicable to common shareholders	$ (0.50)

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	Three Months Ende 2002
Reported loss applicable to common shareholders	$ (2,827)
Amortization of goodwill and indefinite lived	

intangible assets		-
Deferred benefit for income taxes		(19,000)
Adjusted loss applicable to common shareholders	$	(21,827)
Per common share:		
Reported loss applicable to common shareholders	$	(0.01)
Amortization of goodwill and indefinite lived intangible assets		-
Deferred benefit for income taxes		(0.07)
Adjusted loss applicable to common shareholders	$	(0.08)

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Intangible assets subject to amortization after the adoption of SFAS No. 142 consist of the following:

		September 30, 2002			
	Range of Lives	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount
Trademarks	3	$ 21,013	$ 11,090	$ 9,923	$ 21,0
Membership, subscriber and customer lists	2-20	435,766	351,050	84,716	499,5
Non-compete agreements	1-10	207,254	191,878	15,376	213,5
Trademark license agreements	2-15	2,967	2,873	94	2,9
Copyrights	3-20	20,251	17,571	2,680	20,2
Databases	2-12	13,562	11,560	2,002	13,6
Advertiser lists	.5-20	180,864	157,987	22,877	202,0
Distribution agreements	1-7	11,745	11,715	30	11,7
Other	1-5	10,659	10,643	16	10,8
		$ 904,081	$ 766,367	$ 137,714	$ 995,7

Amortization expense for other intangible assets still subject to amortization (excluding provision for impairment) was $44,142 for the nine months ended September 30, 2002 and $13,875 for the three months ended September 30, 2002. At September 30, 2002, estimated future amortization expense of other intangible assets still subject to amortization is as follows: approximately $14,000 for the remaining three months of 2002 and approximately $39,000, $23,000, $16,000, $11,000 and $9,000 for 2003, 2004, 2005, 2006 and 2007, respectively. Amortization expense (excluding provision for impairment), including amortization of goodwill and trademarks, for the nine and three months ended September 30, 2001 was $180,117 and $72,453, respectively, of which $47,626 and $13,966 represents amortization of other intangible assets still subject to amortization for the nine and three months ended September 30, 2001, respectively. Intangible assets not subject to amortization had a total carrying value of $279,556 and $342,425 at September 30, 2002 and December 31, 2001, respectively, and consisted of trademarks. Amortization of deferred wiring costs of $8,349 and $12,368 for the nine months ended September 30, 2002 and 2001, respectively, and $2,854 and $4,117 for the three months ended September 30, 2002 and 2001, respectively, has also been included in amortization of intangible assets, goodwill and other on the accompanying condensed statements of consolidated operations.

During 2002, the Company changed the period over which certain deferred wiring costs were being amortized. This change increased the amortization period by 9 months to coincide with the implementation of the technological upgrade

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of a new video distribution platform and resulted in a decrease in amortization expense of $4,527 ($.02 per share) and $1,577 ($.01 per share) for the nine and three months ended September 30, 2002, respectively.

8. LONG-TERM DEBT

Long-term debt consists of the following:

	September 30, 2002
Borrowings under credit facilities	$ 720,750
10 1/4% Senior Notes due 2004	85,175
8 1/2% Senior Notes due 2006	299,490
7 5/8% Senior Notes due 2008	248,154
8 7/8% Senior Notes due 2011	486,936
	1,840,505
Obligation under capital leases	25,481
	1,865,986
Less: Current maturities of long-term debt	7,882
	$ 1,858,104

On June 20, 2001, the Company completed a refinancing of its existing bank credit facilities pursuant to new bank credit facilities with The Chase Manhattan Bank, Bank of America, N.A., The Bank of New York, and The Bank of Nova Scotia, as agents. The debt under the new credit agreement (as well as certain of the Company's other equally and ratably secured indebtedness) is secured by a pledge of the stock of PRIMEDIA Companies Inc., an intermediate holding company, owned directly by the Company, which owns directly or indirectly all shares of PRIMEDIA subsidiaries that guarantee such debt.

Substantially all proceeds from sales of businesses and other investments were used to pay down borrowings under the credit agreement. Amounts under the bank credit facilities may be reborrowed and used for general corporate and working capital purposes as well as to finance certain future acquisitions. The bank credit facilities consist of the following:

- a $475,000 revolving loan facility, of which $200,000 was outstanding at September 30, 2002.

- a term loan A, of which $100,000 was outstanding at September 30, 2002; and

- a term loan B, of which $420,750 was outstanding at September 30, 2002.

With the exception of the term loan B, the amounts borrowed bear interest, at the Company's option, at either the base rate plus an applicable margin ranging from 0.125% to 1.5% or the Eurodollar Rate plus an applicable margin ranging from 1.125% to 2.5%. The term loan B bears interest at the base rate plus 1.75% or the Eurodollar rate plus 2.75%. At September 30, 2002, the weighted average variable interest rate on all outstanding borrowings under the bank credit facilities was 4.5%.

Under the bank credit facilities, the Company has agreed to pay commitment fees at a per annum rate of either 0.375% or 0.5%, depending on its debt to EBITDA ratio, as defined in the new credit agreement, on the daily average aggregate unutilized commitment under the revolving loan commitment. During the first nine months of 2002, the Company's commitment fees were paid at a weighted average rate of 0.5%. The Company also has agreed to pay certain fees with respect to the issuance of letters of credit and an annual administration fee.

The commitments under the revolving loan commitment are subject to mandatory reductions semi-annually on June 30 and December 31, commencing December 31, 2004 with the final reduction on June 30, 2008. The aggregate mandatory reductions of the revolving loan commitments under the bank credit facilities are $23,750 in 2004, $47,500 in 2005, $71,250 in 2006, $142,500 in 2007 and a final reduction of $190,000 in 2008. To the extent that the total revolving credit loans outstanding exceed the reduced commitment amount, these loans must be paid down to an amount equal to or less than the reduced commitment amount. However, if the total revolving credit loans outstanding do not exceed the reduced commitment amount, then there is no requirement to pay down any of the revolving credit loans. Aggregate term loan payments under the bank credit facilities are $2,125 in 2002, $4,250 in 2003, $16,750 in 2004, $29,250 in 2005, 2006 and 2007, $16,750 in 2008 and $393,125 in 2009.

The bank credit facilities, among other things, limit the Company's ability to change the nature of its businesses, incur indebtedness, create liens, sell assets, engage in mergers, consolidations or transactions with affiliates, make investments in or loans to certain subsidiaries, issue guarantees and make certain restricted payments including dividend payments on or repurchases of the Company's common stock in excess of $75,000 in any given year.

The bank credit facilities and senior notes of the Company contain certain customary events of default which generally give the banks or the noteholders, as applicable, the right to accelerate payments of outstanding debt. Under the bank credit facilities, these events include:

- failure to maintain required covenant ratios, as described below;

- failure to make a payment of principal, interest or fees within five days of its due date;
- default, beyond any applicable grace period, on any aggregate indebtedness of PRIMEDIA exceeding $20,000;
- occurrence of certain insolvency proceedings with respect to PRIMEDIA or any of its material subsidiaries;
- entry of one judgment or decree involving a liability of $15,000 or more (or more than one involving an aggregate liability of $25,000 or more); and
- occurrence of certain events constituting a change of control of the Company.

The events of default contained in PRIMEDIA's senior notes are similar to, but generally less restrictive than, those contained in the Company's bank credit facilities.

The Company does not anticipate the occurrence of any of these default events. Upon the occurrence of such an event, the Company has the ability to cure or renegotiate with its lenders.

Under the most restrictive debt covenants as defined in the Company's credit agreement, the Company must maintain a minimum interest coverage ratio, as defined, of 1.80 to 1 and a minimum fixed charge coverage ratio, as defined, of 1.05 to 1. The Company's maximum allowable debt leverage ratio, as defined, is 6.0 to 1. The maximum leverage ratio decreases to 5.75 to 1, 5.5 to 1, 5.0 to 1 and 4.5 to 1, respectively, on July 1, 2003, January 1, 2004, January 1, 2005 and January 1, 2006. The minimum interest coverage ratio increases to 2.0 to 1, 2.25 to 1 and 2.5 to 1, respectively, on July 1, 2003, January 1, 2004 and January 1, 2005. The Company is in compliance with the financial and operating covenants of its financing arrangements.

As of September 30, 2002, the Company had $720,750 borrowings outstanding, approximately $19,500 letters of credit outstanding and unused bank commitments of approximately $255,000 under the bank credit facilities.

As a result of the refinancing of the Company's existing bank credit facilities, during the second quarter of 2001, the Company wrote-off the remaining balances of deferred financing costs originally recorded approximating $7,250. This write-off is included within amortization of deferred financing costs on the accompanying condensed statement of consolidated operations for the nine months ended September 30, 2001.

10 1/4% SENIOR NOTES. Interest is payable semi-annually in June and December at an annual rate of 10 1/4%. The 10 1/4% Senior Notes mature on June 1, 2004, with no sinking fund requirements. The 10 1/4% Senior Notes are redeemable at 100% in 2002 plus accrued and unpaid interest.

8 1/2% SENIOR NOTES. Interest is payable semi-annually in February and August at an annual rate of 8 1/2%. The 8 1/2% Senior Notes mature on February 1, 2006, with no sinking fund requirements. The 8 1/2% Senior Notes are redeemable in whole or in part, at the option of the Company, at 100% in 2003 plus accrued and unpaid interest.

7 5/8% SENIOR NOTES. Interest is payable semi-annually in April and October at the annual rate of 7 5/8%. The 7 5/8% Senior Notes mature on April 1, 2008, with no sinking fund requirements. The 7 5/8% Senior Notes may not be redeemed prior to April 1, 2003 other than in connection with a change of control. Beginning on April 1, 2003 and thereafter, the 7 5/8% Senior Notes are redeemable in whole or in part, at the option of the Company, at prices ranging from 103.813% in 2003

with annual reductions to 100% in 2006 and thereafter, plus accrued and unpaid interest.

8 7/8% SENIOR NOTES. In 2001, the Company completed an offering of $500,000 of 8 7/8% Senior Notes. Net proceeds from this offering of $492,685 were used to repay borrowings under the revolving credit facilities. The 8 7/8% Senior Notes mature on May 15, 2011, with no sinking fund requirements, and have interest payable semi-annually in May and November at an annual rate of 8 7/8%. Beginning in 2006, the 8 7/8% Senior Notes are redeemable at 104.438% with annual reductions to 100% in 2009 plus accrued and unpaid interest.

If the Company becomes subject to a change of control, each holder of the notes will have the right to require the Company to purchase any or all of the notes at a purchase price equal to 101% of the aggregate principal amount of the notes plus accrued and unpaid interest, if any, to the date of purchase.

During the third quarter of 2002, the Board of Directors authorized the Company to expend up to $20,000 for the purchase of its senior notes in private or public transactions. On October 4, 2002, the Board of Directors increased the authorization to an aggregate of $50,000. During the nine months ended September 30, 2002, the Company repurchased $14,825 of the 10 1/4% Senior Notes for $13,397 plus accrued interest, $1,000 of the 7 5/8% Senior Notes for $763 plus accrued interest and $6,500 of the 8 7/8% Senior Notes for $4,981 plus accrued interest. The Senior Note purchases include fees associated with these purchases.

The 10 1/4% Senior Notes, 8 1/2% Senior Notes, 7 5/8% Senior Notes, and the 8 7/8% Senior Notes (together referred to as the "Senior Notes"), and the credit facility, all rank senior in right of payment to all subordinated indebtedness of PRIMEDIA Inc. (a holding company). The Senior Notes are secured by a pledge of stock of PRIMEDIA Companies Inc.

The Company is herewith providing detailed information and disclosure as to the methodology used in determining compliance with the leverage test in the credit agreements. The purpose for providing this information is to provide more clarity as to the substantial amount of disclosure already provided. Under its various credit and senior note agreements, the Company is allowed to designate certain businesses as unrestricted subsidiaries to the extent that the value of those businesses does not exceed the permitted amounts, as defined in these agreements. The Company has designated certain of its businesses as unrestricted (the "Unrestricted Group"), which primarily represent Internet businesses, trademark and content licensing and service companies, new launches (including traditional start-ups), other properties under evaluation for turnaround or shutdown and foreign subsidiaries. Indebtedness under the bank credit facilities and senior note agreements is guaranteed by each of the Company's domestic restricted subsidiaries in accordance with the provisions and limitations of the Company's credit and senior note agreements. The guarantees are full, unconditional and joint and several. The Unrestricted Group does not guarantee the bank credit facilities or senior notes, and its results (positive or negative) are not reflected in the EBITDA of the Restricted Group, as defined in the Company's credit and senior note agreements for purposes of determining compliance with certain financial covenants under these agreements. The Company has established intercompany arrangements that implement transactions, such as leasing, licensing, sales and related services and cross-promotion, between restricted and unrestricted subsidiaries, on an arms' length basis and as permitted by the credit and

senior note agreements. These intercompany arrangements afford strategic benefits across the Company's properties and, in particular, enable the Unrestricted Group to utilize established brands and content and promote brand awareness and increase traffic and revenue to the Company's new media properties. For company-wide consolidated financial reporting, these intercompany transactions are eliminated in consolidation. Additionally, the EBITDA of the Restricted Group, as determined in accordance with these agreements, omits restructuring charges and is adjusted for trailing four quarters results of acquisitions and divestitures and estimated savings for acquired businesses.

The scheduled repayments of all debt outstanding, including capital leases, as of September 30, 2002, are as follows:

Twelve Months Ended September 30,	Debt	Capital L Obligati
2003	$ 4,250	$
2004	89,425	
2005	29,250	
2006	328,740	
2007	29,250	
Thereafter	1,359,590	1
	$ 1,840,505	$ 2

9. EXCHANGEABLE PREFERRED STOCK

Exchangeable Preferred Stock consists of the following:

	September 30, 2002
$10.00 Series D Exchangeable Preferred Stock	$ 174,410
$9.20 Series F Exchangeable Preferred Stock	99,898
$8.625 Series H Exchangeable Preferred Stock	215,834
	$ 490,142

$10.00 SERIES D EXCHANGEABLE PREFERRED STOCK

The Company authorized 2,000,000 shares of $.01 par value, $10.00 Series D Exchangeable Preferred Stock, of which 1,769,867 shares and 2,000,000 shares were issued and outstanding at September 30, 2002 and December 31, 2001, respectively. The liquidation and redemption value was $176,987 at September 30, 2002 and $200,000 December 31, 2001.

$9.20 SERIES F EXCHANGEABLE PREFERRED STOCK

The Company authorized 1,250,000 shares of $.01 par value, $9.20 Series F Exchangeable Preferred Stock, of which 1,023,328 shares and 1,250,000 shares were issued and outstanding at September 30, 2002 and December 31, 2001, respectively. The liquidation and redemption value was $102,333 at September 30, 2002 and $125,000 December 31, 2001.

$8.625 SERIES H EXCHANGEABLE PREFERRED STOCK

The Company authorized 2,500,000 shares of $.01 par value, $8.625 Series H Exchangeable Preferred Stock, of which 2,202,391 shares and 2,500,000 shares were issued and outstanding at September 30, 2002 and December 31, 2001, respectively. The liquidation and redemption value was $220,239 at September 30, 2002 and $250,000 at December 31, 2001.

During the first quarter of 2002, the Board of Directors authorized the exchange by the Company of up to approximately $100,000 of exchangeable preferred stock. During May 2002, the Board of Directors increased the authorization to an aggregate of approximately $165,000 of exchangeable preferred stock. During the nine months ended September 30, 2002, the Company exchanged $23,013, face value of Series D Exchangeable Preferred Stock for 4,467,033 shares of common stock, $22,667, face value of Series F Exchangeable Preferred Stock for 4,385,222 shares of common stock and $29,761, face value of Series H Exchangeable Preferred Stock for 5,508,050 shares of common stock. The cumulative gain on the exchanges of $31,001 for the nine months ended September 30, 2002, is included as a component of additional paid-in capital on the accompanying condensed consolidated balance sheet at September 30, 2002. The gains of $31,001 and $2,700 for the nine and three months ended September 30, 2002, respectively, are included in the calculation of basic and diluted loss applicable to common shareholders per common share on the condensed statements of consolidated operations for their respective periods.

10. COMMON STOCK

During the second quarter of 2002, the Board of Directors approved and the shareholders ratified an amendment to the Company's Certificate of Incorporation, which increased the number of authorized shares of the Company's common stock from 300,000,000 to 350,000,000.

In April 2002, the Company granted certain executives an aggregate total of 6,630,000 options to purchase shares of the Company's common stock. The exercise prices of these options range from $4.00 per share to $6.00 per share. The options granted at $4.00 per share vest over a four-year period following the date of the grant. The remaining options vest in 2010 unless the Company achieves certain earnings targets. Upon the achievement of these targets, the vesting of the respective options is accelerated upon the financial statements for the relevant period being finalized.

11. NON-CASH COMPENSATION AND NON-RECURRING CHARGES

In connection with the About merger, certain senior executives were granted 2,955,450 shares of restricted PRIMEDIA common stock. These shares of restricted PRIMEDIA common stock, which were valued at $9.50 per share, the closing stock price on February 28, 2001, vest at a rate of 25% per year and are subject to the executives' continued employment. Related non-cash compensation of $1,731 and $8,530 was recorded for the nine months ended September 30, 2002 and 2001, respectively, and $479 and $3,656 was recorded for the three months ended September 30, 2002 and 2001, respectively. This non-cash compensation reflects pro rata vesting on a graded basis.

In addition, these senior executives were granted options to purchase 3,482,300 shares of PRIMEDIA common stock at an exercise price of $2.85 per share, equal to thirty percent of the fair market value per share on that date. These options vest at a rate of 25% per year and are subject to the executives' continued employment. Related non-cash compensation of $1,428 and $7,035 was recorded for the nine months ended September 30, 2002 and 2001, respectively, and $395 and $3,015 was recorded for the three months ended September 30, 2002 and 2001, respectively. This non-cash compensation reflects pro rata vesting on a graded basis. Amounts reflect a 70% market value discount ($6.65 per share) based on a PRIMEDIA per share market value of $9.50 which was the closing price on February 28, 2001.

Two senior executives of About also entered into share lockup agreements with the Company, pursuant to which they agreed to specific restrictions regarding the transferability of their shares of PRIMEDIA common stock issued in the merger. Under the terms of those agreements, during the first year after the closing of the merger, the executives could sell a portion of their shares of the Company's common stock, subject to the Company's right of first refusal with respect to any sale. In the event that the gross proceeds received on sale were less than $33,125 (assuming all shares are sold), the Company agreed to pay the executives the amount of such shortfall ("the Shortfall Payment").

During the third quarter of 2001, one of the executives, who subsequently left the Company, advised the Company that he was selling 1,429,344 shares of the Company's common stock in the market. Concurrently therewith, the executive assigned to a financial institution the right to receive his Shortfall Payment on that number of shares. The financial institution advised the Company that it purchased 1,429,344 shares of the Company's common stock in the market. The financial institution agreed to waive its right to the Shortfall Payment in exchange for the Company's agreement to make the financial institution whole if it sells such shares, which it purchased in the market, for proceeds of less than approximately $23,406. As of March 8, 2002, the financial institution had sold all of the shares in the open market for proceeds of approximately $3,300. In April 2002, the Company paid approximately $20,300 to the financial institution. A liability of approximately $18,400 representing the Shortfall Payments due under both agreements, based on the fair value of the Company's stock was included as a component of accrued expenses and other on the accompanying condensed consolidated balance sheet at December 31, 2001.

As a result of this executive leaving the Company, effective December 2001, half of his restricted shares (1,105,550 shares) and options (1,302,650 options) were accelerated and the remainder were forfeited, resulting in a reversal of unearned compensation of $19,166 during the fourth quarter of 2001. The accelerated options expired unexercised during the first quarter of 2002.

On July 26, 2002, the Company granted 1,800,000 options to purchase Company stock to a related party consulting firm for services received. These options are fully vested as of the grant date, have a ten year life and an exercise price of $1.80 per share. The exercise price equals 200% of the share price on the grant date. Related non-cash compensation of $990, determined using the Black Scholes pricing model, was recorded for the nine and three months ended September 30, 2002. In addition, the Company paid $800 in cash to this related party consulting firm for services received.

During the nine and three months ended September 30, 2002, the Company recorded $10,612 and $2,866 of non-cash compensation and non-recurring charges, respectively. These non-cash compensation charges consisted of a $3,159 and $874 charge, respectively, related to the restricted stock and option grants to two key executives of About discussed above, a $2,144 and $631 charge, respectively, related to the amortization of the intrinsic value of unvested "in-the-money" options issued in connection with the About merger, a $986 and $329 charge, respectively, related to the issuance of stock in connection with an acquisition and a $990 and $990 charge, respectively, for the options granted for consulting services received as discussed above. These non-recurring charges consisted of a $3,256 and $0 charge, respectively, related to the share lockup arrangements with certain executives of About discussed above and a $77 and $42 charge, respectively, related to certain non-recurring compensation arrangements with certain senior executives.

During the nine and three months ended September 30, 2001, the Company recorded $60,167 and $47,440, respectively, of non-cash compensation and non-recurring charges. These non-cash compensation charges consisted of a $15,565 and $6,671 charge, respectively, related to the restricted stock and option grants to two key executives of About discussed above, a $2,352 and $1,008 charge, respectively, related to the amortization of the intrinsic value of unvested "in-the-money" options issued in connection with the About merger and a $1,104 and $301 charge, respectively, related to the vesting of stock in connection with an acquisition. For the nine months ended September 30, 2001, these non-recurring charges consisted of a $1,686 charge related to certain non-recurring compensation arrangements with certain senior executives and for the nine and three months ended September 30, 2001, these non-recurring charges consisted of a $27,098 charge for the make-whole payment to the Financial Institution discussed above and a $12,362 charge for severance payments made to certain senior executives of About.

Non-cash compensation and non-recurring charges are omitted from the Company's calculation of EBITDA, as defined in the Company's Credit and Senior Note agreements (see Note 8).

12. PROVISION FOR SEVERANCE, CLOSURES AND RESTRUCTURING RELATED COSTS

During 2001 and 2000, the Company implemented plans to integrate the operations of the Company and consolidate many back office functions. The Company expects that these plans will continue to result in future savings. All restructuring related charges were expensed as incurred.

During 2002, the Company announced additional cost initiatives that would continue to implement and expand upon the cost initiatives enacted during 2001 and 2000.

Details of the initiatives implemented and the payments made in furtherance of these plans during the nine-month periods ended September 30, 2002 and 2001 are presented in the following tables:

	LIABILITY AS OF JANUARY 1, 2002	NET PROVISION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002	PAYMENTS DURING TH NINE MONTH ENDED SEPTEMBER 2002
Severance and closures:			
Employee-related termination costs......	$ 9,043	$ 6,052	$

Termination of contracts..............	2,318	(137)	
Termination of leases related to office closures........	13,037	20,570	
	24,398	26,485	
Restructuring related:			
Relocation and other employee costs.........	-	765	
	-	765	
Total severance, closures and restructuring related costs..........	$ 24,398	$ 27,250	$

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	LIABILITY AS OF JANUARY 1, 2001	NET PROVISION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001	PAYMENTS DURING TH NINE MONTH ENDED SEPTEMBER 2001
Severance and closures:			
Employee related termination costs......	$ 7,063	$ 15,776	$
Termination of contracts..............	1,519	3,326	
Termination of leases related to office closures...............	1,634	3,434	
Other..................	213	-	
	10,429	22,536	
Restructuring related:			
Consulting services....	498	2,627	
Relocation and other employee costs.........	462	2,972	
	960	5,599	
Total severance, closures and restructuring related			

costs..................	$ 11,389	$ 28,135	$

For the nine months ended September 30, 2001, $6,477 of additional restructuring related costs are included in general and administrative expenses on the accompanying condensed consolidated statement of operations.

The remaining costs, comprised primarily of real estate lease commitments for space that the Company no longer occupies, are expected to be paid through 2015. To reduce the lease related costs, the Company is aggressively pursuing subleases of its available office space. During the fourth quarter of 2002, the Company will reevaluate real estate market conditions and will adjust its provision accordingly.

As a result of the implementation of these plans, the Company has closed and consolidated in excess of twenty office locations and has notified a total of 1,665 individuals that they would be terminated under these plans, of which 345 and 75 individuals were notified during the nine and three month periods ended September 30, 2002, respectively. As of September 30, 2002, all of those individuals have been terminated.

The Company expects to realize sufficient savings from its plans to integrate the operations of the Company and to recover the costs associated with these plans, related to employee termination costs, within approximately a one-year period. Savings from terminations of contract and lease costs will be realized over the estimated life of the contract or lease.

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The liabilities representing the provision for severance, closures and restructuring related costs are included in accrued expenses and other on the condensed consolidated balance sheets as of their respective dates. The provision for severance, closures and restructuring related costs is omitted from the Company's calculation of EBITDA, as defined in the Company's Credit and Senior Note agreements (see Note 8).

13. COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) for the nine and three months ended September 30, 2002 and 2001 is presented in the following tables:

	Nine Months September 30, 2002
Net loss	$ (526,534)
Other comprehensive income (loss):	
Unrealized loss on available-for-sale securities	-
Change in fair value of derivative instruments	1,897
Foreign currency translation adjustments	126
Total comprehensive loss	$ (524,511)

	Three Month September 30, 2002
Net income (loss)	$ 14,368
Other comprehensive income (loss):	
Unrealized loss on available-for-sale securities	-
Change in fair value of derivative instruments	-
Foreign currency translation adjustments	-
Total comprehensive income (loss)	$ 14,368

14. LOSS PER COMMON SHARE

Loss per share for the nine and three month periods ended September 30, 2002 and 2001 has been determined based on net loss after preferred stock dividends, related accretion, gain on the exchange of exchangeable preferred stock for common shares and the issuance of contingent warrants associated with the EMAP financing (see Note 2) divided by the weighted average number of common shares outstanding for all periods presented. The effect of the assumed exercise of non-qualified stock options and warrants was not included in the computation of diluted loss per share because the effect of inclusion would be antidilutive.

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15. CONTINGENCIES

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

During 2002, PRIMEDIA contributed the Gravity Games, a product previously acquired from EMAP, to a limited liability company (the "LLC") formed jointly by PRIMEDIA and Octagon Marketing and Athlete Representation, Inc., with each party owning 50%. The LLC has entered into an agreement with NBC Sports, a division of National Broadcasting Company, Inc., which requires the LLC to pay specified fees to NBC for certain production services performed by NBC and network air time provided by NBC, during each of 2002 and 2003. Under the terms of this agreement and a related guarantee, PRIMEDIA could be responsible for the payment of a portion of such fees, in the event that the LLC failed to satisfy its payment obligations to NBC. The maximum amounts for which PRIMEDIA could be liable would be $1,125 in 2002 and $2,200 in 2003. As these liabilities will be contingent on the LLC's failure to pay and, in the case of the 2003 liability, the occurrence of certain other events and existence of certain other conditions, the Company has not recorded a liability on the accompanying condensed consolidated balance sheet as of September 30, 2002; however, the asset representing the Company's 50% investment in the LLC as well as the Company's share of the LLC's losses are reflected in the Company's condensed consolidated financial statements. The Company's investment in the LLC ($2,269) is reflected as a component of other investments on the accompanying condensed consolidated balance sheet at September 30, 2002. The Company's share of the LLC's losses ($184) is reflected as a component of other, net on the accompanying condensed statements of consolidated operations for the nine months ended September 30, 2002.

As of and for the nine months ended September 30, 2002, no officers or directors of the Company have been granted loans by the Company, nor has the Company guaranteed any obligations of such persons.

16. BUSINESS SEGMENT INFORMATION

The Company's operations have been classified into two business segments: consumer and business-to-business. The Company's consumer segment produces and distributes magazines, guides, videos and Internet products for consumers in various niche markets. The Company's business-to-business segment produces and distributes magazines, books, directories, databases, vocational training materials and Internet products to business professionals in such fields as communications, agriculture, professional services, media, transportation and healthcare. These segment results are regularly reviewed by the Company's chief operating decision-makers to make decisions about resources to be allocated to the segment and assess its performance. The information presented below includes certain intercompany transactions and is therefore, not necessarily indicative of the results had the operations existed as stand-alone businesses. Eliminations include intercompany content and brand licensing, advertising and other services, which are billed at what management believes are prevailing market rates. These intercompany transactions, which represent transactions between operating units within the same business segment or transactions between operating units in different business segments, are eliminated in consolidation.

The Non-Core Businesses include: QWIZ, Inc. (divested in April 2001), Bacon's (divested in November 2001) and certain titles of The Business Magazines & Media Group and The Consumer Magazines & Media Group which are discontinued or divested. In addition, during 2001, the Company has restructured or consolidated several new media properties, whose value can be realized with far greater efficiency by having select functions absorbed by the core operations and has included these properties in Non-Core Businesses. The Company has segregated the Non-Core Businesses from the aforementioned segments because the Company's chief operating decision-makers view these businesses separately when evaluating and making decisions regarding ongoing operations. In the ordinary course of business, corporate administrative costs of approximately $1,900 and $7,600 were allocated to the Non-

Core Businesses during the nine months ended September 30, 2002 and 2001, respectively, and $0 and $2,500 were allocated to the Non-Core Businesses during the three months ended September 30, 2002 and 2001, respectively. For the nine months ended September 30, 2002, the Company has reclassified certain product lines as Non-Core Businesses and in certain instances has restated prior periods accordingly. The Company believes that the amounts that have not been restated are not significant. Effective June 30, 2002, the Company has not classified any additional businesses as Non-Core Businesses nor will any additional balances be allocated to the Non-Core Businesses subsequent to June 30, 2002.

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

	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001	Three Mo Septe 2002
SALES, NET:			
Consumer	$ 1,031,827	$ 873,778	$ 347,754
Business-to-Business	267,952	325,977	80,485
Eliminations	(93,453)	(43,167)	(28,279
Other:			
Non-Core Businesses	13,491	57,451	-
Total	$ 1,219,817	$ 1,214,039	$ 399,960
EBITDA(1):			
Consumer	$ 162,282	$ 101,425	$ 64,832
Business-to-Business(2)	24,804	54,674	8,004
Other:			
Corporate	(25,128)	(24,499)	(7,658
Non-Core Businesses	(3,253)	(23,717)	-
Total	$ 158,705	$ 107,883	$ 65,178

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The following is a reconciliation of EBITDA to operating income (loss):

	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001	Three Sep 2002
Total EBITDA(1)	$ 158,705	$ 107,883	$ 65,1
Depreciation of property and equipment	(49,622)	(46,123)	(17,4
Amortization of intangible assets, goodwill and other	(72,099)	(239,943)	(31,4
Non-cash compensation and non-recurring charges	(10,612)	(60,167)	(2,8
Provision for severance, closures and restructuring related costs	(27,250)	(28,135)	(2,1
Other restructuring related costs included in general and administrative expenses	-	(6,477)	
Gain (loss) on sales of businesses and other, net	(1,841)	432	2
Operating income (loss)	$ (2,719)	$ (272,530)	$ 11,5

(1) EBITDA represents earnings before interest, taxes, depreciation, amortization and other (income) charges including non-cash compensation and non-recurring charges of $10,612 and $60,167 for the nine months ended September 30, 2002 and 2001, respectively, a provision for severance, closures and restructuring related costs of $27,250 and $28,135 for the

nine months ended September 30, 2002 and 2001, respectively, and gain (loss) on sales of businesses and other, net of $(1,841) and $432 for the nine months ended September 30, 2002 and 2001, respectively. EBITDA excludes non-cash compensation and non-recurring charges of $2,866 and $47,440 for the three months ended September 30, 2002 and 2001, respectively, a provision for severance, closures and restructuring related costs of $2,158 and $15,633 for the three months ended September 30, 2002 and 2001, respectively, and gain (loss) on sales of businesses and other, net of $290 and $(71) for the three months ended September 30, 2002 and 2001, respectively. EBITDA excludes $6,477 and $2,173 of additional restructuring related costs included in general and administrative expenses for the nine and three months ended September 30, 2001, respectively. EBITDA is not intended to represent cash flow 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. The Company believes EBITDA is a standard measure commonly reported and widely used by analysts, investors and other interested parties in the media industry. Accordingly, this information has been disclosed herein to permit a more complete comparative analysis of the Company's operating performance relative to other companies in its industry. EBITDA is presented herein to provide the reader a proxy for future ongoing liquidity and should not be considered in isolation or as a substitute for other measures of financial performance or liquidity. The primary difference between EBITDA and net cash used in operating activities relates to changes in working capital requirements and payments made for interest and income taxes. Additionally, 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. EBITDA as presented may not be comparable to similarly titled measures reported by other companies, since not all companies necessarily calculate EBITDA in identical manners, and therefore, is not necessarily an accurate measure of comparison between companies.

(2) Includes the reversal of a $4,000 sales tax accrual that was no longer required. The reversal was recorded during the three months ended March 31, 2001.

17. FINANCIAL INFORMATION FOR GUARANTORS OF THE COMPANY'S DEBT

The information that follows presents condensed consolidating financial information as of September 30, 2002 and December 31, 2001 and for the nine months ended September 30, 2002 and 2001 for a) PRIMEDIA Inc. (as the Issuer), b) the guarantor subsidiaries, which are with limited exceptions, the restricted subsidiaries, represent the core PRIMEDIA businesses and exclude investment and other development properties included in the unrestricted category, c) the non-guarantor subsidiaries (primarily representing Internet assets and businesses, new launches and other properties under evaluation for turnaround or shutdown and foreign subsidiaries), which are with limited exceptions the unrestricted subsidiaries, d) elimination entries and e) the Company on a consolidated basis. Certain businesses, which were included as either guarantor or non-guarantor subsidiaries as of September 30, 2001 have been reclassified as of September 30, 2002.

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

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17. FINANCIAL INFORMATION FOR GUARANTORS OF THE COMPANY'S DEBT (CONTINUED)

PRIMEDIA INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
(UNAUDITED)

September 30, 2002
(dollars in thousands)

	Primedia Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	El
ASSETS				
Current assets:				
Cash and cash equivalents	$ 3,253	$ 14,337	$ 1,177	$
Accounts receivable, net	977	208,160	20,216	
Intercompany receivables	1,569,853	619,648	(35,132)	
Inventories, net	-	23,321	1,024	
Prepaid expenses and other	4,628	33,558	4,639	
Total current assets	1,578,711	899,024	(8,076)	
Property and equipment, net	6,853	96,482	39,273	
Investment in and advances to subsidiaries	751,998	-	-	
Other intangible assets, net	889	404,345	12,036	
Goodwill, net	(6,076)	1,031,036	68,220	
Other investments	25,527	2,269	2,162	
Other non-current assets	986	62,086	4,821	
	$ 2,358,888	$ 2,495,242	$ 118,436	$
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current liabilities:				
Accounts payable	$ 4,550	$ 83,248	$ 13,664	$
Intercompany payables	801,889	859,509	492,983	
Accrued interest payable	39,100	-	-	
Accrued expenses and other	97,063	106,931	17,879	
Deferred revenues	2,099	180,660	19,619	
Current maturities of long-term debt	4,410	3,466	6	
Total current liabilities	949,111	1,233,814	544,151	
Long-term debt	1,836,403	21,701	-	
Intercompany notes payable	-	2,548,942	704,329	

Deferred revenues	1,641	40,263	-
Deferred income taxes	45,500	-	-
Other non-current liabilities	-	20,816	935
Exchangeable preferred stock	490,142	-	-
Shareholders' deficiency:			
Series J convertible preferred stock	140,933	-	-
Common stock	2,662	-	-
Additional paid-in capital	2,333,551	-	-
Accumulated deficit	(3,356,616)	(1,370,079)	(1,130,833)
Accumulated other comprehensive loss	(99)	47	(146)
Unearned compensation	(6,497)	(262)	-
Common stock in treasury, at cost	(77,843)	-	-
Total shareholders' deficiency	(963,909)	(1,370,294)	(1,130,979)
	$ 2,358,888	$ 2,495,242	$ 118,436 $

17. FINANCIAL INFORMATION FOR GUARANTORS OF THE COMPANY'S DEBT (CONTINUED)

PRIMEDIA INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(UNAUDITED)

For the Nine Months Ended September 30, 2002
(dollars in thousands)

	Primedia Inc.	Guarantor Subsidiaries	Non-Guarant Subsidiarie
Sales, net	$ 514	$ 1,136,350	$ 176,
Operating costs and expenses:			
Cost of goods sold	-	305,359	74,
Marketing and selling	30	177,163	71,
Distribution, circulation and fulfillment	-	162,627	59,
Editorial	-	77,138	34,
Other general expenses	1,894	119,830	47,
Corporate administrative expenses (excluding non-cash compensation and non-recurring charges)	16,483	-	7,
Depreciation of property and equipment	2,001	29,215	18,
Amortization of intangible assets and other	563	56,754	14,
Non-cash compensation and non-recurring charges	6,282	990	3,
Provision for severance, closures and restructuring related costs	16,068	10,321	
(Gain)/loss on sales of businesses and other, net	(97)	518	1,

Operating income (loss)	(42,710)	196,435	(156,
Other income (expense):			
Provision for the impairment of investments	(12,403)	-	(3,
Interest expense	(103,679)	(2,462)	(
Amortization of deferred financing costs	-	(2,605)	
Equity in losses of subsidiaries	(468,663)	-	
Intercompany management fees and interest	146,174	(146,174)	
Other, net	247	(514)	
Income (loss) from continuing operations before income taxes	(481,034)	44,680	(160,
Deferred provision for income taxes	(45,500)	-	
Income (loss) from continuing operations	(526,534)	44,680	(160,
Discontinued operations	-	33,853	2,
Cumulative effect of a change in accounting principle	-	(368,174)	(20,
Net loss	$ (526,534)	$ (289,641)	$ (179,

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17. FINANCIAL INFORMATION FOR GUARANTORS OF THE COMPANY'S DEBT (CONTINUED)

PRIMEDIA INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(UNAUDITED)

For the Nine Months Ended September 30, 2002
(dollars in thousands)

	Primedia Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries
OPERATING ACTIVITIES:			
Net loss	$ (526,534)	$ (289,641)	$ (179,022)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities	390,085	568,967	50,794
Changes in operating assets and liabilities	(83)	(22,084)	19,947
Net cash provided by (used in) operating activities	(136,532)	257,242	(108,281)
INVESTING ACTIVITIES:			

Additions to property, equipment and other, net	(2,175)	(10,597)	(14,632)
Proceeds from sales of businesses and other, net	420	122,764	6,247
Payments for businesses acquired, net of cash acquired	-	(3,329)	(141)
Payments for other investments	(832)	(2,520)	-
Net cash provided by (used in) investing activities	(2,587)	106,318	(8,526)
FINANCING ACTIVITIES:			
Intercompany activity	244,113	(359,271)	115,158
Borrowings under credit agreements	304,765	-	-
Repayments of borrowings under credit agreements	(367,890)	-	-
Proceeds from issuances of common stock, net	1,533	-	-
Payments for repurchases of senior notes	(19,141)	-	-
Dividends paid to preferred stock shareholders	(38,279)	-	-
Deferred financing costs paid	(108)	-	-
Other	(99)	(3,209)	(27)
Net cash provided by (used in) financing activities	124,894	(362,480)	115,131
Increase (decrease) in cash and cash equivalents	(14,225)	1,080	(1,676)
Cash and cash equivalents, beginning of period	17,478	13,257	2,853
Cash and cash equivalents, end of period	$ 3,253	$ 14,337	$ 1,177

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17. FINANCIAL INFORMATION FOR GUARANTORS OF THE COMPANY'S DEBT (CONTINUED)

PRIMEDIA INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
(UNAUDITED)

December 31, 2001
(dollars in thousands)

	Primedia Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimi
ASSETS				
Current assets:				
Cash and cash equivalents	$ 17,478	$ 13,257	$ 2,853	$
Accounts receivable, net	991	241,817	32,896	
Intercompany receivables	852,188	486,870	78,932	(1
Inventories, net	-	31,986	2,078	
Prepaid expenses and other	8,849	45,371	10,392	
Total current assets	879,506	819,301	127,151	(1

Property and equipment, net	6,590	109,909	53,735	
Investment in and advances to subsidiaries	1,233,308	-	-	(1
Other intangible assets, net	1,451	569,397	34,249	
Goodwill, net	(6,077)	1,331,633	99,074	
Other investments	39,777	-	6,216	
Other non-current assets	(106)	76,491	1,700	
	$ 2,154,449	$ 2,906,731	$ 322,125	$ (2
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current liabilities:				
Accounts payable	$ 2,510	$ 115,122	$ 17,870	$
Intercompany payables	-	986,891	431,099	(1
Accrued interest payable	33,568	-	-	
Accrued expenses and other	70,458	119,451	53,357	
Deferred revenues	37,346	175,110	(4,830)	
Current maturities of long-term debt	4,319	3,934	12	
Total current liabilities	148,201	1,400,508	497,508	(1
Long-term debt	1,921,305	24,326	-	
Intercompany notes payable	-	2,491,381	781,349	(3
Deferred revenues	2,578	46,438	-	
Other non-current liabilities	-	25,464	1,304	
Exchangeable preferred stock	562,957	-	-	
Shareholders' deficiency:				
Series J convertible preferred stock	122,015	-	-	
Common stock	2,509	-	-	
Additional paid-in capital	2,258,932	-	-	
Accumulated deficit	(2,772,201)	(1,081,036)	(957,817)	2
Accumulated other comprehensive loss	(2,122)	(350)	(219)	
Unearned compensation	(11,882)	-	-	
Common stock in treasury, at cost	(77,843)	-	-	
Total shareholders' deficiency	(480,592)	(1,081,386)	(958,036)	2
	$ 2,154,449	$ 2,906,731	$ 322,125	$ (2

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17. FINANCIAL INFORMATION FOR GUARANTORS OF THE COMPANY'S DEBT (CONTINUED)

PRIMEDIA INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(UNAUDITED)

For the Nine Months Ended September 30, 2001
(dollars in thousands)

	Primedia Inc.	Guarantor Subsidiaries	Non-Guara Subsidiar
Sales, net	$ -	$ 1,152,828	$ 107
Operating costs and expenses:			
Cost of goods sold	-	279,371	76
Marketing and selling	-	250,198	50
Distribution, circulation and fulfillment	-	185,288	3
Editorial	-	95,940	16
Other general expenses	-	121,189	56
Corporate administrative expenses (excluding non-cash compensation and non-recurring charges)	22,477	922	1
Depreciation of property and equipment	1,256	28,658	16
Amortization of intangible assets, goodwill and other	401	90,898	148
Non-cash compensation and non-recurring charges	19,603	-	40
Provision for severance, closures and restructuring related costs	7,305	7,024	13
(Gain)/loss on sales of businesses and other, net	-	(794)	
Operating income (loss)	(51,042)	94,134	(315
Other income (expense):			
Provision for the impairment of investments	(80,358)	-	(8
Interest expense	(103,913)	(2,469)	
Amortization of deferred financing costs	(603)	(9,404)	
Equity in losses of subsidiaries	(392,441)	-	
Intercompany management fees and interest	151,862	(151,862)	
Other, net	(26,862)	(1,389)	
Loss from continuing operations	(503,357)	(70,990)	(324
Discontinued operations	-	2,176	
Net loss	$ (503,357)	$ (68,814)	$ (323

17. FINANCIAL INFORMATION FOR GUARANTORS OF THE COMPANY'S DEBT (CONTINUED)

PRIMEDIA INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(UNAUDITED)

For the Nine Months Ended September 30, 2001
(dollars in thousands)

	Primedia Inc.	Guarantor Subsidiaries	Non-Guaran Subsidiari
OPERATING ACTIVITIES:			
Net loss	$ (503,357)	$ (68,814)	$ (323,
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	373,404	242,035	177,
Changes in operating assets and liabilities:	(53,925)	22,432	(12,
Net cash provided by (used in) operating activities	(183,878)	195,653	(159,
INVESTING ACTIVITIES:			
Additions to property, equipment and other, net	(858)	(18,711)	(19,
Proceeds from sales of businesses and other, net	-	6,731	
(Payments) for businesses acquired, net of cash acquired	-	(538,884)	106,
Payments for other investments	(14,806)	(442)	
Net cash provided by (used in) investing activities	(15,664)	(551,306)	87,
FINANCING ACTIVITIES:			
Intercompany activity	(473,833)	455,950	17,
Borrowings under credit agreements	1,384,700	-	
Repayments of borrowings under credit agreements	(1,450,700)	-	
Proceeds from issuances of 8 7/8% Senior Notes, net	492,685	-	
Payments of acquisition obligation	(3,310)	(5,523)	
Proceeds from issuances of common stock, net	130,100	-	
Proceeds from issuance of Series J Convertible Pref. Stock and related warrant	125,000	-	
Dividends paid to preferred stock shareholders	(39,795)	-	
Deferred financing costs paid	(16,790)	-	
Other	(132)	(2,107)	
Net cash provided by financing activities	147,925	448,320	17,
Increase (decrease) in cash and cash equivalents	(51,617)	92,667	(54,
Cash and cash equivalents, beginning of period	5,536	17,958	
Cash and cash equivalents, end of period	$ (46,081)	$ 110,625	$ (54,

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18. SUBSEQUENT EVENTS

On October 7, 2002, the KKR Fund, ABBRA III LLC paid $13,885 for 383,574 shares of 8.625% Series H Exchangeable Preferred Stock. On November 5, 2002, ABBRA III LLC paid $1,527 for 44,000 shares of 8.625% Series H Exchangable Preferred

Stock. These purchases bring its ownership of that series of preferred stock to 1,114,871 shares.

On October 7, 2002, the KKR Fund, ABBRA III LLC paid $11,755 for 324,713 shares of 9.20% Series F Exchangeable Preferred Stock to bring its ownership of that series of preferred stock to 551,963 shares.

On October 7, 2002, the KKR Fund, ABBRA III LLC paid $5,081 for 140,357 shares of 10.00% Series D Exchangeable Preferred Stock to bring its ownership of that series of preferred stock to 559,363 shares.

Through November 13, 2002, the KKR Fund has purchased $111,487 face value of 8.625% Series H Exchangeable Preferred Stock for $37,621, $55,196 face value of 9.20% Series F Exchangeable Preferred Stock for $18,946 and $55,936 of 10.00% Series D Exchangeable Preferred Stock for $19,818.

Subsequent to September 30, 2002, the Company purchased on the open market, in multiple transactions; $1,000 of the 10 1/4% Senior Notes for cash of $903, plus accrued interest, $5,500 of the 8 7/8% Senior Notes for cash of $4,893, plus accrued interest, $8,500 of the 8 1/2% Senior Notes for cash of $7,839, plus accrued interest and $7,500 of the 7 5/8% Senior Notes for cash of $6,613, plus accrued interest. The Company has the authority to expend up to $50,000 for the purchase of its senior notes, in private or public transactions. Through November 13, 2002, the Company has expended $39,389, including fees associated with the above mentioned purchases, to repurchase $44,825 of face value of the Senior Notes.

On November 4, 2002, the Company entered into a definitive agreement to sell its American Baby Group for total cash consideration of $115,000 to Meredith Corporation. Proceeds from the sale are expected to exceed its net carrying value and will likely be used to pay-down borrowings under the credit facilities. In accordance with SFAS 144, the operating results of the American Baby Group will be reclassified to discontinued operations effective during the fourth quarter of 2002.

The following tables represent reported sales, net and reported EBITDA for the nine and three months ended September 30, 2002 and 2001, adjusted for the divestiture of the American Baby Group.

	Nine months ended September 30, 2002	Nine months ended September 30, 2001	Three months en September 30 2002	
Sales, net (as reported)	$ 1,219,817	$ 1,214,039	$ 399,960	$
Effect of the sale of the American Baby Group	(42,433)	(47,429)	(13,777)	
Sales, net (as restated)	$ 1,177,384	$ 1,166,610	$ 386,183	$

	Nine months ended September 30, 2002	Nine months ended September 30, 2001	Three months e September 3 2002	
EBITDA (as reported)	$ 158,705	$ 107,883	$ 65,178	$

Effect of the sale of the American Baby Group (1)	(7,371)	(2,475)	(3,806)	
EBITDA (as restated)	$ 151,334	$ 105,408	$ 61,372	$

(1) Includes expenses related to certain centralized functions that are shared by multiple titles, such as production, circulation, advertising, human resource and information technology costs but exclude general overhead costs.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

PRIMEDIA Inc., together with its subsidiaries, is herein referred to as either "PRIMEDIA" or the "Company."

The following discussion and analysis of the Company's unaudited consolidated financial condition and results of consolidated operations should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto. The Company's two segments are consumer and business-to-business.

The Company's consumer segment produces and distributes content for various niche consumer markets through magazines, guides, videos and over the Internet. The consumer segment includes the Consumer Magazine and Media Group, Consumer Guides, PRIMEDIA Television and About.com, Inc. ("About").

The Company's business-to-business segment produces and distributes content via magazines, books, video, exhibits, the internet, and databases to business professionals in such fields as communications, agriculture, professional services, media, transportation and healthcare. The business-to-business segment includes the Business Magazines & Media Group, PRIMEDIA Workplace Learning and PRIMEDIA Information.

Corporate represents items not allocated to other business segments such as general corporate administration.

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

Management believes a meaningful comparison of the results of operations for the nine and three months ended September 30, 2002 and 2001 is obtained by using the segment information and by presenting results from continuing businesses ("Continuing Businesses") which exclude the results of the non-core businesses

("Non-Core Businesses"). The Non-Core Businesses are those businesses that have been divested, discontinued or that management is evaluating for turnaround or shutdown. The Non-Core Businesses include: QWIZ, Inc. (divested in April 2001), Bacon's (divested in November 2001) and certain titles of The Business Magazines & Media Group and The Consumer Magazines & Media Group which are discontinued or divested. In addition, the Company has restructured or consolidated several new media properties, whose value can be realized with far greater efficiency by having select functions absorbed by the core operations and has included these properties in Non-Core Businesses. In the ordinary course of business, corporate administrative costs of approximately $1,900 and $7,600 were allocated to the Non-Core Businesses during the nine months ended September 30, 2002 and 2001, respectively, and $0 and $2,500 were allocated to the Non-Core Businesses during the three months ended September 30, 2002 and 2001, respectively. The Company believes that most of these costs, many of which are volume driven, such as the processing of payables and payroll, will be permanently reduced due to the shutdown or divestiture of the Non-Core Businesses. For the nine months ended September 30, 2002, the Company has reclassified certain product lines as Non-Core Businesses and in certain instances has restated prior periods accordingly. The Company believes that the amounts that have not been restated are not significant. Effective June 30, 2002, the Company has not classified any additional businesses as Non-Core Businesses nor will any additional balances be allocated to the Non-Core Businesses subsequent to June 30, 2002.

EBITDA represents earnings before interest, taxes, depreciation, amortization and other (income) charges ("EBITDA"). Other (income) charges include non-cash compensation and non-recurring charges, provision for severance, closures and restructuring related costs and (gain) loss on the sale of businesses and other, net. EBITDA is not intended to represent

cash flow 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. The Company believes EBITDA is a standard measure commonly reported and widely used by analysts, investors and other interested parties in the media industry. Accordingly, this information has been disclosed herein to permit a more complete comparative analysis of the Company's operating performance relative to other companies in its industry. EBITDA is presented herein to provide the reader a proxy for future ongoing liquidity and should not be considered in isolation or as a substitute for other measures of financial performance or liquidity. The primary difference between EBITDA and net cash used in operating activities relates to changes in working capital requirements and payments made for interest and income taxes. Additionally, 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. EBITDA as presented may not be comparable to similarly titled measures reported by other companies, since not all companies necessarily calculate EBITDA in identical manners, and therefore, is not necessarily an accurate measure of comparison between companies.

Primedia Inc. and Subsidiaries
Unaudited Results of Consolidated Operations
(dollars in thousands)

	Nine Months Ended	Three Mon

	September 30, 2002	September 30, 2001	Septem[ber 30,] 2002
Sales, Net:			
Continuing Businesses:			
Consumer	$ 1,031,827	$ 873,778	$ 347,754
Business-to-business	267,952	325,977	80,485
Eliminations	(93,453)	(43,167)	(28,279)
Subtotal	1,206,326	1,156,588	399,960
Non-Core Businesses	13,491	57,451	-
Total	$ 1,219,817	$ 1,214,039	$ 399,960
EBITDA:			
Continuing Businesses:			
Consumer	$ 162,282	$ 101,425	$ 64,832
Business-to-business	24,804	54,674	8,004
Corporate	(25,128)	(24,499)	(7,658)
Subtotal	161,958	131,600	65,178
Non-Core Businesses	(3,253)	(23,717)	-
Total	$ 158,705	$ 107,883	$ 65,178
Operating Income (Loss):			
Continuing Businesses:			
Consumer	$ 65,870	$ (169,975)	$ 28,092
Business-to-business	(12,211)	3,639	(6,466)
Corporate	(50,042)	(53,346)	(10,114)
Subtotal	3,617	(219,682)	11,512
Non-Core Businesses	(6,336)	(52,848)	-
Total	(2,719)	(272,530)	11,512
Other Income (Expense):			
Provision for the impairment of investments	(15,698)	(88,492)	(8,140)
Interest expense	(107,130)	(106,382)	(35,265)
Amortization of deferred financing costs	(2,608)	(10,007)	(885)
Other, net	(277)	(28,532)	1,391
Loss from Continuing Operations Before Income Taxes	(128,432)	(505,943)	(31,387)
Deferred (Provision) Benefit for Income Taxes	(45,500)	-	19,000
Loss from Continuing Operations	(173,932)	(505,943)	(12,387)
Discontinued Operations	35,906	2,586	26,755
Cumulative Effect of a Change in Accounting Principle (from the adoption of Statement of Financial Accounting Standards No. 142)	(388,508)	-	-

Net Income (Loss)	$ (526,534)	$ (503,357)	$ 14,368

NINE MONTHS ENDED SEPTEMBER 30, 2002 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2001

CONSOLIDATED RESULTS:

Sales from Continuing Businesses increased 4.3% to $1,206,326 in 2002 from $1,156,588 in 2001, due to growth in the consumer segment of $158,049 partially offset by a decline in the business-to-business segment of $58,025, further detailed below. Total sales, including Continuing and Non-Core Businesses, increased 0.5% to $1,219,817 in 2002 from $1,214,039 in 2001. The adoption of Emerging Issues Task Force ("EITF") Consensus No. 00-25, "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products," and EITF Consensus No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)" resulted in a net reclassification of product placement costs previously classified as distribution, circulation and fulfillment expense on the condensed statements of consolidated operations, to reductions of sales from such activities. The change in classification had no impact on the Company's results of operations, cash flows or financial position. The reclassification resulted in a net decrease in sales and a corresponding decrease in operating expenses of $15,503 for the nine months ended September 30, 2001.

During 2002 and 2001, the Company entered various assets-for-equity transactions, some of which also included cash consideration. The non-cash consideration was comprised of advertising, content licensing and other services to be rendered by the Company in exchange for equity in these entities. The Company recognizes these amounts as revenue in accordance with the Company's revenue recognition policies. Revenue recognized in connection with these assets-for-equity transactions was $5,590 and $50,561 during the nine months ended September 30, 2002 and 2001, respectively. In addition, for the nine months ended September 30, 2002 and 2001, revenue from barter transactions was approximately $12,000 and $35,000, respectively, with equal related expense amounts in each period.

EBITDA from Continuing Businesses increased 23.1% to $161,958 in 2002 from $131,600 in 2001, due to a increase of $60,857 related to the consumer segment, partially offset by a decrease in the business-to-business segment of $29,870, further detailed below. It is management's belief that results during the remainder of 2002 will benefit from seasonally stronger operating results as well as anticipated cost savings from previously enacted cost cutting initiatives. The Company has taken cost cutting actions during the past year which have resulted in approximately $100,000 in total cost reductions for the nine months ended September 30, 2002 over 2001. Total EBITDA, including Continuing and Non-Core Businesses, increased 47.1% to $158,705 in 2002 from $107,883 in 2001 primarily due to the EBITDA change detailed above and a decline in the EBITDA losses of the non-core segment, as the result of the closure of the Non-Core Business segment as well as the timing of the divestitures.

Operating income (loss) from Continuing Businesses was $3,617 in 2002 compared to ($219,682) in 2001. The change in Operating income (loss) was primarily due to an increase in EBITDA from Continuing Business of $30,358 and decrease in amortization expense of $147,557, including impairments, primarily due to the adoption of Statement of Financial Accounting Standards ("SFAS") No. 142. "Goodwill and Other Intangible Assets," which eliminated the amortization of goodwill and certain indefinite lived intangibles. In addition, there was a decrease of $49,555 related to non-cash compensation expense in connection with acquisitions. Total operating loss, including Continuing and Non-Core Businesses, was $2,719 in 2002 compared to $272,530 in 2001.

Interest expense increased by $748 or 0.7% in 2002 compared to 2001. This increase is due to borrowings of $265,000 under the bank credit facilities to partially finance the EMAP Inc. ("EMAP") acquisition. This increase was partially offset by the Company's use of divestiture proceeds to pay-down the Company's borrowings under its Credit Facilities, as well as a reduction in interest rates.

In connection with the adoption of SFAS 142, during the nine months ended September 30, 2002, the Company recorded an impairment charge related to its goodwill and certain indefinite lived intangible assets of $388,508 within cumulative effect of a change in accounting principle, which was recorded effective January 1, 2002. In addition, the Company recorded $45,500 of related non-cash deferred income tax expense. In addition, during 2002, the Company completed the sale of the Modern Bride Group ("MBG"), ExitInfo, CHICAGO, HORTICULTURE and DOLL READER and, as a result of adopting SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," reclassified the financial results of the divested units into discontinued operations on the condensed statements of consolidated operations for the nine months ended September 30, 2002 and 2001. SFAS 144 requires sales or disposals of long-lived assets that meet the criteria of SFAS 144, to be classified, on the statement of operations, as discontinued operations and to restate prior periods accordingly (see Recent Accounting Pronouncements for further discussion of SFAS 142 and SFAS 144). These divestitures were part of the Company's planned program which targeted the divestiture of $250,000 of Non-Core assets.

CONSUMER SEGMENT:

Consumer Segment (including Consumer Magazine and Media Group, Consumer Guides, PRIMEDIA Television and About):

Sales from Continuing Businesses increased 18.1% to $1,031,827 in 2002 from $873,778 in 2001, before intercompany eliminations. This increase was due primarily to the acquisition of EMAP ($184,828) whose results are included for periods subsequent to its acquisition partially offset by declines at certain Broadreach titles and certain enthusiast publications ($19,750), weakness at About ($10,854) and net declines at various other Consumer Segment units primarily due to industry-wide advertising softness. Intercompany eliminations of $72,575 in 2002 and $34,155 in 2001, represent intersegment sales ($3,112 and $2,434 for the nine months ended September 30, 2002 and 2001, respectively) and intrasegment sales ($69,463 and $31,721 for the nine months ended September 30, 2002 and 2001, respectively) which are eliminated in consolidation. New media sales from Continuing Businesses decreased 1.4% to $64,222 in 2002 from $65,130 in 2001, primarily due to decreases at About, which more than offset organic growth at apartmentguide.com and the inclusion of Emap for the period subsequent to the acquisition date. The declines at About primarily relate to the Company's reduction in certain "non-cash" revenue items such as barter and assets-for-equity. These new media sales include the allocation of bundled revenues (print and online billed together) and various intercompany transactions, which are eliminated in consolidation. As a result, the new media sales from Continuing Businesses are not necessarily indicative of the results had the new media businesses been operated as stand-alone operations. Total Consumer Segment sales, including Continuing and Non-Core Businesses, for the nine months ended September 30, 2001 reflects a reclassification related to the adoption of EITF 00-25 and EITF 01-9. The adoption of these pronouncements resulted in a reduction of sales, net of $15,503, and a corresponding reduction of distribution, circulation and fulfillment expense on the condensed statements of consolidated operations for the nine months ended September 30, 2001. Revenue recognized in connection with assets-for-equity transactions was $2,500 and $41,596 for the nine months ended September 30, 2002 and 2001, respectively. For the nine months ended September 30, 2002 and 2001, revenue from barter transactions was approximately $7,000 and $27,000, respectively, with equal related expense amounts in each period.

EBITDA from Continuing Businesses increased 60.0% to $162,282 in 2002 from $101,425 in 2001. This increase was due primarily to the acquisition of EMAP ($36,193) whose results are included for periods subsequent to its acquisition date and strength at Consumer Guides and certain Broadreach titles ($25,820), partially offset by net decreases in EBITDA at various Consumer Segment units, primarily due to industry-wide advertising softness and reduced newsstand sales. The EBITDA margin increased to 15.7% in 2002 compared to 11.6% in 2001 primarily due to cost cutting measures enacted during 2002 and 2001.

During the nine months ended September 30, 2002, the Company completed the sale of the MBG, which includes MODERN BRIDE plus 16 regional bridal magazines, ExitInfo, CHICAGO, HORTICULTURE and DOLL READER. In accordance with SFAS 144, the operating results of these divested entities have been reclassified to discontinued operations on the condensed statements of consolidated operations for the nine months ended September 30, 2002 and 2001. Sales from Continuing Businesses

excludes sales from discontinued operations of $28,590 and $61,364 during the nine months ended September 30, 2002 and 2001, respectively. EBITDA from Continuing Businesses excludes EBITDA gains (losses) from discontinued operations of $(918) and $5,915 during the nine months ended September 30, 2002 and 2001, respectively.

Operating income (loss) from Continuing Businesses, was $65,870 in 2002 compared to $(169,975) in 2001. The increase in operating income was attributable to the increase in EBITDA, a decrease in amortization expense ($137,712), including impairments, primarily due to the adoption of SFAS 142 which eliminated the amortization of goodwill and certain indefinite lived intangibles and a decrease in non-cash compensation expense in connection with the merger with About ($35,543).

BUSINESS-TO-BUSINESS:

Business-to-Business Segment (including Business Magazines and Media Group, Workplace Learning and PRIMEDIA Information):

Sales from Continuing Businesses decreased 17.8% to $267,952 in 2002 from $325,977 in 2001, before intercompany eliminations. This decrease was due primarily to industry advertising softness at certain business-to-business magazines and the timing of trade shows ($47,807) as well as net revenue declines at other business-to-business units. Intercompany eliminations of $20,878 in 2002 and $9,012 in 2001, represent intersegment sales ($1,907 and $24 for the nine months ended September 30, 2002 and 2001, respectively) and intrasegment sales ($18,971 and $8,988 for the nine months ended September 30, 2002 and 2001, respectively) which are eliminated in consolidation. New media sales from Continuing Businesses increased 14.3% to $10,625 in 2002 from $9,292 in 2001. These new media sales include various intercompany transactions, which are eliminated in consolidation. As a result, the new media sales from

Continuing Businesses are not necessarily indicative of the results had the new media businesses been operated as stand-alone operations. Revenue recognized in connection with assets-for-equity transactions was $3,090 and $8,965 for the nine months ended September 30, 2002 and 2001, respectively. For the nine months ended September 30, 2002 and 2001, revenue from barter transactions was approximately $5,000 and $8,000, respectively, with equal related expense amounts in each year.

EBITDA from Continuing Businesses decreased 54.6% to $24,804 in 2002 from $54,674 in 2001. This decrease was due primarily to industry-wide advertising weakness at the Business Magazines & Media Group ($27,042). The EBITDA margin decreased to 9.3% in 2002 compared to 16.8% in 2001 primarily due to softness in business-to-business advertising partially offset by cost cutting measures, including significant staff reductions in the Business Magazines and Media Group.

Operating income (loss) from Continuing Businesses, was ($12,211) in 2002 compared to $3,639 in 2001. The decrease in operating income was attributable to the decrease in EBITDA which was partially offset by a decrease in amortization expense ($10,007), including impairments, primarily due to the adoption of SFAS 142 which eliminated the amortization of goodwill and indefinite lived intangibles and a decrease in restructuring and restructuring related charges ($4,165).

CORPORATE:

Corporate expenses increased to $25,128 in 2002 from $24,499 in 2001. This increase was due to increased professional fees and certain incremental technology and consulting costs relating to cost saving actions partially offset by cost saving actions taken, including headcount reductions.

Corporate operating loss decreased to $50,042 in 2002 from $53,346 in 2001. Operating loss includes $6,282 and $19,603 of non-cash compensation and non-recurring charges during the nine months ended September 30, 2002 and 2001, respectively, representing executive compensation in the form of stock and option grants and the extension of certain stock option expiration periods. In addition, the operating loss includes, provisions for severance, closures and restructuring related costs of $16,068 and $7,305 during the nine months ended September 30, 2002 and 2001, respectively. The

provision for severance, closures and restructuring related costs is comprised primarily of real estate lease commitments for space that the Company no longer occupies.

NON-CORE BUSINESSES:

Sales from Non-Core Businesses decreased to $13,491 in 2002 from $57,451 in 2001 primarily due to the closure or divestiture of the Non-Core Businesses.

EBITDA from the Non-Core Businesses was $(3,253) in 2002 compared to $(23,717) in 2001. Corporate administrative costs of approximately $1,900 and $7,600 were allocated to the Non-Core Businesses during the nine months ended September 30, 2002 and 2001, respectively. The Company believes that most of these costs, many of which are volume driven, such as the processing of payables and payroll, will be permanently reduced or eliminated due to the shutdown or divestiture of the Non-Core Businesses.

Operating loss from Non-Core Businesses decreased to $6,336 in 2002 from $52,848 in 2001 due primarily to the closure or divestiture of the Non-Core Businesses.

THREE MONTHS ENDED SEPTEMBER 30, 2002 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2001:

CONSOLIDATED RESULTS:

Sales from Continuing Businesses increased 5.8% to $399,960 in 2002 from $378,012 in 2001, due to growth in the consumer segment of $54,117 partially offset by a decline in the business-to-business segment of $16,420, further detailed below. Total sales, including Continuing and Non-Core Businesses, increased .8% to $399,960 in 2002 from $396,605 in 2001. The adoption of EITF Consensus No. 00-25 and EITF Consensus No. 01-9, resulted in a net reclassification of product placement costs previously classified as distribution, circulation and fulfillment expense on the condensed statements of consolidated operations, to reductions of sales from such activities. The change in classification had no impact on the Company's results of operations, cash flows or financial position. The reclassification resulted in a net decrease in sales and a corresponding decrease in operating expenses of $5,833 for the three months ended September 30, 2001.

During 2002 and 2001, the Company entered various assets-for-equity transactions, some of which also included cash consideration. The non-cash consideration was comprised of advertising, content licensing and other services to be rendered by the Company in exchange for equity in these entities. The Company recognizes these amounts as revenue in accordance with the Company's revenue recognition policies. Revenue recognized in connection with these assets-for-equity transactions was $1,059 and $3,699 during the three months ended September 30, 2002 and 2001, respectively. In addition, for the three months ended September 30, 2002 and 2001, revenue from barter transactions was approximately $3,000 and $9,000, respectively, with equal related expense amounts in each period.

EBITDA from Continuing Businesses increased 92.6% to $65,178 in 2002 from $33,849 in 2001, due to an increase of $37,611 related to the consumer segment, partially offset by a decrease in the business-to-business segment of $6,884, further detailed below. It is management's belief that results during the remainder of 2002 will benefit from seasonally stronger operating results as well as anticipated cost savings from previously enacted cost cutting initiatives. Total EBITDA, including Continuing and Non-Core Businesses, increased 128.7% to $65,178 in 2002 from $28,500 in 2001 primarily due to an increase in the consumer segment.

Operating income (loss) from Continuing Businesses was $11,512 in 2002 compared to ($153,835) in 2001. This increase in operating income was due to a increase in EBITDA from Continuing Businesses of $31,329 and a decrease in amortization expense of $77,725, including impairments, primarily due to the adoption of SFAS No. 142 which eliminated the amortization of goodwill and indefinite lived intangibles. In addition, there was a decrease of $11,490 related to provisions for severance, closures and restructuring related costs, and a decrease of $44,574 related to non-cash compensation and non-recurring charges. Total operating income (loss), including Continuing and Non-Core Businesses, was $11,512 in 2002 compared to ($176,500) in 2001.

Interest expense decreased by $4,277 or 10.8% in 2002 compared to 2001. This decrease is due to reduced interest rates during 2002.

In connection with the adoption of SFAS 142, during the three months ended

September 30, 2002, the Company recorded an impairment charge related to its goodwill and certain indefinite lived intangible assets of $366,973 within cumulative effect of a change in accounting principle, which was recorded effective January 1, 2002. In addition, the Company recorded $19,000 of related non-cash deferred income tax benefit. The Company expects that it will record an additional $4,000 to increase the valuation allowance during the remaining three months of 2002, before considering the impact of any additional impairment of goodwill. In addition, during 2002, the Company completed the sale of MBG, ExitInfo, CHICAGO, HORTICULTURE and DOLL READER and, as a result of adopting SFAS 144, reclassified the financial results of the divested units into discontinued operations on the condensed statements of consolidated operations for the three months ended September 30, 2002 and 2001. SFAS 144 requires sales or disposals of long-lived assets that meet the criteria of SFAS 144, to be classified, on the statement of operations, as discontinued operations and to restate prior periods

accordingly (see Recent Accounting Pronouncements for further discussion of SFAS 142 and SFAS 144). These divestitures were part of the Company's planned program which targeted the divestiture of $250,000 of Non-Core assets.

CONSUMER:

Consumer Segment (including Consumer Magazine and Media Group, Consumer Guides, PRIMEDIA Television and About):

Sales from Continuing Businesses increased 18.4% to $347,754 in 2002 from $293,637 in 2001, before intercompany eliminations. This increase was due primarily to the acquisition of EMAP ($44,913) whose results are included for periods subsequent to its acquisition and strength at Consumer Guides ($5,776). Intercompany eliminations of $22,929 in 2002 and $9,079 in 2001, represent intersegment sales ($1,064 and $718 for the three months ended September 30, 2002 and 2001, respectively) and intrasegment sales ($21,865 and $8,361 for the three months ended September 30, 2002 and 2001, respectively) which are eliminated in consolidation. New media sales from Continuing Businesses increased 19.4% to $21,184 in 2002 from $17,744 in 2001, primarily due to the acquisition of EMAP as well as the organic growth at apartmentguide.com. These new media sales include the allocation of bundled revenues (print and online billed together) and various intercompany transactions, which are eliminated in consolidation. As a result, the new media sales from Continuing Businesses are not necessarily indicative of the results had the new media businesses been operated as stand-alone operations. Total Consumer Segment sales, including Continuing and Non-Core Businesses, for the three months ended September 30, 2001 reflects a reclassification related to the adoption of EITF 00-25 and EITF 01-9. The adoption of these pronouncements resulted in a reduction of sales, net of $5,833, and a corresponding reduction of distribution, circulation and fulfillment expense on the condensed statements of consolidated operations for the three months ended September 30, 2001. Revenue recognized in connection with assets-for-equity transactions was $222 and $1,728 for the three months ended September 30, 2002 and 2001, respectively. For the three months ended September 30, 2002 and 2001, revenue from barter transactions was approximately $1,300 and $7,000, respectively, with equal related expense amounts in each period.

EBITDA from Continuing Businesses increased 138.2% to $64,832 in 2002 from $27,221 in 2001. This increase was due primarily to the EBITDA increase from the acquisition of EMAP ($9,418) whose results are included for periods subsequent to its acquisition date, increases at certain broadreach and enthusiast titles ($15,177), strength at Consumer Guides ($5,477) and About ($3,330) and net increases in EBITDA at various Consumer Segment units. The EBITDA margin increased to 18.6% in 2002 compared to 9.3% in 2001 primarily due to cost cutting measures enacted during 2002 and 2001.

During the third quarter of 2002, the Company completed the sale of CHICAGO, HORTICULTURE and DOLL READER. In accordance with SFAS 144, the operating results of the divested operating units have been reclassified to discontinued operations on the condensed statements of consolidated operations for the three months ended September 30, 2002 and 2001. Sales from Continuing Businesses excludes sales from discontinued operations of $4,675 and $16,185 during the third quarter of 2002 and 2001, respectively. EBITDA from Continuing Businesses excludes EBITDA from discontinued operations of ($697) and ($879) during the third quarter of 2002 and 2001, respectively.

Operating income (loss) from Continuing Businesses, was $28,092 in 2002 compared to ($127,301) in 2001. The increase in operating income was attributable to the increase in EBITDA, a decrease in amortization expense ($72,357), including impairments, primarily due to the adoption of SFAS 142 which eliminated the amortization of goodwill and indefinite lived intangibles, a reduction in non-cash compensation and non-recurring charges ($38,800) and a reduction in restructuring and restructuring related costs ($8,751).

BUSINESS-TO-BUSINESS:

Business-to-Business Segment (including Business Magazines and Media Group, Workplace Learning and PRIMEDIA Information):

Sales from Continuing Businesses decreased 16.9% to $80,485 in 2002 from $96,905 in 2001, before intercompany eliminations. This decrease was due primarily to industry advertising softness at certain business-to-business magazines and the timing of trade shows ($14,715). Intercompany eliminations of $5,350 in 2002 and $3,451 in 2001, represent intersegment sales ($604 and $1 for the three months ended September 30, 2002 and 2001, respectively) and intrasegment sales ($4,746 and $3,450 for the three months ended September 30, 2002 and 2001, respectively) which are eliminated in consolidation. New media sales from Continuing Businesses increased 2.4% to $2,945 in 2002 from $2,875 in 2001. These new media sales include various intercompany transactions, which are eliminated in consolidation. As a result, the new media sales from Continuing Businesses are not necessarily indicative of the results had the new media businesses been operated as stand-alone operations. Revenue recognized in connection with assets-for-equity transactions was $837 and $1,971 for the three months ended September 30, 2002 and 2001, respectively. For the three months ended September 30, 2002 and 2001, revenue from barter transactions was approximately $1,700 and $2,000, respectively, with equal related expense amounts in each year.

EBITDA from Continuing Businesses decreased 46.2% to $8,004 in 2002 from $14,888 in 2001. This decrease was due primarily to weakness at the Business Magazines & Media Group ($8,695) partially offset by improved performance at other business-to-business segment units. The EBITDA margin decreased to 9.9% in 2002 compared to 15.4% in 2001 primarily due to softness in business-to-business advertising. For the three months ended September 30, 2002 and 2001, respectively, approximately 40% and 31% of the segment's EBITDA came from non-advertising sources, including database products, books, exhibitions, conferences and training services.

Operating loss from Continuing Businesses, was $6,466 in 2002 compared to $7,884 in 2001. The decrease in operating loss was attributable to a decrease in amortization expense ($5,421), including impairments, primarily due to the adoption of SFAS 142, which eliminated the amortization of goodwill and indefinite lived intangibles and a reduction in restructuring and restructuring related costs ($2,439). The decrease in amortization expense and the reduction in restructuring and restructuring related costs more than offset the decrease in EBITDA.

CORPORATE:

Corporate expenses decreased to $7,658 in 2002 from $8,260 in 2001 due to cost saving actions taken, including headcount reductions.

Corporate operating loss was $10,114 in 2002 compared to $18,650 in 2001. Operating loss includes $1,848 and $7,679 of non-cash compensation and non-recurring charges during the three months ended September 30, 2002 and 2001, respectively, primarily representing executive compensation in the form of stock and option grants and the extension of certain stock option expiration periods. In addition, the operating loss includes, provisions for severance, closures and restructuring related costs of ($378) and $2,099 during the three months ended September 30, 2002 and 2001, respectively. The provision for severance, closures and restructuring related costs is comprised primarily of real estate lease commitments for space that the Company no longer occupies.

NON-CORE BUSINESSES:

Effective June 30, 2002, the Company has not classified any additional businesses as Non-Core Businesses nor will any additional balances be allocated to the Non-Core Businesses subsequent to June 30, 2002.

LIQUIDITY, CAPITAL AND OTHER RESOURCES

The Company believes its liquidity, capital resources and cash flow are sufficient to fund planned capital expenditures, working capital requirements, interest and principal payments on its debt, the payment of preferred stock dividends and other anticipated expenditures for the next fiscal year. The Company has implemented and continues to implement

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various cost-cutting programs and cash conservation plans, which involve the limitation of capital expenditures and the control of working capital. These plans should help mitigate any future possible cash flow shortfalls.

WORKING CAPITAL

Consolidated working capital deficiency, which includes current maturities of long-term debt, was $257,405 at September 30, 2002 compared to $220,259 at December 31, 2001. Consolidated working capital reflects certain industry working capital practices and accounting principles, including the recording of deferred revenue from subscriptions as a current liability as well as the expensing of certain advertising, editorial and product development costs as incurred.

At September 30, 2002, the Company had cash and unused credit facilities of approximately $274,000 as further discussed below. The Company believes that due substantially to anticipated asset sale proceeds, seasonal working capital trends and improved operating performance, the amount of cash and unused credit facilities will increase at December 31, 2002. In addition, there are no material required debt repayments until June 1, 2004. A change in the rating of our debt instruments by the outside rating agencies does not negatively impact our ability to use our available lines of credit or the borrowing rate under our credit facilities. As of November 1, 2002, the Company's senior debt rating from

Moody's was B3 and from Standard and Poor's was B. In August 2002, Standard and Poor's removed the debt from Credit Watch.

CAPITAL AND OTHER RESOURCES

PRIMEDIA is the result of numerous acquisitions since its inception in 1989. Many of the companies acquired had financial systems which are incompatible. Incompatible financial systems across PRIMEDIA have negatively impacted the Company's ability to efficiently analyze data and respond to business opportunities on a timely basis. Significant capital expenditures are necessary to upgrade and standardize financial systems across the Company. Despite the economic slowdown, the Company is engaged in upgrading its key financial systems, which are designed to make the financial reporting and analysis functions more efficient.

The decline in advertising revenues has necessitated cost cuts including the reduction of certain back office personnel at the Company. Such workforce reductions may impact the ability of remaining personnel to perform their assigned responsibilities in an efficient manner, due to the increased volume of work being generated in the financial area, among other things, by the process of converting its systems. The Company believes that it has in place, the necessary financial workforce to analyze data and is looking to put in place additional financial personnel, during the period prior to the completion of the financial systems upgrade, in order to improve the efficiency of financial analysis and mitigate the risk of employee turnover.

The Company's management is concerned about the intense competition in this economy for the hiring and retention of qualified financial personnel, the current lack of compatible financial systems across the Company and the demands surrounding increased financial disclosure. To mitigate management's concerns regarding the hiring and retention of qualified financial personnel and to ensure future stability in the financial workforce, the Company has upgraded the skill level of its back office personnel, has consolidated certain back office functions and has cross trained and continues to cross train individuals in the performance of multiple job functions and is aggressively recruiting to strengthen and increase its financial resources. To address management's concerns regarding the current lack of compatible financial systems across the Company and the demands surrounding increased financial disclosure, the Company has begun to install an integrated enterprise-wide financial system across all companies. Several smaller units have already been converted to an integrated enterprise-wide financial system this year with the remaining units to be converted over the next 18 months. Despite the difficult economic environment, the Company plans to spend approximately $7,100 on the systems upgrade this year, of which approximately $3,200 has been spent during the nine months ended September 30, 2002. However, it will take approximately 18-24 months to complete the systems upgrade and fully realize the planned benefits of an integrated enterprise-wide financial system. The Company recognizes that there are inherent risks in a system implementation and has taken reasonable steps to mitigate these risks.

In addition to the upgrade and standardization of financial systems, the Company anticipates that a capital investment will be required after 2004 to continue the current business operations and to maintain profit margins of ChannelOne.

CASH FLOW - 2002 COMPARED TO 2001

Net cash provided by (used in) operating activities, as reported, during 2002, after interest payments of $95,184, increased to $12,429 as compared to

($147,530) during 2001, primarily due to an increase in EBITDA, increased collections of trade receivables of $20,554, reduced payments related to accrued expenses and other current liabilities of $29,889, a reduction in the prepayment of expenses and other assets of $61,450, as well as other working capital changes. Net capital expenditures decreased 30.0% to $27,404 during 2002 compared to $39,139 during 2001 due primarily to reduced levels of capital expenditures during 2002. Net cash provided by (used in) investing activities during 2002 was $95,205 compared to ($479,691) during 2001. The increase in cash provided from investing activities is due to reduced acquisition activity during 2002 and increased proceeds from the sales of businesses in connection with the Company's plans to divest businesses. Net cash provided by (used in) financing activities during 2002 was ($122,455) compared to $614,039 during 2001. The change was primarily attributable to proceeds from the 2001 issuances of senior notes and convertible preferred stock of $617,685.

FINANCING ARRANGEMENTS

On June 20, 2001, the Company completed a refinancing of its existing bank credit facilities pursuant to new bank credit facilities with The Chase Manhattan Bank, Bank of America, N.A., The Bank of New York, and The Bank of Nova Scotia, as agents. The debt under the new credit agreement (as well as certain of the Company's other equally and ratably secured indebtedness) is secured by a pledge of the stock of PRIMEDIA Companies Inc., an intermediate holding company, owned directly by the Company, which owns directly or indirectly all shares of PRIMEDIA subsidiaries that guarantee such debt.

Substantially all proceeds from sales of businesses and other investments were used to pay down borrowings under the credit agreement. Amounts under the bank credit facilities may be reborrowed and used for general corporate and working capital purposes as well as to finance certain future acquisitions. The bank credit facilities consist of the following:

- a $475,000 revolving loan facility, of which $200,000 was outstanding at September 30, 2002.
- a term loan A, of which $100,000 was outstanding at September 30, 2002; and
- a term loan B, of which $420,750 was outstanding at September 30, 2002.

With the exception of the term loan B, the amounts borrowed bear interest, at the Company's option, at either the base rate plus an applicable margin ranging from 0.125% to 1.5% or the Eurodollar Rate plus an applicable margin ranging from 1.125% to 2.5%. The term loan B bears interest at the base rate plus 1.75% or the Eurodollar rate plus 2.75%. At September 30, 2002, the weighted average variable interest rate on all outstanding borrowings under the bank credit facilities was 4.5%.

Under the bank credit facilities, the Company has agreed to pay commitment fees at a per annum rate of either 0.375% or 0.5%, depending on its debt to EBITDA ratio, as defined in the new credit agreement, on the daily average aggregate unutilized commitment under the revolving loan commitment. During the first nine months of 2002, the Company's commitment fees were paid at a weighted average rate of 0.5%. The Company also has agreed to pay certain fees with respect to the issuance of letters of credit and an annual administration fee.

The commitments under the revolving loan commitment are subject to mandatory reductions semi-annually on June 30 and December 31, commencing December 31, 2004 with the final reduction on June 30, 2008. The aggregate mandatory reductions of the revolving loan commitments under the bank credit facilities are $23,750 in 2004, $47,500 in 2005,

$71,250 in 2006, $142,500 in 2007 and a final reduction of $190,000 in 2008. To the extent that the total revolving credit loans outstanding exceed the reduced commitment amount, these loans must be paid down to an amount equal to or less than the reduced commitment amount. However, if the total revolving credit loans outstanding do not exceed the reduced commitment amount, then there is no requirement to pay down any of the revolving credit loans. Aggregate term loan payments under the bank credit facilities are $2,125 in 2002, $4,250 in 2003, $16,750 in 2004, $29,250 in 2005, 2006 and 2007, $16,750 in 2008 and $393,125 in 2009.

The bank credit facilities, among other things, limit the Company's ability to change the nature of its businesses, incur indebtedness, create liens, sell assets, engage in mergers, consolidations or transactions with affiliates, make investments in or loans to certain subsidiaries, issue guarantees and make certain restricted payments including dividend payments on and or repurchases of the Company's common stock in excess of $75,000 in any given year.

The bank credit facilities and senior notes of the Company contain certain customary events of default which generally give the banks or the noteholders, as applicable, the right to accelerate payments of outstanding debt. Under the bank credit facilities, these events include:

- failure to maintain required covenant ratios, as described below;
- failure to make a payment of principal, interest or fees within five days of its due date;
- default, beyond any applicable grace period, on any aggregate indebtedness of PRIMEDIA exceeding $20,000;
- occurrence of certain insolvency proceedings with respect to PRIMEDIA or any of its material subsidiaries;
- entry of one judgment or decree involving a liability of $15,000 or more (or more than one involving an aggregate liability of $25,000 or more); and
- occurrence of certain events constituting a change of control of the Company.

The events of default contained in PRIMEDIA's senior notes are similar to, but generally less restrictive than, those contained in the Company's bank credit facilities.

The Company does not anticipate the occurrence of any of these default events. Upon the occurrence of such an event, the Company has the ability to cure or renegotiate with its lenders.

Under the most restrictive debt covenants as defined in the Company's credit agreement, the Company must maintain a minimum interest coverage ratio, as defined, of 1.80 to 1 and a minimum fixed charge coverage ratio, as defined, of 1.05 to 1. The Company's maximum allowable debt leverage ratio, as defined, is 6.0 to 1. The maximum leverage ratio decreases to 5.75 to 1, 5.5 to 1, 5.0 to 1 and 4.5 to 1, respectively, on July 1, 2003, January 1, 2004, January 1, 2005 and January 1, 2006. The minimum interest coverage ratio increases to 2.0 to 1, 2.25 to 1 and 2.5 to 1, respectively, on July 1, 2003, January 1, 2004 and January 1, 2005. The Company is in compliance with the financial and operating covenants of its financing arrangements.

As of September 30, 2002, the Company had $720,750 borrowings outstanding, approximately $19,500 letters of credit outstanding and unused bank commitments of approximately $255,000 under the bank credit facilities.

As a result of the refinancing of the Company's existing bank credit facilities, during the second quarter of 2001, the Company wrote-off the remaining balances of deferred financing costs originally recorded approximating $7,250. This write-off is included within amortization of deferred financing costs on the accompanying condensed statement of consolidated operations for the nine months ended September 30, 2001.

The 10 1/4% Senior Notes mature in June 2004, the 8 1/2% Senior Notes mature in February 2006, the 7 5/8% Senior Notes mature in April 2008 and the 8 7/8% Senior Notes mature in May 2011.

During the third quarter of 2002, the Board of Directors authorized the Company to expend up to $20,000 for the purchase of its senior notes in private or public transactions. On October 4, 2002, the Board of Directors increased the authorization to an aggregate of $50,000. During the nine months ended September 30, 2002, the Company repurchased $14,825 of the 10 1/4% Senior Notes for $13,397 plus accrued interest, $1,000 of the 7 5/8% Senior Notes for $763 plus accrued interest and $6,500 of the 8 7/8% Senior Notes for $4,981 plus accrued interest. The Senior Note purchases include fees associated with these purchases.

The Company has no special purpose entities or off balance sheet debt, other than as related to operating leases in the ordinary course of business and the contingent liability with NBC Sports relating to the Gravity Games, which are more fully disclosed below. In addition, on a regular basis the Company holds meetings with its shareholders, bondholders, banks and the rating agencies to discuss the operating performance of the Company.

The Company is in compliance with the financial and operating covenants of its financing arrangements. The Company discloses the details of the compliance calculation to its banks and certain other lending institutions in a timely manner. To provide greater clarity, as of and for the nine months ended September 30, 2002, the Company has in addition made information available to its banks and certain other lending institutions as to the composition of its intercompany transactions (including licensing and cross promotion) and Asset-for-Equity transactions.

The Company is herewith providing detailed information and disclosure as to the methodology used in determining compliance with the leverage test in the credit agreements. The purpose for providing this information is to provide more clarity as to the substantial amount of disclosure already provided. Under its various credit and senior note agreements, the Company is allowed to designate certain businesses as unrestricted subsidiaries to the extent that the value of those businesses does not exceed the permitted amounts, as defined in these agreements. The Company has designated certain of its businesses as unrestricted (the "Unrestricted Group"), which primarily represent Internet businesses, trademark and content licensing and service companies, new launches (including traditional start-ups), other properties under evaluation for turnaround or shutdown and foreign subsidiaries. Indebtedness under the bank credit facilities and senior note agreements is guaranteed by each of the Company's domestic restricted subsidiaries in accordance with the provisions and limitations of the Company's credit and senior note agreements. The guarantees are full, unconditional and joint and several. The Unrestricted Group does not guarantee the bank credit facilities or senior notes, and its results (positive or negative) are not reflected in the EBITDA of the Restricted Group, as defined in the Company's credit and senior note agreements for purposes of determining compliance with certain financial covenants under these agreements. The Company has established intercompany arrangements that implement transactions, such as leasing, licensing, sales and related services and cross-promotion, between restricted and unrestricted subsidiaries, on an arms' length basis and as permitted by the credit and senior note agreements. These intercompany arrangements afford strategic benefits across the Company's properties and, in particular, enable the Unrestricted Group to utilize established brands and content and promote brand awareness and increase traffic and revenue to the Company's new media properties. For company-wide consolidated financial reporting, these intercompany transactions are eliminated in consolidation. Additionally, the EBITDA of the Restricted Group, as determined in accordance with these agreements, omits restructuring charges and is adjusted for trailing four quarters results of acquisitions and divestitures and estimated savings for acquired businesses.

As calculated per the definition within leverage covenants in the Company's credit agreement, EBITDA of the Restricted Group (as defined) for the twelve and three months ended September 30, 2002 was $360,580 and $97,674, respectively. The EBITDA of the Restricted Group can be derived by adding back the EBITDA loss of the Unrestricted Group to the EBITDA set forth on the condensed statements of consolidated operations and adding back the net proforma effect of acquisitions/divestitures and other adjustments.

The EBITDA set forth on the condensed statements of consolidated operations for the twelve and three months ended September 30, 2002 was $211,567 and $65,178, respectively. The EBITDA of the Unrestricted Group for the twelve and three months ended September 30, 2002 was a loss of $155,662 and $34,996.

Adjustments (such as divestitures and non-recurring cash charges), which are included in the compliance calculations, were ($6,649) for the twelve months ended September 30, 2002 and ($2,500) for the three months ended September 30, 2002. The EBITDA loss of the Unrestricted Group is comprised of the following categories in the following percentages for the twelve months ended September 30, 2002: Internet properties 63%; traditional turnaround and start-up properties 26%; non-core properties 6%; and related overhead and other charges 5%. The EBITDA loss of the Unrestricted Group is comprised of the following categories in the following percentages for the three months ended September 30, 2002: Internet properties 62%; traditional turnaround and start-up properties 31%; and related overhead and other charges 7%. The majority of the losses on Internet Properties for the twelve months ended September 30, 2002 relate to intercompany transactions (including trademark/content licensing and cross promotion).

The calculation of the Company's leverage ratio, as required under the credit agreement for covenant purposes, is defined as the Company's consolidated debt divided by the EBITDA of the Restricted Group. At September 30, 2002, this leverage ratio was approximately 5.2 to 1, an improvement from the corresponding ratio at June 30, 2002 of approximately 5.6 to 1.

The contractual obligations of the Company as of September 30, 2002, are as follows:

CONTRACTUAL CASH OBLIGATIONS	TOTAL	LESS THAN 1 YEAR	1-3 YEARS
Long-term debt............................	$ 1,840,505	$ 4,250	$ 118,675
Capital lease obligations..................	25,481	3,632	5,183
Operating leases...........................	163,110	35,160	62,517
Total Contractual Cash Obligations..........	$ 2,029,096	$ 43,042	$ 186,375

The Company has other commitments in the form of letters of credit of approximately $19,500 aggregate face value which expire before the end of 2002.

OTHER ARRANGEMENTS

In connection with the About merger, certain senior executives were granted 2,955,450 shares of restricted PRIMEDIA common stock. These shares of restricted PRIMEDIA common stock, which were valued at $9.50 per share, the closing stock price on February 28, 2001, vest at a rate of 25% per year and are subject to the executives' continued employment. Related non-cash compensation of $1,731 and $8,530 was recorded for the nine months ended September 30, 2002 and 2001, respectively, and $479 and $3,656 was recorded for the three months ended September 30, 2002 and 2001, respectively. This non-cash compensation reflects pro rata vesting on a graded basis.

In addition, these senior executives were granted options to purchase 3,482,300 shares of PRIMEDIA common stock at an exercise price of $2.85 per share, equal to thirty percent of the fair market value per share on that date. These options vest at a rate of 25% per year and are subject to the executives' continued employment. Related non-cash compensation of $1,428 and $7,035 was recorded for the nine months ended September 30, 2002 and 2001, respectively, and $395 and $3,015 was recorded for the three months ended September 30, 2002 and 2001, respectively. This non-cash compensation reflects pro rata vesting on a graded basis. Amounts reflect a 70% market value discount ($6.65 per share) based on a PRIMEDIA per share market value of $9.50 which was the closing price on February 28, 2001.

Two senior executives of About also entered into share lockup agreements with the Company, pursuant to which they agreed to specific restrictions regarding the transferability of their shares of PRIMEDIA common stock issued in the merger. Under the terms of those agreements, during the first year after the closing of the merger, the executives could sell a portion

of their shares of the Company's common stock, subject to the Company's right of first refusal with respect to any sale. In the event that the gross proceeds received on sale were less than $33,125 (assuming all shares are sold), the Company agreed to pay the executives the amount of such shortfall ("the Shortfall Payment").

During the third quarter of 2001, one of the executives, who subsequently left the Company, advised the Company that he was selling 1,429,344 shares of the Company's common stock in the market. Concurrently therewith, the executive assigned to a financial institution the right to receive his Shortfall Payment on that number of shares. The financial institution advised the Company that it purchased 1,429,344 shares of the Company's common stock in the market. The financial institution agreed to waive its right to the Shortfall Payment in exchange for the Company's agreement to make the financial institution whole if it sells such shares, which it purchased in the market, for proceeds of less than approximately $23,406. As of March 8, 2002, the financial institution had sold all of the shares in the open market for proceeds of approximately $3,300. In April 2002, the Company paid approximately $20,300 to the financial institution.

SFAS No. 123, "Accounting for Stock Based Compensation," provides for a fair-value based method of accounting for employee options and measures compensation expense using an option valuation model that takes into account, as of the grant date, the exercise price and expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate for the expected term of the option. The Company has elected to continue accounting for employee stock-based compensation under Accounting Principles Board ("APB") No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Under APB No. 25, because the exercise price of the Company's stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized. Assuming the Company had accounted for the options in accordance with SFAS 123, the estimated non-cash option expense would have approximated $27,400 and $8,800 during the nine and three months ended September 30, 2002. As of September 30, 2002, approximately 27% of the stock options outstanding were granted in connection with the About merger. The options granted in connection with the About merger replaced options granted to certain employees of About prior to the merger. Approximately 45% of the About replacement options will have expired or have been forfeited prior to December 31, 2002, and the majority of the remaining About options are expected to expire during 2003. We do not expect a material amount of these options to be exercised, as the various exercise prices of the outstanding options significantly exceed the current price of the underlying stock.

During the first quarter of 2002, the Board of Directors authorized the exchange by the Company of up to approximately $100,000 of exchangeable preferred stock. During May 2002, the Board of Directors increased the authorization to an aggregate of approximately $165,000 of exchangeable preferred stock. During the nine months ended September 30, 2002, the Company exchanged $23,013, face value of Series D Exchangeable Preferred Stock for 4,467,033 shares of common stock, $22,667, face value of Series F Exchangeable Preferred Stock for 4,385,222 shares of common stock and $29,761, face value of Series H Exchangeable Preferred Stock for 5,508,050 shares of common stock. The Company expects to realize approximately $7,000 in annualized cash savings from reduced dividend payments associated with its exchangeable preferred stock.

FINANCING ARRANGEMENTS - EMAP FINANCING

On August 24, 2001, the Company acquired, by merger, 100% of the outstanding common stock of the publishing business of EMAP. The strategic acquisition of EMAP has strengthened the Company's unique mix of category specific endemic advertising as well as circulation revenue. This acquisition solidified PRIMEDIA as the leader in the specialty magazine industry in terms of revenue and single copy sales. The total consideration was $525,000, comprised of $515,000 in cash, including an estimate of working capital settlements of $10,000 (which is subject to final settlement), and warrants to acquire 2,000,000 shares of the Company's common stock at $9 per share. The fair value of the warrants was approximately $10,000 and was determined using a Black Scholes pricing model. These warrants expire ten years from the date of issuance.

The Company financed the acquisition of EMAP by (1) issuing 1,000,000 shares of Series J Convertible Preferred Stock to KKR 1996 Fund (a partnership associated with Kohlberg Kravis Roberts & Co. L.P., ("KKR") a related party of the

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Company) for $125,000 and (2) drawing upon its revolving credit facility in an amount of approximately $265,000. In addition, KKR 1996 Fund purchased from the Company $125,000 of common stock and Series K Convertible Preferred Stock, both at a price per share equal to $4.70. This resulted in an additional 10,800,000 shares of common stock and 15,795,745 shares of Series K Convertible Preferred Stock. On September 27, 2001, all of the issued and outstanding shares of the Series K Convertible Preferred Stock were, in accordance with their terms, converted into 15,795,745 shares of the Company's common stock.

The Series J Convertible Preferred Stock is convertible at the option of the holder after one year from the date of issuance, into approximately 17,900,000 shares of the Company's common stock at a conversion price of $7 per share, subject to adjustment. Dividends on the Series J Convertible Preferred Stock accrue at an annual rate of 12.5% and are payable quarterly in-kind. The Company paid dividends-in-kind (99,733 shares of Series J Convertible Preferred Stock) valued at $12,466 during the nine months ended September 30, 2002 and (34,272 shares of Series J Convertible Preferred Stock) valued at $4,284 during the three months ended September 30, 2002. The Company has the option to redeem any or all of the shares of the Series J Convertible Preferred Stock at any time for cash at 100% of the liquidation preference of each share being redeemed. On any dividend payment date, the Company has the option to exchange the Series J Convertible Preferred Stock into 12.5% Class J Subordinated Notes. The Company's ability to redeem or exchange the Series J Convertible Preferred Stock into debt is subject to the approval of a majority of the independent directors.

In connection with the equity financing by KKR 1996 Fund, the Company paid KKR 1996 Fund a commitment fee consisting of warrants to purchase 1,250,000 shares of common stock ("commitment warrants") of the Company at an exercise price of $7 per share, subject to adjustment, and a funding fee consisting of warrants to purchase an additional 2,620,000 shares of the Company's common stock ("funding warrants") at an exercise price of $7 per share, subject to adjustment. These warrants may be exercised after the first anniversary of the grant date and expire on August 24, 2011 or upon a change in control, as defined. In addition, the Company was required to issue to KKR 1996 Fund additional warrants to purchase up to 4,000,000 shares of the Company's common stock at an exercise price of $7 per share, subject to adjustment. The issuance of the additional 4,000,000 warrants was contingent upon the length of time that the Series J Convertible Preferred Stock was outstanding. As the Series J Convertible Preferred Stock was outstanding for three, six, nine and twelve months from the date of issuance, KKR 1996 Fund received the additional warrants to purchase 250,000, 1 million, 1.25 million and 1.5 million shares of common stock, respectively. The Company ascribed a value of $498, $2,160, $1,988 and $1,743 respectively, to these warrants using the Black Scholes pricing model. These warrants expire ten years from the date of issuance or upon a change in control.

The 1,250,000 commitment warrants issued to KKR 1996 Fund represent a commitment fee related to the financing transaction as a whole. The Company valued these warrants at $5,622 using the Black Scholes pricing model and recorded them as a component of additional paid-in capital.

The Company attributed the 2,620,000 funding warrants to the issuance of the Series J Convertible Preferred Stock. The Company valued these warrants at $9,679 using the Black Scholes pricing model and has accordingly reduced the face value of the Series J Convertible Preferred Stock. The Company accreted the difference between the carrying value and the redemption value of the Series J Convertible Preferred Stock to additional paid in capital using the effective interest method over a one year period as the earliest date at which the preferred stock was convertible was one year from the date of issuance. The accretion was deducted in the calculation of loss applicable to common shareholders.

All of the above described financing transactions between the Company and KKR were reviewed by and recommended for approval by a Special Committee of the Company's Board of Directors, comprised solely of independent directors (neither employees of the Company nor affiliated with KKR). In connection therewith, the Special Committee retained its own counsel and investment banker to advise it as to the financing transactions. Such financing transactions were approved by the full Board of Directors, following such recommendation.

CONTINGENCIES

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

During 2002, PRIMEDIA contributed the Gravity Games, a product previously acquired from EMAP, to a limited liability company (the "LLC") formed jointly by PRIMEDIA and Octagon Marketing and Athlete Representation, Inc., with each party owning 50%. The LLC has entered into an agreement with NBC Sports, a division of National Broadcasting Company, Inc., which requires the LLC to pay specified fees to NBC for certain production services performed by NBC and network air time provided by NBC, during each of 2002 and 2003. Under the terms of this agreement and a related guarantee, PRIMEDIA could be responsible for the payment of a portion of such fees, in the event that the LLC failed to satisfy its payment obligations to NBC. The maximum amounts for which PRIMEDIA could be liable would be $1,125 in 2002 and $2,200 in 2003. As these liabilities will be contingent on the LLC's failure to pay and, in the case of the 2003 liability, the occurrence of certain other events and existence of certain other conditions, the Company has not recorded a liability on the accompanying condensed consolidated balance sheet as of September 30, 2002; however, the asset representing the Company's 50% investment in the LLC as well as the Company's share of the LLC's losses are reflected in the Company's condensed consolidated financial statements. The Company's investment in the LLC ($2,269) is reflected as a component of other investments on the accompanying condensed consolidated balance sheet at September 30, 2002. The Company's share of the LLC's losses ($184) is reflected as a component of other, net on the accompanying condensed statements of consolidated operations for the nine months ended September 30, 2002.

As of and for the nine months ended September 30, 2002, no officers or directors of the Company have been granted loans by the Company, nor has the Company guaranteed any obligations of such persons.

RISK FACTORS

Management's concerns remain consistent with and should be read in conjunction with the Risk Factors section of the Company's Annual Report on Form 10-K for the year ended December 31, 2001. Such risk factors could cause actual results to differ materially from the results contemplated by the forward looking statements contained in the Annual Report on Form 10-K for the year ended December 31, 2001.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

During the last twelve calendar months, there were no significant changes related to the Company's critical accounting policies and estimates.

PROVISION FOR SEVERANCE, CLOSURES AND RESTRUCTURING RELATED COSTS

During 2001 and 2000, the Company implemented plans to integrate the operations of the Company and consolidate many back office functions. The Company expects that these plans will continue to result in future savings. All restructuring related charges were expensed as incurred.

During 2002, the Company announced additional cost initiatives that would continue to implement and expand upon the cost initiatives enacted during 2001 and 2000.

Details of the initiatives implemented and the payments made in furtherance of these plans during the nine-month periods ended September 30, 2002 and 2001 are presented in the following tables:

	LIABILITY AS OF JANUARY 1, 2002	NET PROVISION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002	PAYMENTS DURING THE NINE MONTHS ENDED SEPTEMBER 30 2002
Severance and closures:			
Employee-related termination costs.	$ 9,043	$ 6,052	$ (8
Termination of contracts...........	2,318	(137)	(1
Termination of leases related to office closures.....	13,037	20,570	(7
	24,398	26,485	(16
Restructuring related:			
Relocation and other employee costs..............	-	765	
	-	765	
Total severance, closures and restructuring related costs.......	$ 24,398	$ 27,250	$ (17

	LIABILITY AS OF JANUARY 1, 2002	NET PROVISION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002	PAYMENTS DURING THE NINE MONTHS ENDED SEPTEMBER 30 2002

Severance and closures:			
Employee related termination costs.....	$ 7,063	$ 15,776	$ (11
Termination of contracts............	1,519	3,326	(1
Termination of leases related to office closures.......	1,634	3,434	
Other................	213	-	
	10,429	22,536	(13
Restructuring related:			
Consulting services...	498	2,627	(3
Relocation and other employee costs................	462	2,972	(3
	960	5,599	(6
Total severance, closures and restructuring related costs................	$ 11,389	$ 28,135	$ (20

For the nine months ended September 30, 2001, $6,477 of additional restructuring related costs are included in general and administrative expenses on the accompanying condensed consolidated statement of operations.

The remaining costs, comprised primarily of real estate lease commitments for space that the Company no longer occupies, are expected to be paid through 2015. To reduce the lease related costs, the Company is aggressively pursuing subleases of its available office space. During the fourth quarter of 2002, the Company will reevaluate real estate market conditions and will adjust its provision accordingly.

As a result of the implementation of these plans, the Company has closed and consolidated in excess of twenty office locations and has notified a total of 1,665 individuals that they would be terminated under these plans, of which 345 and 75 individuals were notified during the nine and three month periods ended September 30, 2002, respectively. As of September 30, 2002, all of those individuals have been terminated.

The Company expects to realize sufficient savings from its plans to integrate the operations of the Company and to recover the costs associated with these plans, related to employee termination costs, within approximately a one-year period. Savings from terminations of contract and lease costs will be realized over the estimated life of the contract or lease.

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The liabilities representing the provision for severance, closures and restructuring related costs are included in accrued expenses and other on the condensed consolidated balance sheets as of their respective dates. The provision for severance, closures and restructuring related costs is omitted from the Company's calculation of EBITDA, as defined in the Company's Credit and Senior Note agreements.

RECENT ACCOUNTING PRONOUNCEMENTS

In April 2001, the Emerging Issues Task Force ("EITF") issued Consensus No. 00-25 "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products," which addresses whether consideration from a vendor to a reseller of the vendor's products is an adjustment to the selling price or the cost of the product. This issue was further addressed by EITF Consensus No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)," issued in September 2001. The Company adopted EITF 00-25 and EITF 01-9 effective January 1, 2002. The adoption of EITF 00-25 and EITF 01-9 resulted in a net reclassification of product placement costs, relating to single copy sales, previously classified as distribution, circulation and fulfillment expense on the accompanying condensed statements of consolidated operations, to reductions of sales from such activities. The change in classifications is industry-wide and had no impact on the Company's results of operations, cash flows or financial position. The reclassification resulted in a net decrease in sales and a corresponding decrease in operating expenses of $15,503 and $5,833 for the nine and three months ended September 30, 2001, respectively.

In July 2001, the Financial Accounting Standards Board ("FASB") issued two new statements, Statement of Financial Accounting Standards ("SFAS") No.141, "Business Combinations," and SFAS No.142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires that the purchase method be used for all business combinations initiated after June 30, 2001 and prohibits the use of the pooling of interest method. SFAS No.142 changes the method by which companies may recognize intangible assets in purchase business combinations and generally requires identifiable intangible assets to be recognized separately from goodwill. In addition, it eliminates the amortization of all existing and newly acquired goodwill and indefinite lived intangible assets on a prospective basis and requires companies to assess goodwill and indefinite lived intangible assets for impairment, at least annually.

During 2001, the Company adopted SFAS 141 and certain provisions of SFAS 142 in connection with the EMAP Inc. ("EMAP") acquisition as required by the statements. The goodwill and indefinite lived intangible assets related to the acquisition of EMAP have not and will not be amortized. The other identifiable intangible assets are being amortized over a five to ten year useful life.

On January 1, 2002, the Company adopted SFAS 142 for all remaining goodwill and indefinite lived intangible assets. Upon adoption, the Company ceased the amortization of goodwill and indefinite lived intangible assets, which consist primarily of trademarks. All of the Company's other intangible assets are subject to amortization.

As required by SFAS 142, the Company reviewed its indefinite lived intangible assets (primarily trademarks) for impairment as of January 1, 2002 using a relief from royalty valuation model and determined that certain indefinite lived intangible assets were impaired. As a result, the Company recorded an impairment charge within cumulative effect of a change in accounting principle of $21,535 ($0.08 per share) during the first quarter of 2002. The impairment of $21,535 referred to above relates to the Consumer segment.

During the second quarter of 2002, the Company completed its assessment of whether there was an indication that goodwill was impaired at any of its eight identified reporting units (step one). Step one of the transitional impairment test uses a fair value methodology, which differs from the undiscounted cash flow methodology that continues to be used for intangible assets with an identifiable life. Based on the results of step one of the transitional impairment test, the Company identified two reporting units in the Consumer segment and one reporting unit in the Business-to-Business segment for which the

carrying values exceeded the fair values at January 1, 2002, indicating a potential impairment of goodwill in those individual reporting units.

During the third quarter of 2002, the Company completed step two of the transitional impairment test for the reporting units in which an indication of goodwill impairment existed. The Company determined the implied fair value of each of its reporting units, principally using a discounted cash flow analysis and compared such values to the respective reporting units' carrying amounts. This evaluation indicated that goodwill associated with two reporting units in the Consumer segment and one reporting unit in the Business-to-Business segment were impaired as of January 1, 2002. As a result, the Company recorded an impairment charge within cumulative effect of a change in accounting principle of $329,659 ($1.31 per share) as of January 1, 2002 related to the impairment of goodwill. In connection with step two of the SFAS 142 implementation as it relates to goodwill, the Company reassessed its trademark valuation as of January 1, 2002 and recorded an additional $37,314 ($0.15 per share) impairment and has included such impairment in the cumulative effect of change in accounting principle. Of the impairment of $37,314 referred to above, $23,703 related to the Consumer segment and $13,611 related to the Business-to-Business segment. Previously issued financial statements as of March 31, 2002 and for the three months then ended have been restated to reflect the cumulative effect of this accounting change which totaled $388,508.

The Company's SFAS 142 evaluation, including the reassessment of its trademark valuation, was performed by an independent valuation firm, utilizing reasonable and supportable assumptions and projections and reflects management's best estimate of projected future cash flows. The Company's discounted cash flow evaluation used a range of discount rates that represented the Company's weighted-average cost of capital and included an evaluation of other companies in each reporting unit's industry. The assumptions utilized by the Company in the evaluation are consistent with those utilized in the Company's annual planning process. If the assumptions and estimates underlying this goodwill impairment evaluation are not achieved, the ultimate amount of the goodwill impairment could be adversely affected. Subsequent impairments, if any, will be classified as an operating expense. Future impairment tests will be performed at least annually in conjunction with the Company's annual budgeting and forecasting process. The first of these subsequent impairment tests will be performed in the fourth quarter of 2002 and the Company expects to record an additional impairment charge.

Historically, the Company did not need a valuation allowance for the portion of the net operating losses equal to the amount of 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, the reversal will not occur during the carryforward period of the net operating losses. Therefore, the Company recorded a non-cash deferred income tax expense of approximately $52,000 on January 1, 2002 and $16,500 and $4,000 during the nine and three months ended September 30, 2002, respectively, each of which would not have been required prior to the adoption of SFAS 142. The non-cash charge recorded to increase the valuation allowance was reduced by $23,000 during the third quarter as a result of the impairment of goodwill and certain indefinite lived intangible assets discussed above.

In addition, since amortization of tax-deductible goodwill and trademarks ceased on January 1, 2002, the Company will have deferred tax liabilities that will arise each quarter because the taxable temporary differences related to the amortization of these assets will not reverse prior to the expiration period of the Company's deductible temporary differences unless the related assets are sold or an impairment of the assets is recorded. The Company expects that it will record an additional $4,000 to increase the valuation allowance during the remaining three months of 2002.

The independent valuation reports received in connection with step two of the SFAS 142 impairment test completed during the third quarter indicated that the carrying value of certain finite-lived assets might not be recoverable. Accordingly, impairment testing under SFAS 144 was undertaken, resulting in an impairment charge of $15,199 ($11,141 and $4,058 in the Consumer and Business-to-Business segments, respectively). These charges are included in depreciation of property and equipment ($2,235) and amortization of intangible assets, goodwill and other ($12,964) in the accompanying condensed statements of consolidated operations for the nine and three months ended September 30, 2002.

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In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". The standard requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. The standard is effective for the Company beginning January 1, 2003. The adoption of SFAS 143 is not expected to have a material impact on the Company's results of operations or financial position.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which superseded SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". This statement also supersedes accounting and reporting provisions of Accounting Principles Board ("APB") Opinion 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," relating to the disposal of a segment of a business. SFAS No. 121 did not address the accounting for business segments accounted for as discontinued operations under APB Opinion 30 and therefore two accounting models existed for long-lived assets to be disposed of. SFAS No. 144 established one accounting model for long-lived assets to be held and used, long-lived assets (including those accounted for as a discontinued operation) to be disposed of by sale and long-lived assets to be disposed of other than by sale, and resolved certain implementation issues related to SFAS No. 121. The Company adopted SFAS No. 144 on January 1, 2002, and as a result, the results of the Modern Bride Group which consists of MODERN BRIDE plus 16 regional bridal magazines, ExitInfo, CHICAGO, HORTICULTURE and DOLL READER were recorded as discontinued operations for the periods prior to their respective divestiture dates. Discontinued operations includes sales of $28,590 and $61,364 and income of $35,906 (including a gain on sale of $38,210) and $2,586 for the nine months ended September 30, 2002 and 2001, respectively, and sales of $4,675 and $16,185 and income (loss) of $26,755 (including a gain on sale of $27,631) and $(1,989) for the three months ended September 30, 2002 and 2001, respectively. The discontinued operations include expenses related to certain centralized functions that are shared by multiple titles, such as production, circulation, advertising, human resource and information technology costs but exclude general overhead costs. These costs were allocated to the discontinued entities based upon relative revenues for the related periods. The allocation methodology is consistent with that used across the Company. These allocations amounted to $865 and $2,322 for the nine months ended September 30, 2002 and 2001, respectively, and $100 and $775 for the three months ended September 30, 2002 and 2001, respectively. No tax provision was associated with the discontinued operations.

In April 2002, the FASB issued SFAS. 145, "Rescission of FASB Statements Nos. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections." For most companies, SFAS 145 will require gains and losses on extinguishments of debt to be classified within income or loss from continuing operations rather than as extraordinary items as previously required under SFAS 4, "Reporting Gains and Losses from Extinguishment of Debt an amendment of APB Opinion No. 30." Extraordinary treatment will be required for certain extinguishments as provided under APB Opinion No. 30. The Company has early adopted SFAS 145 in accordance with the provisions of the statement. Accordingly, during the three months ended September 30, 2002, the Company recorded a gain in other expense of $3,093 related to the repurchase and retirement of $22,325 of the Company's notes at a discount.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 will supersede EITF Consensus No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". SFAS No. 146 will affect the timing of the recognition of costs associated with an exit or disposal plan by requiring them to be recognized when incurred rather than at the date of a commitment to exit or disposal plan and will affect the classification of restructuring costs on the consolidated statements of operations. SFAS No. 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002.

RECENT DEVELOPMENTS

On October 7, 2002, the KKR Fund, ABBRA III LLC paid $13,885 for 383,574 shares of 8.625% Series H Exchangeable Preferred Stock. On November 5, 2002, ABBRA III LLC paid $1,527 for 44,000 shares of 8.625% Series H Exchangable Preferred Stock. These purchases bring its ownership of that series of preferred stock to 1,070,871 shares.

On October 7, 2002, the KKR Fund, ABBRA III LLC paid $11,755 for 324,713 shares of 9.20% Series F Exchangeable Preferred Stock to bring its ownership of that series of preferred stock to 551,963 shares.

On October 7, 2002, the KKR Fund, ABBRA III LLC paid $5,081 for 140,357 shares of 10.00% Series D Exchangeable Preferred Stock to bring its ownership of that series of preferred stock to 559,363 shares.

Through November 13, 2002, the KKR Fund has purchased $111,487 face value of 8.625% Series H Exchangeable Preferred Stock for $37,621, $55,196 face value of 9.20% Series F Exchangeable Preferred Stock for $18,946 and $55,936 of 10.00% Series D Exchangeable Preferred Stock for $19,818.

Subsequent to September 30, 2002, the Company purchased on the open market, in multiple transactions; $1,000 of the 10 1/4% Senior Notes for cash of $903, plus accrued interest, $5,500 of the 8 7/8% Senior Notes for cash of $4,893, plus accrued interest, $8,500 of the 8 1/2% Senior Notes for cash of $7,839, plus accrued interest and $7,500 of the 7 5/8% Senior Notes for cash of $6,613, plus accrued interest. The Company has the authority to expend up to $50,000 for the purchase of its senior notes, in private or public transactions. Through November 13, 2002, the Company has expended $39,389, including fees associated with the above mentioned purchases, to repurchase $44,825 of face value of the Senior Notes.

On November 4, 2002, the Company entered into a definitive agreement to sell its American Baby Group for total cash consideration of $115,000 to Meredith Corporation. Proceeds from the sale are expected to exceed its net carrying value and will likely be used to pay-down borrowings under the credit facilities. In accordance with SFAS 144, the operating results of the American Baby Group will be reclassified to discontinued operations effective during the fourth quarter of 2002.

The following tables represent reported sales, net and reported EBITDA for the nine and three months ended September 30, 2002 and 2001, adjusted for the divestiture of the American Baby Group.

	Nine months ended September 30,		Three months ende September 30,	
	2002	2001	2002	
Sales, net (as reported)	$ 1,219,817	$ 1,214,039	$ 399,960	$
Effect of the sale of the American Baby Group	(42,433)	(47,429)	(13,777)	
Sales, net (as restated)	$ 1,177,384	$ 1,166,610	$ 386,183	$

	Nine months ended September 30,		Three months ende September 30	
	2002	2001	2002	
EBITDA (as reported)	$ 158,705	$ 107,883	$ 65,178	$
Effect of the sale of the American Baby Group(1)	(7,371)	(2,475)	(3,806)	
EBITDA (as restated)	$ 151,334	$ 105,408	$ 61,372	$

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(1) Includes expenses related to certain centralized functions that are shared by multiple titles, such as production, circulation, advertising, human resource and information technology costs but exclude general overhead costs.

IMPACT OF INFLATION AND OTHER COSTS

The impact of inflation was immaterial during 2001 and through the first nine months of 2002. Postage for product distribution and direct mail solicitations is a significant expense of the Company. The Company uses the U.S. Postal Service for distribution of many of its products and marketing materials. Postage rates increased approximately 10% in January 2001, approximately 3% in July 2001 and approximately 12% effective June 30, 2002. In the past, the effects of inflation on operating expenses have substantially been offset by PRIMEDIA's ability to increase selling prices. No assurances can be given that the Company can pass such cost increases through to its customers. In addition to pricing actions, the Company is continuing to examine all aspects of the manufacturing and purchasing processes to identify ways to offset some of these price increases. The Company's paper expense decreased approximately 20% during the first nine months of 2002 compared to 2001. In the first nine months of 2002, paper costs represented approximately 5.6% of the Company's total operating costs and expenses. This decrease is a function of a softening in paper prices and decreased paper consumption through improved distribution and enhanced controls surrounding paper purchases and usage by the Company.

SEASONALITY

The Company's operations are seasonal in nature. Operating results have historically been stronger in the second half of the year. The fourth quarter results have typically been approximately 50% stronger than those of the third quarter. The seasonality of the Company's business reflects (i) the relationship between advertising purchases and the retail and academic cycles and (ii) subscription promotions and the holiday season. This seasonality causes, and will likely continue to cause, a variation in the Company's quarterly operating results.

FORWARD-LOOKING INFORMATION

This 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 will occur which can affect the Company's results.

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the first nine months of 2002, there were no significant changes related to the Company's market risk exposure.

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PART II OTHER INFORMATION

Item 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

(c) During the nine months ended September 30, 2002, the Company issued 14,360,305 unregistered shares of Company common stock in exchange for outstanding Company preferred shares in reliance on Section 3(a)(9) of the Securities Act of 1933 as amended.

Item 4. EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

a) Our chief executive officer ("CEO") and chief financial officer ("CFO") are responsible for and have established, and maintained Disclosure Controls and Procedures, as well as evaluated the effectiveness of those controls and procedures as of a date within 90 days prior to the filing date of this report (the "Evaluation Date").

In discharging these responsibilities, among other actions, the CEO and the CFO have caused the Company to do the following:

- Required that the Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 adapted to their particular responsibilities be signed by key senior operating executives and financial executives responsible for the various operations of the Company (aggregating over 50 key executives).

- Distributed an updated version of the Primedia Financial Policies to the business units to ensure compliance with internal policies, as well as generally accepted accounting principles.

- Distributed a Section 302 Certification Diagnostics Form to be followed and completed by the Company's operating units which is designed to help ensure that the appropriate control processes are in place to support the CEO's and CFO's disclosure controls certification responsibilities.

- Distributed Disclosure Controls and Procedures Guidelines to ensure that the Company has effective mechanisms for the timely collection, analysis, and dissemination of material information.

- Established, in accordance with SEC regulations, a Disclosure Committee consisting of five senior executives of the Company whose charge is to ensure that disclosure issues are identified and communicated to the Disclosure Committee.

- Proposed a draft of a Code of Business Conduct and Ethics for the Company which establishes guidelines for all of the Company's employees to follow to ensure core values of honesty, ethical business practice, and full disclosure which has been

distributed to the fifty key executives required to sign certifications. Once approved by the Company's Board of Directors, the policy will be distributed to all employees.

Based upon the above policies and procedures that are in place within the Company, the CEO and CFO have concluded that (i) as of the Evaluation Date the Disclosure Controls and Procedures are effective in ensuring that all material information required to be filed in this quarterly report has been made known to them in a timely fashion, and (ii) there were no significant changes in our internal controls or, in other factors that could significantly affect our disclosure controls and procedures subsequent to the Evaluation Date.

Item 5. OTHER INFORMATION

The following tables represent the effects on sales, net and EBITDA from the divestiture of CHICAGO, HORTICULTURE and DOLL READER.

	FIRST QUARTER 2001	SECOND QUARTER 2001	THIRD QUARTER 2001	FOURTH QUARTER 2001	FU
Sales, net (as reported)(1)	$ 411,028	$ 419,904	$ 403,401	$ 425,413	$
Effect of the sale of divested entities(2)	(6,384)	(7,114)	(6,796)	(5,073)	
Sales, net (as restated)	404,644	412,790	396,605	420,340	
Non-Core sales, net (as reported)	21,387	17,471	18,593	16,089	
Sales, net from Continuing Businesses (as restated)	$ 383,257	$ 395,319	$ 378,012	$ 404,251	$

	FIRST QUARTER 2001	SECOND QUARTER 2001	THIRD QUARTER 2001	FOURTH QUARTER 2001	FU
EBITDA (as reported)(1)(3)	$ 36,101	$ 44,503	$ 29,569	$ 52,949	$
Effect of the sale of divested entities (2)(3)	(208)	(1,013)	(1,069)	(87)	
EBITDA (as restated)	35,893	43,490	28,500	52,862	
Non-Core EBITDA (as reported)	(11,521)	(6,847)	(5,349)	(4,620)	
EBITDA from Continuing Businesses (as restated)	$ 47,414	$ 50,337	$ 33,849	$ 57,482	$

(1) As reported in the June 2002 Form 10-Q, which has been reclassified to exclude the results of the Modern Bride Group and ExitInfo and

reflects the netting of product placement costs against reported sales, net in accordance with new accounting standards.

(2) Includes the impact of approximately $300 from assets-for-equity transactions for the year ended December 31, 2001.

(3) The discontinued operations include expenses related to certain centralized functions that are shared by multiple titles, such as production, circulation, advertising, human resource and information technology costs but exclude general overhead costs.

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Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

+10.1 -- Incentive and Performance Stock Option Agreement under the 1992 PRIMEDIA Inc. Stock Purchase and Option Plan, as amended, dated July 1, 2002 between PRIMEDIA Inc. and David Ferm. (*)

99.1 -- Certification pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by Thomas S. Rogers. (*)

99.2 -- Certification pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by Lawrence R. Rutkowski. (*)

\+ Executive contract or compensation plan or arrangement.

(*) Filed herewith

(b) Reports on Form 8-K

On August 14, 2002, PRIMEDIA Inc. filed its Current Report on Form 8-K to comply with the disclosure requirements of Regulation FD. In this Current Report, the Company disclosed that on August 14, 2002, Thomas S. Rogers, Chairman and Chief Executive Officer and Lawrence R. Rutkowski, Executive Vice President and Chief Financial Officer delivered to the Securities and Exchange Commission pursuant to Securities and Exchange Commission Order No. 4-460, their Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRIMEDIA Inc.
(Registrant)

Date: November 14, 2002 /s/ Thomas S. Rogers
(Signature)

Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2002 /s/ Lawrence R. Rutkowski

(Signature)
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas S. Rogers, Chairman and Chief Executive Officer of the Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PRIMEDIA Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

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b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Thomas S. Rogers

Thomas S. Rogers
Chairman and Chief Executive Officer
November 14, 2002

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CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lawrence R. Rutkowski, Executive Vice President and Chief Financial Officer of the Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PRIMEDIA Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to

the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process,

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summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Lawrence R. Rutkowski

Lawrence R. Rutkowski
Executive Vice President and Chief Financial Officer
November 14, 2002