

PRIMEDIA INC
Form PREM14C
May 27, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the Securities
Exchange Act of 1934

Check the appropriate box:

- ☒ Preliminary Information Statement
- ☐ **Confidential, for Use of the Commission Only** (as permitted by Rule 14c-5(d)(2))
- ☐ Definitive Information Statement

PRIMEDIA INC.

(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

- ☐ No fee required.
- ☒ Fee computed below per Exchange Act Rules 14c-5(g) and 0-11.

(1) Title of each class of securities to which transaction applies:
Common Stock, par value \$0.01 per share

(2) Aggregate number of securities to which transaction applies:
46,047,066 shares of Common Stock (which includes 44,567,928 shares of Common Stock outstanding, 648,500 shares of Common Stock underlying options and 830,638 restricted shares of Common Stock).

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- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The filing fee was determined based upon the sum of (A) 44,567,928 shares of Common Stock multiplied by \$7.10 per share; and (B) 648,500 shares of Common Stock underlying options by \$0.74 (which is the difference between \$7.10 and the weighted average exercise price of \$6.36 per share); and (C) 830,638 restricted shares of Common Stock. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.0001161 by the sum of the preceding sentence.

- (4) Proposed maximum aggregate value of transaction:
\$322,809,708.60

- (5) Total fee paid:
\$37,478.21

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:

- 2) Form, Schedule or Registration Statement No.:

- 3) Filing Party:

- 4) Date Filed:

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PRELIMINARY COPY SUBJECT TO COMPLETION

**PRIMEDIA Inc. 3585 Engineering Drive
Norcross, Georgia 30092**

NOTICE OF WRITTEN CONSENT AND APPRAISAL RIGHTS

AND

INFORMATION STATEMENT

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED

NOT TO SEND US A PROXY.

To Our Stockholders:

This notice of written consent and appraisal rights and accompanying information statement are being furnished to the holders of common stock of PRIMEDIA Inc., which we refer to as PRIMEDIA or the Company, in connection with the Agreement and Plan of Merger, dated as of May 15, 2011, among PRIMEDIA, Pittsburgh Holdings, LLC, a Delaware limited liability company (Parent), and Pittsburgh Acquisition, Inc., a Delaware corporation and a direct wholly owned subsidiary of Parent (Merger Sub). Parent and Merger Sub are affiliates of TPG Capital, L.P. We refer to the Agreement and Plan of Merger as the Merger Agreement and to the merger of Merger Sub with and into PRIMEDIA that is contemplated by the Merger Agreement as the Merger . Upon completion of the Merger, each share of common stock of PRIMEDIA (Common Stock) issued and outstanding immediately prior to the effective time of the Merger, except for shares (i) held by stockholders who are entitled to demand and who properly demand appraisal under Section 262 of the General Corporation Law of the State of Delaware (the DGCL) for such shares and (ii) owned by the Company as treasury stock or by Parent or Merger Sub, will be cancelled and converted automatically into the right to receive \$7.10 in cash, without interest and less any required withholding taxes. We refer to this per share cash payment as the Merger Consideration. A copy of the Merger Agreement is attached as **Annex A** to the accompanying information statement.

The Company's board of directors (the Board of Directors) unanimously determined that the Merger Agreement and the transactions contemplated thereby (including the Merger) are fair to, and in the best interests of, the stockholders of the Company, approved and declared advisable the Merger Agreement and recommended that the Company's stockholders authorize and adopt the Merger Agreement.

The adoption of the Merger Agreement by PRIMEDIA stockholders required the affirmative vote or written consent of the holders of a majority of the outstanding shares of Common Stock. On May 15, 2011, MA Associates, L.P., FP Associates, L.P., Magazine Associates, L.P., Publishing Associates, L.P., Channel One Associates, L.P., KKR Partners II, L.P. and KKR 1996 Fund L.P. (together, the KKR Stockholders), which on such date owned shares of Common Stock representing approximately 58% of the outstanding shares of Common Stock entitled to vote on the adoption of the Merger Agreement, delivered a written consent adopting the Merger Agreement and authorizing the transactions contemplated by the Merger Agreement, including the Merger. As a result, no further action by any other PRIMEDIA stockholder is required to adopt the Merger Agreement and PRIMEDIA has not and will not be soliciting your authorization and adoption of the Merger Agreement and does not intend to call a stockholders meeting for purposes of voting on the adoption of the Merger Agreement. **This notice and the accompanying information statement shall constitute notice to you from the Company of the action by written consent taken by the KKR Stockholders contemplated by Section 228 of the DGCL.**

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Under Section 262 of the DGCL, if the Merger is completed, subject to compliance with the requirements of Section 262 of the DGCL, holders of shares of Common Stock, other than the KKR Stockholders, will have the right to seek an appraisal for, and be paid the fair value of, their shares of Common Stock (as determined by the Court of Chancery of the State of Delaware) instead of receiving the Merger Consideration. In order to exercise your appraisal rights, you must submit a written demand for an appraisal no later than 20 days after the mailing of this information statement, or [], 2011, and comply with other procedures set forth in Section 262 of the DGCL, which are summarized in the accompanying information statement. A copy of Section 262 of the DGCL is attached to the accompanying information statement as **Annex E**. **This notice and the accompanying information statement shall constitute notice to you from the Company of the availability of appraisal rights under Section 262 of the DGCL.**

We urge you to read the entire information statement carefully. Please do not send in your stock certificates at this time. If the Merger is completed, you will receive instructions regarding the surrender of your stock certificates and payment for your shares of Common Stock.

By Order of the Board of Directors of the Company.

KEITH L. BELKNAP, JR.
Senior Vice President, General Counsel

CHARLES STUBBS,
President and Chief Executive Officer

and Secretary

Neither the U.S. Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the Merger, passed upon the merits or fairness of the Merger or passed upon the adequacy or accuracy of the disclosures in this notice or the accompanying information statement. Any representation to the contrary is a criminal offense.

This information statement is dated [], 2011 and is first being mailed to stockholders on or about [], 2011.

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SUMMARY

The following summary highlights selected information from this information statement and may not contain all of the information that is important to you. Accordingly, we encourage you to read carefully this entire information statement, its annexes and the documents referred to in this information statement. Each item in this summary includes a page reference directing you to a more complete description of that item in this information statement. You may obtain the information incorporated by reference into this information statement by following the instructions under *Where Stockholders Can Find Additional Information* beginning on page [].

Unless we otherwise indicate or unless the context requires otherwise: all references in this information statement to *Company*, *PRIMEDIA*, *we*, *our* and *us* refer to PRIMEDIA Inc. and, where appropriate, its subsidiaries; all references to *Parent* refer to Pittsburgh Holdings, LLC; all references to *Merger Sub* refer to Pittsburgh Acquisition, Inc.; all references to the *Merger Agreement* refer to the Agreement and Plan of Merger, dated as of May 15, 2011, among Parent, Merger Sub and the Company, as it may be amended from time to time, a copy of which is attached as **Annex A** to this information statement; all references to the *Merger* refer to the merger contemplated by the Merger Agreement; all references to the *Merger Consideration* refer to the per share merger consideration of \$7.10 in cash, without interest, contemplated to be received by the holders of our Common Stock pursuant to the Merger Agreement, subject to required tax withholding; all references to the *Board of Directors* refer to the Company's Board of Directors; all references to the *Independent Directors* refer to members of the Board of Directors who are neither members of Company management nor affiliated with Kohlberg Kravis Roberts & Co. (*KKR*); and all references to *Common Stock* refer to the Company's common stock, par value \$0.01 per share.

The Parties to the Merger (page [])

PRIMEDIA INC. PRIMEDIA is a Delaware corporation that helps millions of consumers nationwide find apartments, houses for rent or new homes for sale through its innovative Internet, mobile and print solutions. PRIMEDIA has published its flagship advertising-supported Apartment Guide since 1975 and operates industry-leading online real estate destinations such as ApartmentGuide.com, NewHomeGuide.com and Rentals.com.

Pittsburgh Holdings, LLC. Parent is a newly formed Delaware limited liability company that is indirectly controlled by private investment funds affiliated with TPG Capital, L.P., which we refer to as *TPG*. Parent was formed by TPG solely for the purpose of entering into the Merger Agreement and acquiring PRIMEDIA. Parent has not engaged in any business to date, except for activities incidental to its formation and activities undertaken in connection with the Merger and the other transactions contemplated by the Merger Agreement.

Pittsburgh Acquisition, Inc. Merger Sub was formed by Parent solely for the purpose of completing the Merger with the Company. Merger Sub is a wholly owned subsidiary of Parent and has not engaged in any business to date, except for activities incidental to its incorporation and activities undertaken in connection with the Merger and the other transactions contemplated by the Merger Agreement.

The Merger (page [])

On May 15, 2011, the Company entered into the Merger Agreement with Parent and Merger Sub. Upon the terms and subject to the conditions of the Merger Agreement, at the effective time of the Merger, Merger Sub will merge with and into the Company, with the Company continuing as the surviving corporation. As a result, PRIMEDIA will become a wholly owned subsidiary of Parent following the effective time of the Merger. You will have no equity interest in the Company or Parent after the effective time of the Merger. At the effective time of the Merger:

each share of our Common Stock issued and outstanding immediately prior to the effective time of the Merger (except those shares held by any of our stockholders who are entitled to and who properly exercise, and do not withdraw or lose, appraisal rights under Section 262 of the General Corporation

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Law of the State of Delaware (the "DGCL") and shares owned by the Company as treasury stock or by Parent or Merger Sub) will be cancelled and converted automatically into the right to receive the Merger Consideration;

each Company stock option, including those held by KKR Capstone, whether or not exercisable, that is outstanding and unexercised immediately prior to the effective time of the Merger will be cancelled and converted automatically into the right to receive a cash payment equal to the product of (i) the excess (if any) of the Merger Consideration over the per share exercise price of such Company stock option and (ii) the number of shares of Common Stock subject to such Company stock option, less any required withholding taxes;

each Company restricted stock share that is outstanding immediately prior to the effective time of the Merger will be cancelled and converted automatically into the right to receive the Merger Consideration; and

each Company warrant, whether or not exercisable, that is outstanding and unexercised immediately prior to the effective time of the Merger will be cancelled and converted automatically into the right to receive a cash payment equal to the product of (i) the excess (if any) of the Merger Consideration over the per share exercise price of such Company warrant and (ii) the number of shares of Common Stock subject to such Company warrant, less any required withholding taxes;

Reasons for the Merger; Recommendations of the Board of Directors (page [])

After consideration of various factors as discussed under "The Merger" Reasons for the Merger; Recommendations of Our Board of Directors beginning on page [], the Board of Directors unanimously determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement were fair to, and in the best interests of, the Company and its stockholders. Based on such determination, the Board of Directors approved and declared advisable the Merger Agreement and the transactions contemplated thereby (including the Merger).

Our Board of Directors unanimously (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair to, and in the best interests of, the Company and its stockholders, (ii) approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, (iii) declared the Merger Agreement advisable and (iv) resolved to recommend adoption of the Merger Agreement by the stockholders of the Company.

For a discussion of the material factors considered by the Board of Directors in reaching its conclusions, see "The Merger" Reasons for the Merger; Recommendations of Our Board of Directors beginning on page [].

Required Stockholder Approval for the Merger (page [])

The adoption of the Merger Agreement by our stockholders required the affirmative vote or written consent of stockholders holding a majority of our outstanding Common Stock. On May 15, 2011, after the Merger Agreement was signed, MA Associates, L.P., FP Associates, L.P., Magazine Associates, L.P., Publishing Associates, L.P., Channel One Associates, L.P., KKR Partners II, L.P. and KKR 1996 Fund L.P. (together, the "KKR Stockholders"), which hold a majority of our outstanding Common Stock, delivered a written consent adopting the Merger Agreement and approving the Merger and the other transactions contemplated by the Merger Agreement. No further action by any other stockholder is required in connection with the adoption of the Merger Agreement. As a result, PRIMEDIA has not solicited and will not be soliciting your vote for the adoption of the Merger Agreement and does not intend to call a stockholders meeting for purposes of voting on the Merger.

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Opinion of the Financial Advisor to the Company Moelis & Company (page [] and Annex C)

Moelis & Company (Moelis), the financial advisor to the Company, delivered to the Board of Directors an opinion, dated May 15, 2011, to the effect that, as of that date and based upon and subject to various assumptions and limitations described in Moelis' opinion, the consideration to be received pursuant to the Merger by the Company's stockholders (other than the KKR Stockholders and their affiliates) was fair, from a financial point of view, to such holders. The full text of the written opinion of Moelis, which describes, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken is attached as Annex C to this information statement. **Moelis provided its opinion to the Board of Directors for the information and assistance of the Board of Directors in connection with and for the purpose of the Board of Directors' evaluation of the Merger Consideration, from a financial point of view. Moelis' opinion does not address any other aspect of the Merger and does not constitute a recommendation to any stockholder as to any action in connection with the Merger or any other matter. We encourage you to read the opinion of Moelis described above, as well as the summary of Moelis' opinion beginning on page [], carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken in connection with such opinion.**

Opinion of the Financial Advisor to the Independent Directors Lazard Frères & Co. LLC (page [] and Annex D)

Lazard Frères & Co. LLC (Lazard), the financial advisor to the Independent Directors, delivered to the Independent Directors an opinion, dated May 15, 2011, to the effect that, as of that date and based upon and subject to the assumptions, procedures, factors, limitations and qualifications set forth therein, the Merger Consideration to be paid to the holders of Common Stock (other than stockholders who have exercised and perfected appraisal rights under Delaware law, the KKR Stockholders, the Company and its wholly owned subsidiaries, or Parent and Merger Sub) pursuant to the Merger was fair, from a financial point of view, to such holders.

The full text of the written opinion of Lazard, which describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with its opinion, is attached as **Annex D** to this information statement. **Lazard provided its opinion to the Independent Directors for the information and assistance of the Independent Directors (in their capacity as such) in connection with and for purposes of the Independent Directors' evaluation of the Merger. Lazard's opinion does not constitute a recommendation to any stockholder as to any action in connection with the Merger or any other matter.**

Financing for the Merger (page [])

We estimate that the total amount of funds necessary to complete the Merger and the related transactions, including the payment of related fees and expenses, will be approximately \$575 million. We expect this amount to be funded through a combination of the following:

equity financing to be provided or secured by the guarantor, or other parties to whom it may assign a portion of its commitment;

debt financing to be provided or arranged, severally but not jointly, by the lenders (as defined below); and

cash on hand of the Company.

Parent has obtained the equity and debt financing commitments described below. The funding under those commitments is subject to conditions, including conditions that do not relate directly to the Merger Agreement. Parent has represented to us that it will have, at and after the closing, sufficient funds to complete the transaction. Although obtaining the equity financing and the debt financing is not a condition to the completion of the Merger, the failure of Parent and Merger Sub to obtain sufficient financing would likely result in the failure of

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the Merger to be completed. In that case, Parent may be obligated to pay the Company a fee of \$30 million as described under "The Merger Agreement—Termination Fees" beginning on page []. Payment of such fee is guaranteed by the guarantor referred to below.

Equity Financing

Parent has entered into a letter agreement, which we refer to as the equity commitment letter, with TPG Partners VI, L.P., which we refer to as the "guarantor", dated as of May 15, 2011, pursuant to which the guarantor has committed, upon the terms and subject to the conditions set forth in the equity commitment letter, to purchase up to \$575 million of equity securities of Parent. The guarantor may assign a portion of equity to other investors, although no assignment of the equity commitment to other investors will affect the guarantor's commitment to make or secure capital contributions pursuant to the equity commitment letter.

The equity commitment is conditioned on the satisfaction or waiver of the conditions to Parent's obligation to effect the consummation of the Merger as set forth in the Merger Agreement. The Company is a third-party beneficiary of the equity commitment letter and has the right to seek specific performance solely in the limited circumstances in which the Company would be entitled by the Merger Agreement to seek specific performance of Parent's obligation to cause the equity financing contemplated by the equity commitment letter to be funded, as discussed under "The Merger Agreement—Remedies" beginning on page [].

Debt Financing

In connection with the Merger, Merger Sub has obtained an aggregate commitment from Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital, UBS Loan Finance LLC, UBS Securities LLC and Royal Bank of Canada, which we refer to collectively as the "lenders", to provide severally, but not jointly, \$315 million in debt financing. In addition to certain other conditions, the funding of these commitments is contingent on the closing of the Merger.

The Merger Agreement (page [])

Treatment of Company Common Stock, Options, Restricted Stock Awards and Other Equity (page [])

Common Stock. At the effective time of the Merger, each share of Common Stock issued and outstanding (except for those shares held by any of our stockholders who are entitled to and who properly exercise, and do not withdraw or lose, appraisal rights under Section 262 of the DGCL and shares owned by the Company as treasury stock or by Parent or Merger Sub) will convert into the right to receive the per share Merger Consideration, without interest and less any required withholding taxes.

Options. Immediately prior to the effective time of the Merger, each then-outstanding option to purchase shares of Common Stock granted under any equity plan or arrangement of the Company, as well as any then-outstanding option held by KKR Capstone, in each case, whether or not vested or exercisable, will become fully vested and exercisable (contingent upon the occurrence of the Merger) and will be converted into the right to receive from the Company at or promptly after the effective time of the Merger, an amount in cash, less any applicable tax withholding, equal to the product of (i) the excess of the Merger Consideration over the applicable exercise price per share of such stock option, and (ii) the number of shares of Common Stock such holder could have purchased had such holder exercised such stock option, in full immediately prior to the effective time of the Merger.

Restricted Stock Awards. Immediately prior to the effective time of the Merger, each then-outstanding restricted share granted under any equity plan or arrangement of the Company will vest, contingent upon the occurrence of the Merger, in full (and all restrictions thereon will immediately lapse) and be converted at the effective time into the right to receive the Merger Consideration.

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Warrants. Immediately prior to the effective time of the Merger, each then-outstanding warrant to purchase shares of Common Stock, whether or not vested or exercisable, will become fully vested and exercisable (contingent upon the occurrence of the Merger) and will be converted into the right to receive from the Company, at or promptly after the effective time of the Merger, an amount in cash, less any applicable tax withholding, equal to the product of (i) the excess (if any) of the Merger Consideration over the applicable exercise price per share of such warrant and (ii) the number of shares of Common Stock such holder could have purchased had such holder exercised such warrant in full immediately prior to the effective time of the Merger.

Conditions to the Merger (page [])

The respective obligations of the Company, Parent and Merger Sub to consummate the Merger are subject to the satisfaction or waiver of certain conditions, including receipt of required antitrust approvals, the absence of any law or order that is in effect and restrains, enjoins or otherwise prohibits the Merger, the accuracy of the representations and warranties of the parties and compliance by the parties with their respective obligations under the Merger Agreement.

Termination (page [])

We and Parent may, by mutual written consent, terminate the Merger Agreement and abandon the Merger at any time prior to the effective time of the Merger.

The Merger Agreement may also be terminated and the Merger abandoned at any time prior to the effective time of the Merger as follows:

by either Parent or the Company, if:

the Merger has not been consummated by November 15, 2011, which date we refer to as the termination date; or

a court or other governmental entity of competent jurisdiction issues a final, non-appealable order permanently restraining, enjoining or otherwise prohibiting the Merger.

However, none of the termination rights described above will be available to any party that has breached in any material respect its obligations under the Merger Agreement in any manner that was the principal cause of the failure to consummate the Merger.

by the Company, if:

at any time prior to the adoption of the Merger Agreement by our stockholders, which occurred when the KKR Stockholders executed and delivered a written consent on May 15, 2011, (i) our Board of Directors had authorized the Company to enter into one or more alternative acquisition agreements with respect to a superior proposal, (ii) immediately prior to or substantially concurrently with the termination of the Merger Agreement, we had entered into one or more alternative acquisition agreements with respect to a superior proposal and (iii) we had paid Parent the termination fee discussed under The Merger Agreement Termination Fees ;

there has been a breach of a representation, warranty, covenant or agreement made by Parent or Merger Sub in the Merger Agreement or any such representation and warranty becomes untrue after the date of the Merger Agreement, which breach or failure to be true would give rise to the failure of the condition to the closing of the Merger relating to the accuracy of the representations and warranties of Parent and Merger Sub or compliance by Parent and Merger Sub with their obligations under the Merger Agreement, and such breach or failure to be true is not curable or, if curable, is not cured prior to the earlier of (i) 30 calendar days after written notice thereof is given by the Company to Parent and (ii) the termination date (provided that we will not have this right to

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terminate if we are then in material breach of any of our representations, warranties, covenants or other agreements such that the conditions to the obligation of Parent and Merger Sub to consummate the Merger would be incapable of being satisfied); or

(i) the conditions to the obligations of Parent and Merger Sub have been and continue to be satisfied (other than those conditions that by their nature cannot be satisfied other than at the closing of the Merger) and (ii) we have confirmed in writing that the conditions to our obligations have been satisfied (or that we are willing to waive any unsatisfied conditions) and that we are ready to consummate the Closing and (iii) Parent and Merger Sub fail to consummate the transactions contemplated by the merger agreement within two business days of the date on which the closing of the merger should have occurred under the merger agreement.

by Parent, if:

at any time prior to the adoption of the Merger Agreement by our stockholders, which occurred when the KKR Stockholders executed and delivered a written consent on May 15, 2011, the Board of Directors had withheld, withdrawn, qualified or modified the Company recommendation with respect to the Merger, or approved, recommended or otherwise declared advisable any acquisition proposal, or publicly proposed to do the foregoing, which we refer to collectively as a change of recommendation;

the Company had entered into, or publicly proposed to enter into, an alternative acquisition agreement;

there has been a breach of a representation, warranty, covenant or agreement made by the Company in the Merger Agreement or any such representation and warranty becomes untrue after the date of the Merger Agreement, which breach or failure to be true would give rise to the failure of the condition to closing of the Merger relating to the accuracy of the representations and warranties of the Company or compliance by it with its obligations under the Merger Agreement, and such breach or failure to be true cannot be cured or, if curable, is not cured prior to the earlier of (i) 30 calendar days after written notice thereof is given by Parent to the Company and (ii) the termination date (provided that Parent will not have this right to terminate if it is then in material breach of any of its representations, warranties, covenants or other agreements such that the conditions to the obligation of the Company or of either party to consummate the Merger would be incapable of being satisfied); or

the written consent of the KKR Stockholders had not been obtained within 24 hours after execution of the Merger Agreement.

Termination Fees (page [])

If the Merger Agreement is terminated in certain circumstances described under The Merger Agreement Termination Fees beginning on page []:

the Company may be obligated to pay a termination fee of \$8 million; or

Parent may be obligated to pay the Company a reverse termination fee of \$30 million. The guarantor has guaranteed the obligation of Parent to pay the Parent fee pursuant to the limited guarantee.

Remedies (page [])

Subject to our right to specific performance (described below), our right to terminate the Merger Agreement and receive the reverse termination fee of \$30 million from Parent is our sole and exclusive remedy against Parent or Merger Sub, the guarantor, and certain related parties for any loss suffered as a result of any breach of any covenant in the Merger Agreement or the failure of the Merger to be consummated, or in respect of any oral representation made or alleged to have been made in connection with the Merger Agreement. Upon payment of

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such amount, subject to certain exceptions described in the Merger Agreement, no such party has any further liability or obligation relating to the Merger Agreement or the transactions contemplated thereby, the limited guarantee, the equity commitment letter or any other document or theory in law or equity or in respect of any oral representations made or alleged to have been made in connection therewith.

Subject to Parent's right to specific performance (described below), if Parent has the right to receive from the Company the termination fee of \$8 million such termination fee is the sole and exclusive remedy of Parent, Merger Sub, the guarantor and their respective affiliates against the Company, its subsidiaries and certain of their related parties for any loss suffered as a result of any breach of any covenant or agreement in the Merger Agreement giving rise to or associated with such termination.

Subject to the foregoing, no termination of the Merger Agreement shall relieve any party thereto of any liability for damages to the other party hereto resulting from knowing and intentional material breach of the Merger Agreement or fraud.

Subject to certain limitations described under "The Merger Agreement Remedies" beginning on page [], the parties are entitled to an injunction, specific performance and other equitable relief to prevent breaches of the Merger Agreement and to enforce specifically the terms of the Merger Agreement in addition to any other remedy to which they are entitled at law or in equity.

Regulatory and Other Governmental Approvals (page 63)

The Merger is subject to review by the U.S. Antitrust Division of the Department of Justice (the "Antitrust Division") and the U.S. Federal Trade Commission ("FTC") under the HSR Act. The HSR Act provides that transactions such as the Merger may not be completed until certain information and documents have been submitted to the Antitrust Division and the FTC and the applicable waiting period has expired or been terminated. On May 27, 2011, TPG Partners VI, L.P., as the ultimate parent of the Parent under the HSR Act, and the Company each filed a Pre-merger Notification and Report Forms with the Antitrust Division and the FTC and requested early termination of the initial 30-day waiting period. At any time before or after the consummation of the Merger, notwithstanding the early termination of the applicable waiting period under the HSR Act, the Antitrust Division or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the consummation of the Merger or seeking a divestiture of a substantial portion of the Company's assets or seeking other conduct relief. At any time before or after the consummation of the Merger, notwithstanding the early termination of the applicable waiting period under the HSR Act, any state or private party could seek to enjoin the consummation of the Merger or seek other structural or conduct relief.

Material U.S. Federal Income Tax Consequences of the Merger to Our Stockholders (page [])

Generally, the Merger will be taxable to our stockholders who are U.S. Holders (defined below) for U.S. federal income tax purposes. A U.S. Holder of our Common Stock receiving cash pursuant to the Merger generally will recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received and such holder's adjusted tax basis in our Common Stock surrendered. You should consult your own tax advisor for a full understanding of how the Merger will affect you in light of your particular tax circumstances.

Interests of the Company's Directors and Executive Officers in the Merger (page [])

You should be aware that certain of our directors and executive officers may have interests in the Merger that may be different from, or in addition to, your interests as a stockholder and that may present actual or potential conflicts of interest. These interests include the following:

the vesting and cash-out of all unvested stock options and restricted shares held by our executive officers and directors, unless otherwise agreed to by Parent and the holder of such equity-based awards;

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continued indemnification and insurance coverage for our current and former directors and officers for six years following the closing under the Merger Agreement; and

the payment of retention bonuses to certain of our executive officers if there is a sale of the Company prior to December 31, 2011, and such employee remains employed by the Company for six months following the sale of the Company (except as otherwise specified in the respective retention agreement).

Our Board of Directors was aware of these interests and considered that these interests may be different from, or in addition to, the interests of our stockholders generally, among other matters, in making their respective determinations regarding the Merger Agreement. The interests of the Company's directors and officers are described more fully under "The Merger" Interests of the Company's Directors and Officers in the Merger beginning on page [].

Procedure for Receiving Merger Consideration (page [])

Promptly after the effective time of the Merger (and in any event within two business days), the paying agent will mail a letter of transmittal and instructions to all Company stockholders of record as of the effective time of the Merger. The letter of transmittal and instructions will tell you how to surrender your stock certificates or book-entry shares in exchange for the Merger Consideration. You should not forward your share certificates to the paying agent without a letter of transmittal.

Market Price of Common Stock (page [])

Our Common Stock is listed on the NYSE under the trading symbol "PRM". The closing sale price of Common Stock on January 10, 2011, which was the last trading day before the Company announced that it was exploring a variety of strategic alternatives, was \$4.80 per share. The closing sale price of Common Stock on May 13, 2011, which was the last trading day before the announcement of the execution of the Merger Agreement, was \$4.38 per share.

Appraisal Rights (page [])

Holders of our Common Stock, other than the KKR Stockholders, may elect to pursue their appraisal rights to receive, in lieu of the Merger Consideration, the judicially determined "fair value" of their shares, which could be more or less than, or the same as, the Merger Consideration, but only if they comply with the procedures required under Section 262 of the DGCL. In order to qualify for these rights, you must make a written demand for appraisal by no later than June [], 2011, which is the date that is 20 days following the mailing of this information statement, and otherwise comply with the procedures set forth in Section 262 of the DGCL for exercising appraisal rights. For a summary of these procedures, see "Appraisal Rights" beginning on page []. A copy of Section 262 of the DGCL is also included as **Annex E** to this information statement. Failure to follow the procedures set forth in Section 262 of the DGCL will result in the loss of appraisal rights.

Litigation Related to the Merger (page [])

In connection with the Merger, four putative stockholder class action lawsuits have been filed, two in Georgia Superior Court and two in the Court of Chancery of the State of Delaware. See "Litigation Relating to the Merger" beginning on page [].

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QUESTIONS AND ANSWERS ABOUT THE MERGER

The following questions and answers are intended to briefly address some commonly asked questions regarding the Merger Agreement and the Merger. These questions and answers may not address all questions that may be important to you as a PRIMEDIA stockholder. Please refer to the Summary beginning on page 1 and the more detailed information contained elsewhere in this information statement, the annexes to this information statement and the documents referred to or incorporated by reference in this information statement, each of which you should read carefully. You may obtain information incorporated by reference in this information statement without charge by following the instructions under Where Stockholders Can Find Additional Information beginning on page [].

Q: What is the proposed transaction?

A: The proposed transaction is the acquisition of the Company by Parent pursuant to the Merger Agreement. Upon the terms and subject to satisfaction or waiver of the conditions under the Merger Agreement, Merger Sub, a wholly owned subsidiary of Parent, will merge with and into the Company, with the Company being the surviving corporation and becoming a wholly-owned subsidiary of Parent.

Q: What will I be entitled to receive in the Merger?

A: If the Merger is completed, you will be entitled to receive \$7.10 in cash, without interest, subject to required tax withholding, for each share of our Common Stock that you own, unless you properly exercise, and do not withdraw or lose, appraisal rights under Section 262 of the DGCL. For example, if you own 100 shares of our Common Stock, you would be entitled to receive \$710.00 in cash in exchange for your shares of Common Stock, subject to required tax withholding. You will not be entitled to receive shares of the surviving corporation or of Parent or any of its affiliates.

Q: When do you expect the Merger to be completed?

A: We are working to complete the Merger as quickly as possible. We currently expect to complete the Merger promptly after all of the conditions to the Merger have been satisfied or waived. Completion of the Merger is expected to occur in the third quarter of 2011.

Q: What happens if the Merger is not consummated?

A: If the Merger is not completed for any reason, stockholders will not receive any payment for their shares in connection with the Merger. Instead, the Company will remain a publicly traded company and the Common Stock will continue to be listed and traded on the NYSE. Under specified circumstances in connection with the termination of the Merger Agreement, the Company may be required to pay to, or receive from, Parent a termination fee, as described under The Merger Agreement Termination Fees beginning on page [].

Q: Why am I not being asked to vote on the Merger?

A: The Merger requires the adoption of the Merger Agreement by the holders of a majority of the outstanding shares of our Common Stock voting, or consenting in writing in lieu thereof, as a single class. The requisite stockholder approval was obtained immediately following the execution of the Merger Agreement on May 15, 2011, when a written consent approving and adopting the Merger Agreement was delivered by the KKR Stockholders, which owned on that date approximately 58% of our outstanding Common Stock on that date. Therefore, your vote is not required and is not being sought. We are not asking you for a proxy and you are requested not to send us a

proxy.

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Q: Why did I receive this information statement?

A: Applicable laws and securities regulations require us to provide you with notice of the written consent delivered by the KKR Stockholders, as well as other information regarding the Merger, even though your vote or consent is neither required nor requested to authorize and adopt the Merger Agreement or complete the Merger. This information statement also constitutes notice to you of the availability of appraisal rights under Section 262 of the DGCL, a copy of which is attached to this information statement as **Annex E**.

Q: Did our Board of Directors approve and recommend the Merger Agreement?

A: Yes. Our Board of Directors unanimously voted to approve the Merger Agreement and recommend the adoption of the Merger Agreement by our stockholders. To review our Board of Directors' reasons for recommending the authorization and adoption of the Merger Agreement, see *The Merger Reasons for the Merger; Recommendations of the Board of Directors* beginning on page [].

Q: What are the material U.S. federal income tax consequences to the PRIMEDIA stockholders of the Merger?

A: The receipt of cash in exchange for shares of our Common Stock pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. Holder (as defined in *The Merger Material U.S. Federal Income Tax Consequences of the Merger to Our Stockholders* beginning on page []) whose shares of Common Stock are converted into the right to receive the Merger Consideration will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount of cash received with respect to such shares (determined before the deduction of any applicable withholding taxes) and such U.S. Holder's adjusted tax basis in such shares. Such gain or loss generally will be long-term capital gain or loss if a U.S. Holder's holding period for such shares is more than one year at the time of the consummation of the Merger. Backup withholding may also apply with respect to cash a U.S. Holder receives in the Merger, unless such U.S. Holder provides proof of an applicable exemption or a correct taxpayer identification number and otherwise complies with the requirements of the backup withholding rules.

You should read *The Merger Material U.S. Federal Income Tax Consequences of the Merger to Our Stockholders* beginning on page [] for a more complete discussion of the U.S. federal income tax consequences of the Merger to U.S. Holders. Tax matters can be complicated, and the tax consequences of the Merger to you will depend on your particular tax situation. We urge you to consult your tax advisor on the tax consequences of the Merger to you.

Q: Will I continue to receive regular quarterly dividends?

A: The terms of the Merger Agreement allow us to continue to declare or pay a regular quarterly dividend in an amount not to exceed \$0.07 per share, between the date of the Merger Agreement and the earlier of the consummation of the Merger or the termination of the Merger Agreement. However, any such dividends will continue to be declared and payable only at dates corresponding to historical dates and, as a result, stockholders may or may not receive additional dividend payments depending on the timing of the consummation of the Merger.

Q: What happens if I sell my shares before completion of the Merger?

A: If you transfer your shares of Common Stock, you will have transferred the right to receive the Merger Consideration to be received by our stockholders in the Merger. In order to receive the Merger Consideration, you must hold your shares through completion of the Merger.

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Q: Should I send in my stock certificates now?

A: No. You will be sent a letter of transmittal with related instructions promptly after completion of the Merger, describing how you may exchange your shares of Common Stock for the Merger Consideration. If your shares of Common Stock are held in street name by your bank, brokerage firm or other nominee, you will receive instructions from your bank, brokerage firm or other nominee as to how to effect the surrender of your street name shares of Common Stock in exchange for the Merger Consideration. **Please do NOT return your stock certificate(s) to the Company.**

Q: Who can help answer my other questions?

A: If you have more questions about the Merger or need additional copies of the information statement, please contact our Corporate Secretary at PRIMEDIA Inc., 3585 Engineering Drive, Norcross, Georgia 30092, Telephone number: (678) 421-3000.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This information statement, and the documents to which we refer you in this information statement, contain forward-looking statements that involve numerous risks and uncertainties which may be difficult to predict. The statements contained in this communication that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended, including, without limitation, statements regarding projections of total revenue, EBITDA, net income, free cash flow or other financial items, the expected timing of the closing of the proposed Merger, the management of the Company and the Company's expectations, beliefs, strategies, objectives, plans and intentions, anticipated financial performance, business prospects, critical accounting policies, technological developments, new services, consolidation activities, research and development activities, future challenges and opportunities, regulatory, market and industry trends and similar matters. All forward-looking statements included in this communication are based on information available to the Company on the date hereof. In some cases, you can identify forward-looking statements by terminology such as may, can, will, should, could, expects, plans, anticipates, intends, believes, estimates, predicts, potential, ta continue, preliminary, guidance, or variations of such words, similar expressions, or the negative of these terms or other comparable terminology.

No assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on our business, results of operations or financial condition. Accordingly, actual results may differ materially and adversely from those expressed in any forward-looking statements. Neither the Company nor any other person can assume responsibility for the accuracy and completeness of forward-looking statements. There are various important factors that could cause actual results to differ materially from those in any such forward-looking statements, many of which are beyond the Company's control. These factors include, without limitation: the results and impact of the Company's announcement of the proposed Merger; general economic trends and conditions and, in particular, trends and conditions in the apartment and other rental property and new home sales sectors of the residential real estate industry; changes in technology and competition; implementation and results of our ongoing strategic initiatives; the demand by customers for our products and services; changes in U.S. federal tax laws; failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory or other approvals in connection with the Merger; failure to consummate or delay in consummating the Merger for other reasons; changes in laws or regulations; the outcome of any legal proceedings that have been or may be instituted against PRIMEDIA and others related to the Merger Agreement; the impact of cost-cutting pressures across the industries we serve; changes in the industry, changes in customer needs or demands, or our services and offerings; the possibility of recurrent incidents of untimely delivery of services that could cause our customers to seek to obtain services from other suppliers; the impact of the Merger on our ability to attract and retain key personnel, on our sales, including the length of our sales cycles, and on our total costs and expenses; the diversion of management's attention from ongoing business concerns as a result of the Merger; costs relating to the Merger, such as legal, accounting and financial advisory fees, and, in specified circumstances, termination fees, that must be paid even if the Merger is not completed; the failure to develop new or enhanced services or offerings in a timely manner, or at all, in response to evolving market demands; overall economic conditions; the failure to obtain the necessary equity or debt financing arrangements set forth in the financing commitment letters received in connection with the Merger; our ability to negotiate and enter into strategic acquisitions or alliances on favorable terms, if at all, and our ability to realize the anticipated benefits from any strategic acquisitions or alliances that we enter into; the ability of our majority stockholder to exert influence over our affairs, including the ability to approve or disapprove any corporate actions submitted to a vote of our stockholders; numerous other matters of national, regional and local market scale, including those of a political, economic, business, competitive and regulatory nature; and the information contained under the headings Risk Factors and Business and other factors identified in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission.

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The Company undertakes no obligation (and expressly disclaims any such obligation) to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. For additional information please refer to the Company's most recent Form 10-K, 10-Q and 8-K reports filed with the Securities and Exchange Commission.

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THE PARTIES TO THE MERGER

PRIMEDIA

PRIMEDIA Inc.

3585 Engineering Drive

Norcross, Georgia 30092

Phone: (678) 421-3000

We are a Delaware corporation that helps millions of consumers nationwide find apartments, houses for rent or new homes for sale through our innovative Internet, mobile and print solutions. We have published our flagship advertising-supported Apartment Guide since 1975 and operate industry-leading online real estate destinations such as ApartmentGuide.com, NewHomeGuide.com and Rentals.com. We generated \$232.2 million in total revenue in 2010.

For more information about the Company, please visit our website at <http://www.primedia.com>. Our website address is provided as an inactive textual reference only. The information on our website is not incorporated into, and does not form a part of, this information statement. Detailed descriptions about the Company's business and financial results are contained in our Annual Report on Form 10-K, which is incorporated in this information statement by reference. See "Where Stockholders Can Find Additional Information" beginning on page [].

Parent and Merger Sub

Pittsburgh Holdings, LLC and Pittsburgh Acquisition, Inc.

c/o TPG Partners VI, L.P.

301 Commerce Street, Suite 3300

Fort Worth, Texas 76102

Phone: (817) 871-4000

Pittsburgh Holdings, LLC is a newly formed Delaware limited liability company. Parent has not engaged in any business to date, except for activities incidental to its formation and activities undertaken in connection with the Merger and the other transactions contemplated by the Merger Agreement. Parent is indirectly controlled by private investment funds affiliated with TPG.

Pittsburgh Acquisition, Inc. is a Delaware corporation formed for the sole purpose of completing the Merger with the Company. Merger Sub is a wholly owned subsidiary of Parent. Merger Sub has not engaged in any business to date except for activities incidental to its incorporation and activities undertaken in connection with the Merger and the other transactions contemplated by the Merger Agreement. Upon consummation of the proposed Merger, Merger Sub will merge with and into the Company, and Merger Sub will cease to exist and the Company will continue as the surviving corporation, under the name PRIMEDIA Inc.

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THE MERGER

This discussion of the Merger is qualified in its entirety by reference to the Merger Agreement, which is attached to this information statement as Annex A. You should read the entire Merger Agreement carefully as it is the legal document that governs the Merger.

Background of the Merger

In October 2010, the Board of Directors began discussing the possibility of the Company exploring strategic alternatives. The Board of Directors is comprised of six Independent Directors, three directors who are affiliated with KKR (each a KKR-affiliated director) and one director who is an officer of the Company.

In November 2010, the Board of Directors met with several well-qualified financial advisors concerning exploring possible strategic alternatives for the Company. On December 17, 2010, the Board of Directors approved the engagement of Moelis as the Company's financial advisor.

Between October 12, 2010 and December 21, 2010 the Independent Directors met several times as a group and with representatives of Gibson, Dunn & Crutcher LLP (Gibson Dunn), their counsel, to discuss the possible exploration of strategic alternatives for the Company. At these meetings, representatives of Gibson Dunn reviewed with the Independent Directors the fiduciary duties relating to a possible exploration of strategic alternatives and the role of the Independent Directors in such a process. Also at these meetings and separately with the KKR-affiliated directors, the Independent Directors discussed the prospect of engaging their own financial advisor. The Independent Directors and representatives of Gibson Dunn spoke to several potential financial advisors and met with two financial advisors on December 13, 2010, including Lazard.

On January 7, 2011, a meeting of the Board of Directors was held with representatives of Moelis and Simpson Thacher & Bartlett LLP (Simpson Thacher), the Company's outside legal counsel, and representatives of Gibson Dunn in attendance. The Board of Directors discussed strategic alternatives, including ways to expand its business without increasing the Company's debt. At this meeting, the KKR-affiliated directors indicated that KKR was unwilling to commit additional capital to the Company. Representatives of Moelis made a presentation to the Board of Directors about prevailing market factors relevant in assessing strategic alternatives, including a potential sale of the Company. These factors included the improved debt financing environment as compared to 2008 and 2009, which would help create a more robust market to sell into in 2011. The Moelis presentation identified potential strategic and financial parties that it believed had the capacity, and potentially the interest, to acquire the Company.

At this meeting, representatives of Simpson Thacher reviewed with the Board of Directors the fiduciary duties relating to a possible exploration of strategic alternatives and discussed issues that could arise in connection with a potential transaction involving a public company that has a majority stockholder. Also at this meeting, representatives of Moelis and Company management discussed the Company's projections as well as the opportunities the Company has and the challenges the Company faces, including those posed by a transition to a primarily digital product offering. Representatives of Moelis reviewed with the Board of Directors the possibility of conducting a broad process in which a large number of potential buyers would be approached. The Board of Directors indicated its support for a broad process, which it believed would maximize price. Following this discussion, the Independent Directors met separately with representatives of Gibson Dunn, and decided not to hire a separate financial advisor at that time. However, the Independent Directors agreed that, if the process developed to the point of receiving and evaluating bids, then the Independent Directors would likely engage Lazard as their financial advisor. The Independent Directors so informed Lazard. Following the meeting of the Independent Directors, the entire Board of Directors reconvened and deliberated and determined it was in the best interests of the stockholders to proceed with an exploration of strategic alternatives, including a potential sale of the Company. On January 11, 2011, the Company issued a press release stating that it was exploring a variety of strategic alternatives, including a possible sale of the Company.

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From January 11, 2011 through February 25, 2011, Moelis contacted 117 potential acquirors, including both possible strategic and financial acquirors. Forty-six parties, consisting of forty potential financial purchasers (including TPG, and two other potential purchasers that we refer to as Bidder X and Bidder Y, respectively) and six potential strategic purchasers, executed non-disclosure agreements containing customary confidentiality, employee non-solicitation and standstill provisions, pursuant to which, among other things, each such party agreed not to acquire the Company's securities or make any proposal to acquire the Company without the Company's prior consent. Upon executing a non-disclosure agreement, each of the forty-six potential purchasers received summary descriptive materials discussing the Company's business, management and prospects and also access to a preliminary electronic data room. In accordance with the timeline developed by the Board of Directors, Moelis instructed each bidder to submit a preliminary indication of interest for a potential acquisition of the Company by February 25, 2011.

By February 25, 2011, eleven bidders, all of which were financial sponsors, submitted preliminary non-binding indications of interest to acquire the Company in an all cash transaction. Each such preliminary indication set forth various conditions, including, among other things, satisfactory completion of due diligence, as well as financial assumptions underlying each such preliminary indication.

On March 1, 2011, at a meeting of the Board of Directors attended by members of Company management, representatives of Moelis and Simpson Thacher, the representatives of Moelis provided a summary of the preliminary indications of interest received from potential bidders. The Board of Directors, taking into account the advice of Moelis and Simpson Thacher, determined that, in the interest of obtaining the highest price for the Company and maximizing competitive pressure to extract the highest bids from all remaining bidders, it was advisable to permit the ten bidders who had submitted indications of interest with the highest price per share into the next round of the auction. At this meeting, representatives of Simpson Thacher reviewed with the Board of Directors its fiduciary duties relating to a possible sale of the Company.

From March 1, 2011 through March 25, 2011, Company management conducted management meetings with ten of the potential acquirors, many of which submitted diligence request lists. The Board of Directors instructed Company management not to have any negotiations at these presentations or in any other context about arrangements for post-closing employment or equity participation opportunities. Also during this time period, the potential acquirors were provided access to a more robust electronic data room in connection with their diligence.

On April 4, 2011, the Board of Directors met with members of Company management, representatives of Moelis and Simpson Thacher, and the representatives of Moelis reported on the process to date. The non-disclosure agreements with potential bidders provided that no bidder could ask a debt financing source to work exclusively with such bidder, but one potential bidder asked that it be permitted to request that a potential debt financing source work with it to the exclusion of other bidders. After discussing the bidder's request, including the availability of financing for other bidders, the Board of Directors approved such request.

During the next few weeks of April 2011, Moelis had discussions with the bidders that had submitted preliminary indications of interest. Moelis kept the Board of Directors and members of Company management updated about these discussions. Moelis, in consultation with the Board of Directors and members of Company management, set a schedule whereby each potential bidder would be requested to submit (i) on May 6, 2011, its mark-up of draft definitive transaction documents prepared by Company counsel, to allow the Board of Directors and their respective advisors to identify important issues in such documents and suggest modifications to the final terms and conditions on which the bidders would base their final bids, and (ii) on May 9, 2011, its final bid. On April 20, 2011, representatives of Simpson Thacher provided bidders with a draft merger agreement.

On April 26, 2011, the Independent Directors met with representatives of Gibson Dunn and decided to pursue the previously discussed engagement with Lazard. Shortly thereafter, the material terms of the engagement were agreed and Lazard commenced its advisory work. The Independent Directors, the Company

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and Lazard executed an engagement letter on May 5, 2011 that included the work Lazard had already performed on behalf of the Independent Directors.

On May 6, 2011, TPG and Bidder X submitted their respective mark-ups of the draft merger agreement and submitted equity and debt commitment papers which provided for financing to pay for the equity of the Company and to refinance its debt. Each of the bidders proposed changes to the representations and warranties, termination fee triggers, specific performance obligations and covenants restricting the Company's operation of the business between the signing date and closing. In addition, TPG required that the KKR Stockholders provide their written consent to the merger immediately following the signing of the merger agreement.

On May 9, 2011, TPG delivered to Moelis its written definitive proposal to acquire the Company at a purchase price of \$5.50 per share, Bidder X delivered to Moelis its written definitive proposal to acquire the Company at a purchase price of \$5.65 per share, and Bidder Y delivered to Moelis its written definitive proposal to acquire the Company at a purchase price of \$4.75 per share. Bidder Y did not submit a mark-up of the draft merger agreement, nor did it submit documentation in respect of financing commitments. Bidder Y also noted they had not completed their due diligence investigation of the Company. No other potential purchasers submitted written definitive proposals. On May 10, 2011, Moelis, after consultation with Simpson Thacher, called Bidder X and told them that their debt financing commitment letter had more conditionality than the Board of Directors would likely accept.

On May 11, 2011, the Board of Directors met and received from representatives of Moelis a summary of the definitive written proposals submitted on May 9, 2011 by TPG, Bidder X and Bidder Y. Also at this meeting, representatives of Simpson Thacher provided the members of the Board of Directors with a summary of the respective merger agreement mark-ups and financing commitment papers received from each of TPG and Bidder X. In addition, the Company's management also discussed with the members of the Board of Directors the Company's first quarter financial results. The Board of Directors, Company management and representatives of Moelis discussed the bids in light of the opportunities and challenges facing the Company. The meeting of the full Board of Directors was then suspended in order to permit the Independent Directors to separately meet with their legal and financial advisors. Representatives of Lazard reviewed with the Independent Directors and representatives of Gibson Dunn its preliminary analysis with respect to the bids and the sale process to date. Following this meeting, the Independent Directors reported to the full Board of Directors that the Independent Directors supported instructing Moelis to continue discussions with the potential purchasers with a view to a sale of the Company. The Board and the Company's management then further discussed the Company's financial projections and the bids. Since the prices offered by TPG and Bidder X were close to each other, the Board determined, in consultation with Moelis and Simpson Thacher, that in the interest of maximizing competitive pressure to obtain the highest bids from both TPG and Bidder X, to ask both TPG and Bidder X to submit improved bids by the afternoon of May 12, 2011. The Board decided not to pursue further negotiations with Bidder Y because their bid contained the lowest price and was subject to additional due diligence, and they had not provided a merger agreement mark-up or financing commitment papers.

On the afternoon of May 11, 2011, representatives of Moelis called TPG and Bidder X and asked them to submit improved bids by the afternoon of May 12, 2011. In order to allow both of the bidders to base their bids on the same terms and conditions, and to facilitate the Company's ability to prepare related disclosure schedules that could be finalized quickly if the Board of Directors subsequently determined to proceed towards the signing of definitive transaction documents with one of the bidders, Simpson Thacher provided the bidders with a revised form of merger agreement.

On May 12, 2011, TPG delivered to Moelis a written definitive proposal to acquire the Company at a purchase price of \$6.55 per share. The TPG proposal was accompanied by a debt financing commitment letter and a mark-up of the merger agreement. On the same day, Bidder X delivered to Moelis a written definitive proposal to acquire the Company at a purchase price of \$6.30 per share. Bidder X's proposal was accompanied by a revised debt financing commitment letter and a mark-up of the merger agreement.

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On the evening of May 12, 2011, the Board of Directors met with Company management, representatives of Moelis and Simpson Thacher to consider the revised bids. Also present at this meeting were representatives of Lazard and Gibson Dunn. The Board of Directors determined that because TPG's offer contained a higher price per share and the terms of their debt financing commitment letter contained less conditionality than the debt financing commitment letter submitted by Bidder X, contract negotiations should commence with TPG. After the meeting, Simpson Thacher spoke with TPG's legal advisors, Cleary Gottlieb Steen & Hamilton LLP (Cleary), about the remaining open issues on the merger agreement.

On the evening of May 13, 2011, Bidder X submitted to Moelis an unsolicited written offer to acquire the Company at a purchase price of \$7.00 per share and indicated that this might not be their best and final offer.

Later on May 13, 2011, the Board of Directors met with Company management, representatives of Moelis and Simpson Thacher to discuss the terms of the increased bid from Bidder X. Also present at this meeting were representatives of Lazard and Gibson Dunn. The Board of Directors expressed interest in resuming discussions with Bidder X given the increased purchase price they had offered, but expressed concern over the conditionality contained in their debt financing commitment letter. The Board of Directors, taking into account the advice of Moelis and Simpson Thacher, determined that, in the interest of obtaining the highest price for the Company, Moelis should approach Bidder X and give them until 2 p.m. Eastern Standard Time on May 14, 2011 to resubmit their debt financing commitment letter and mark-up of the merger agreement. This decision was supported by the Independent Directors after consultation with their advisors.

By 2 p.m. Eastern Standard Time on May 14, 2011, Bidder X resubmitted its debt financing commitment letter and mark-up of the draft merger agreement agreeing to all of the changes requested by Simpson Thacher, including the elimination of the conditionality on the debt financing commitment letter.

Later that day, the Board of Directors met with representatives of Simpson Thacher and Moelis to discuss how to proceed. Also present at this meeting were representatives of Lazard and Gibson Dunn. The Board of Directors, taking into account the advice of Moelis and Simpson Thacher, determined that, in the interest of obtaining the highest price for the Company and maximizing competitive pressure to obtain the highest bids from both TPG and Bidder X, and to put both bidders on an equal footing, both bidders should be requested to submit their best and final offers by 3:15 p.m. Eastern Standard Time on May 15, 2011, fifteen minutes before the Independent Directors were scheduled to meet with their advisors and forty-five minutes before the Board of Directors was scheduled to meet with Company management and all of the advisors. This decision was supported by the Independent Directors after consultation with their advisors. After the meeting, representatives of Moelis contacted TPG and Bidder X to convey the Board's decision.

Later on May 14, 2011, Moelis received a letter from TPG offering to acquire the Company at a purchase price of \$7.10 per share and indicating that its offer would only remain open until 10:00 a.m. Eastern Standard Time on May 15, 2011. The letter stated that the offer would expire unless the offer was accepted by the Company and the merger agreement executed prior to this time.

At 8:30 a.m. Eastern Standard Time on May 15, 2011, the Board of Directors met with representatives of Moelis and Simpson Thacher to determine how to proceed. Also present at this meeting were representatives of Gibson Dunn. The Board of Directors, taking into account the advice of Moelis and Simpson Thacher, determined that, in the interest of obtaining the highest price for the Company, it would adhere to its original timetable. This decision was supported by the Independent Directors after consultation with their advisors. Representatives of Moelis spoke with TPG to inform them of the Board of Directors decision to adhere to its previously communicated schedule. TPG informed Moelis that its offer would expire and that it may or may not rebid by the deadline. During the course of the day Simpson Thacher and Bidder X's outside legal counsel negotiated and finalized the terms of the merger agreement, the schedules thereto, and the other transaction documents.

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Shortly before the deadline, TPG offered to acquire the Company at a purchase price of \$7.10 per share with a 100% equity commitment and Bidder X informed Moelis that its offer made on May 13, 2011 to acquire Company at a purchase price of \$7.00 per share remained unchanged. Simpson Thacher and Cleary began negotiating and finalizing the terms of the merger agreement, the schedules thereto, and the other transaction documents.

At 3:30 p.m. on May 15, 2010, the Independent Directors met with representatives of Lazard and Gibson Dunn to consider the bids. Representatives of Gibson Dunn then reviewed with the Independent Directors the status of the bids and the fiduciary duties of the Independent Directors. Representatives of Lazard discussed the sale process that had been conducted by Moelis and proceeded to review the terms of the bids from TPG and Bidder X. Representatives of Lazard reviewed each of the financial analyses it performed and the assumptions it used in connection with each analysis. Representatives of Lazard then rendered Lazard's oral opinion, later confirmed by delivery of a written opinion dated May 15, 2011, to the effect that, based upon and subject to the assumptions, matters considered and limitations described in its written opinion (a draft of which had previously been provided to the Independent Directors), as of May 15, 2011, \$7.10 per share in cash to be paid to the stockholders of Common Stock (other than stockholders who have exercised and perfected appraisal rights under Delaware law, the KKR Stockholders, the Company and its wholly owned subsidiaries, or Parent and Merger Sub) in the transaction was fair, from a financial point of view, to such holders.

At 4 p.m. on May 15, 2010, the Board of Directors met with Company management, representatives of Moelis and Simpson Thacher to consider whether the terms of the merger agreement and the other transaction agreements with TPG, copies of which had been distributed (along with a summary of the merger agreement) to the Board of Directors, and the transactions contemplated thereby, including the merger, were advisable, fair to and in the best interests of the Company and its stockholders. Representatives of Gibson Dunn and Lazard also attended this meeting. Representatives of Simpson Thacher explained that all of the issues that had been discussed with the Board of Directors over the proceeding few days had been resolved. Representatives of Moelis noted that TPG's offer to acquire the Company at a purchase price of \$7.10 per share represented the highest price received during the auction and that it was the only offer containing an equity commitment that covered the full purchase price. Representatives of Simpson Thacher then reviewed with the Board of Directors the significant terms of the merger agreement that had been negotiated with TPG. Representatives of Simpson Thacher also reviewed for the Board of Directors the fiduciary duties of the Board of Directors. Representatives of Moelis reviewed with the Board of Directors the auction process and then gave its financial analyses of the consideration to be received by the Company's stockholders pursuant to the merger and delivered to the Board of Directors an oral opinion, later confirmed by delivery of a written opinion dated May 15, 2011, to the effect that, as of that date and based upon and subject to various assumptions and limitations described in Moelis' written opinion, the \$7.10 per share in cash to be received by the holders of Common Stock was fair, from a financial point of view, to such holders (other than the KKR Stockholders and their affiliates).

Following receipt of Moelis' opinion and a discussion by the Board of Directors, in which it considered the factors discussed further under "The Merger" Reasons for the Merger; Recommendations of Our Board of Directors beginning on page [], the Board of Directors unanimously resolved that the execution of the merger agreement, and entry into the transactions contemplated thereby were advisable for, fair to, and in the best interests of, the Company and its stockholders, approved, declared advisable and authorized the execution of the merger agreement and the other transaction agreements on behalf of the Company, unanimously recommended the adoption of the merger agreement by the Company's stockholders and directed that the merger agreement be submitted to the KKR Stockholders for adoption.

After the meeting of the Board of Directors on May 15, 2011, Parent, Merger Sub and the Company executed the merger agreement and related agreements. Shortly thereafter, the KKR Stockholders, in their capacity as the Company's majority stockholders, executed a written consent adopting the merger agreement. A press release announcing the transaction was issued on the morning of May 16, 2010.

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Reasons for the Merger; Recommendations of the Board of Directors

On May 15, 2011, at a special meeting of our Board of Directors, our Board of Directors unanimously (i) determined that the Merger Agreement, the Merger and the transactions contemplated by the Merger Agreement were fair to, and in the best interests of, the Company's stockholders, (ii) approved the Merger and the other transactions contemplated by the Merger Agreement, (iii) declared the Merger Agreement advisable and (iv) resolved to recommend that our stockholders adopt the Merger Agreement.

In the course of our Board of Directors making the determinations described above, our Board of Directors consulted with our management, as well as our legal and financial advisors, and considered the following potentially positive factors (which are not intended to be exhaustive and are not in any relative order of importance):

the belief of our Board of Directors that we have obtained the highest price per share of our Common Stock that Parent is willing to pay as a result of the negotiations between the parties;

the belief of our Board of Directors that the price of \$7.10 per share reflects the highest value per share of our Common Stock reasonably attainable in light of (i) the Company's public announcement of a strategic alternatives process and the associated widespread market knowledge regarding the process, and (ii) the sale process conducted by the Board of Directors, as more fully discussed under "The Merger" Background of the Merger beginning on page [];

Moelis contacting 117 potential acquirors during the sale process, consisting of both possible financial and strategic acquirors, and the Board of Directors' belief, based on its and its advisors' active participation in the auction process, that all bidders were treated fairly and that it, the Company's management and the KKR Stockholders worked to maximize value for all of our stockholders;

the historical market prices of our Common Stock relative to the \$7.10 per share Merger Consideration, and the fact that \$7.10 per share of our Common Stock represented a 47.9% premium over the closing price of our Common Stock on January 10, 2011, the day prior to the public announcement that we were exploring various strategic alternatives for the Company, and a 95.1% premium to the average closing price of our Common Stock over the 52-week period up to January 10, 2011;

our Board of Directors' understanding of the business, operations, financial conditions, earnings and prospects of the Company, the possible alternatives to the sale of the Company, including continuing to operate the Company as an independent public company, and the range of potential benefits to the stockholders of the Company of these alternatives, as well as the assessment of our Board of Directors that none of these alternatives was reasonably likely to present superior opportunities for the Company to create greater value for our stockholders, taking into account the timing and the likelihood of accomplishing such alternatives, the need for additional investment resources to accomplish such alternatives and the risks of successfully effecting such alternatives, including the business, competitive, industry and market risks that would apply to the Company;

the fact that the Merger Consideration is all cash, which provides certainty of value to holders of our Common Stock compared to a transaction in which our stockholders would receive stock and compared to the uncertainty inherent in executing the Company's business plans;

the support of the KKR Stockholders, which will be receiving the same form and amount of consideration per share of our Common Stock as each of our other stockholders, as evidenced by its execution and delivery of a written consent approving and adopting the Merger Agreement;

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the financial analyses of Moelis, the Company's financial advisor in connection with the Merger, and the opinion of Moelis to the Company's Board of Directors, dated as of May 15, 2011, that as of such date and based upon and subject to the factors and assumptions set forth in that opinion, the Merger Consideration to be paid to the stockholders of the Company pursuant to the Merger Agreement was fair from a financial point of view to such holders, other than the KKR Stockholders and their affiliates (the opinion of Moelis is more fully described below in The Merger Opinion of the Financial Advisor of the Company Moelis & Company beginning on page []);

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the Independent Directors were advised by their own legal and financial advisors and on May 15, 2011, received an opinion from Lazard, their financial advisor, to the effect that as of such date and based upon and subject to the assumptions, procedures, factors, limitations and qualifications set forth therein, the Merger Consideration to be paid to the stockholders of the Company (other than stockholders who exercised and perfected appraisal rights under Delaware law, stockholders affiliated with KKR, the Company and its wholly owned subsidiaries, Parent and Merger Sub), pursuant to the Merger was fair from a financial point of view to such holders (the opinion of Lazard is more fully described below in The Merger Opinion of the Financial Advisor to the Independent Directors Lazard Frères & Co. LLC beginning on page []);

the terms of the Merger Agreement, as reviewed by our Board of Directors with its legal advisors, including:

the terms of the Merger Agreement provide the Company sufficient operating flexibility for us to conduct our business in the ordinary course between signing the Merger Agreement and the closing of the Merger;

Parent's and Merger Sub's obligation to complete the Merger is not subject to any financing condition;

the obligation of Parent under the Merger Agreement to pay to the Company a reverse termination fee of \$30 million, or approximately 5.7% of the aggregate transaction value, upon termination of the Merger Agreement under certain circumstances, increasing the likelihood of the Merger being successfully consummated as described more fully under The Merger Agreement Termination Fees beginning on page [];

the termination date under the Merger Agreement, November 15, 2011, allows for sufficient time to complete the Merger; and

the ability of the Company, under certain circumstances, to seek specific performance to prevent certain breaches of the Merger Agreement by Parent and Merger Sub, to cause Parent and/or Merger Sub to enforce specifically the terms of the Merger Agreement and the equity commitment letter;

the receipt of an executed commitment letter from Parent's source of equity financing for the Merger and the terms and conditions of the commitment and the reputation of the equity financing source that, in the reasonable judgment of the Board of Directors, increase the likelihood of such financings being completed;

the consideration for the Merger and the other terms of the Merger Agreement resulted from negotiations between the Board of Directors and its advisors, on the one hand, and Parent and its guarantor and their advisors, on the other hand;

the availability of appraisal rights to the stockholders of the Company, other than the KKR Stockholders, who comply with all of the required procedures under Section 262 of the DGCL for exercising such rights, which allow such holders to seek appraisal of the fair value of their stock as determined by the Court of Chancery of the State of Delaware in lieu of receiving the Merger Consideration;

the lack of significant antitrust risk associated with the Merger and the obligations of Parent to use its reasonable best efforts to obtain promptly required antitrust clearance required for the completion of the Merger under the circumstances set out in the Merger Agreement, as more fully described under The Merger Agreement Filings; Other Actions; Notifications beginning on page [];

the likelihood of the Company satisfying the other conditions to Parent's and Merger Sub's obligations to complete the Merger; and

all stockholders of the Company will receive the same form and amount of consideration per share of our Common Stock in connection with the Merger.

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Our Board of Directors also considered a number of potentially negative factors in its deliberations concerning the Merger, including, but not limited to the following factors (which are not intended to be exhaustive and are not in relative order of importance):

following the completion of the Merger, we will no longer exist as an independent public company and our stockholders will no longer participate in the potential future growth of our assets, future earnings growth, future appreciation in the value of our Common Stock or future dividends;

under the terms of the Merger Agreement and applicable law, following the KKR Stockholders' execution of a written consent to adopt the Merger Agreement following the parties' execution of the Merger Agreement, the stockholder approval necessary to consummate the Merger would be obtained and the Board of Directors would no longer be entitled to change its recommendation of the Merger to the Company's stockholders, and the Board of Directors' belief about the effect that would have on other parties considering proposing an alternative transaction that may be more advantageous to our stockholders;

the gain from an all-cash transaction such as the Merger generally will be taxable to our stockholders for U.S. federal income tax purposes;

the fact that Parent and Merger Sub are newly-formed entities with no material assets other than the equity commitment of the guarantor and the debt financing commitments of the lenders;

while the Merger is expected to be completed, there are no assurances that all conditions to the parties' obligations to complete the Merger will be satisfied or waived, and as a result, it is possible that the Merger may not be completed, as described under "The Merger Agreement Conditions to the Merger" beginning on page []; and

the possibility of disruption to our operations following announcement of the Merger, the fact that the Merger Agreement identifies certain actions which may not be taken by the Company without the consent of Parent in the period before the completion of the Merger and that these restrictions may restrict the Company's flexibility to manage its business during that period, and the possible effect on the Company's operating results, the trading price of our Common Stock and our ability to attract and retain key personnel and customers if the Merger does not close.

During its consideration of the transaction with Parent, our Board of Directors was also aware that some of our directors and executive officers may have interests in the Merger that may be different from, or in addition to, those of our stockholders generally, as described under "The Merger Interests of the Company's Directors and Officers in the Merger" beginning on page [].

While our directors considered the potentially negative and potentially positive factors summarized above, they each concluded that, overall, the potentially positive factors outweighed the potentially negative factors.

The foregoing discussion summarizes the material information and factors considered by our Board of Directors in its consideration of the Merger. Each of our directors reached the decision to approve and recommend the Merger Agreement in light of the factors described above and other factors that he or she felt was appropriate. In view of the variety of factors and the quality and amount of information considered, our Board of Directors did not find it practicable to and did not quantify or otherwise assign relative weights to the specific factors considered in reaching its determination but conducted an overall analysis of the transaction. In addition, individual members of our Board of Directors may have given different weight to different factors. Accordingly, our Board of Directors based its recommendation on the totality of the information presented to and considered by it.

Opinion of the Financial Advisor to the Company Moelis & Company

At the meeting of the Company's Board of Directors on May 15, 2011, Moelis & Company LLC ("Moelis") delivered its oral opinion, which was later confirmed in writing, that based upon and subject to the conditions and

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limitations set forth in its written opinion, as of May 15, 2011, the Merger Consideration to be received by holders of the Common Stock in the Merger is fair, from a financial point of view, to such stockholders, other than the KKR Stockholders.

The full text of Moelis' written opinion dated May 15, 2011, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C to this information statement and is incorporated herein by reference. Stockholders are urged to read Moelis' written opinion carefully and in its entirety. The following summary describes the material analyses underlying Moelis' opinion, but does not purport to be a complete description of the analyses performed by Moelis in connection with its opinion. Moelis' opinion is limited solely to the fairness of the Merger Consideration from a financial point of view as of the date of the opinion and does not address the Company's underlying business decision to effect the Merger or the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available to the Company. Moelis' opinion does not constitute a recommendation to any stockholder of the Company as to how such stockholder should act with respect to the Merger or any other matter. Moelis' opinion was approved by a Moelis fairness opinion committee.

In arriving at its opinion, Moelis, among other things:

reviewed certain publicly available business and financial information relating to the Company that Moelis deemed relevant;

reviewed certain internal information relating to the business, including financial forecasts (Case A and Case B), earnings, cash flow, assets, liabilities and prospects of the Company furnished to Moelis by the Company;

conducted discussions with members of senior management and representatives of the Company concerning the matters described in the foregoing, as well as the business and prospects of the Company generally;

conducted a discounted cash flow analysis based on the financial forecasts referred to above;

reviewed a draft of the merger agreement, dated May 15, 2011;

participated in certain discussions and negotiations among representatives of the Company and Parent and their financial and legal advisors; and

conducted such other financial studies and analyses and took into account such other information as Moelis deemed appropriate. As part of its engagement, Moelis assisted the Company with an extensive publicly-announced transaction process.

In connection with its review, Moelis did not assume any responsibility for independent verification of any of the information supplied to, discussed with, or reviewed by Moelis for the purpose of its opinion and has, with the consent of the Board of Directors, relied on such information being complete and accurate in all material respects. In addition, at the direction of the Board of Directors, Moelis did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent, derivative, off-balance-sheet, or otherwise) of the Company, nor was Moelis furnished with any such evaluation or appraisal. With respect to the forecasted financial information referred to above, Moelis assumed, at the direction of the Board of Directors, that such financial information was reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company as to the future performance of the Company. Moelis assumes no responsibility for and expresses no view as to such forecasts or the assumptions on which they are based, and Moelis has relied upon the assurances of Company management that it is unaware of any facts that would make the information provided to or reviewed by Moelis incomplete or misleading.

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Moelis' opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Moelis as of May 15, 2011. Moelis has assumed, with the consent of the Board of Directors of the Company, that the Merger will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that the necessary regulatory or third party approvals, consents and releases for the Merger will be obtained.

Financial Analyses

The following is a summary of the material financial analysis presented by Moelis to the Board of Directors of the Company at its meeting held on May 15, 2011, in connection with the delivery of its oral opinion at that meeting and its subsequent written opinion.

Some of the summary of the financial analysis below includes information presented in tabular format. In order to fully understand Moelis' analysis, the table must be read together with the text of the summary. The table alone does not constitute a complete description of the analysis. Considering the data described below without considering the full narrative description of the financial analysis, including the methodologies and assumptions underlying the analysis, could create a misleading or incomplete view of Moelis' analysis.

Discounted Cash Flow Analysis

Moelis performed a discounted cash flow analysis of the Company to calculate a range of implied equity values for the Company. A discounted cash flow analysis is a method of evaluating a business using estimates of the future unlevered free cash flows generated by such business and taking into consideration the time value of money with respect to those future free cash flows by calculating their present value. Present value refers to the current value of one or more future cash payments from a business, which we refer to as that business' free cash flows, and is obtained by discounting those free cash flows back to the present using a discount rate that takes into account appropriate factors. Terminal value or valuation refers to the capitalized value of all free cash flows from a business for periods beyond the final forecast period.

Using background materials provided by the Company's management, Moelis performed a discounted cash flow analysis utilizing the after-tax unlevered free cash flows for the fiscal years 2011 to 2015, applying discount rates ranging from 13.0% to 15.0% derived from an estimated weighted average cost of capital for the Company. In conducting the terminal valuation, Moelis applied to the Company's calendar year 2015 estimated free cash flows a range of perpetuity growth rates of 1.0% to 3.0%. The analysis was conducted on both the Company's Case A and Case B forecasts.

Based on the foregoing, Moelis derived the following implied per share equity reference ranges for the Common Stock, shown as compared to the Merger Consideration:

Implied per Share Equity Value Reference

Ranges for the Company Based on:				Merger Consideration
Case A		Case B		
\$5.50	\$8.45	\$3.70	\$6.00	\$7.10

Other Matters Considered

Moelis also reviewed publicly available financial and stock market data, including valuation multiples, for selected real estate related online companies, selected publishing companies, selected newspaper publishers and selected other online companies, reviewed publicly available financial terms of selected announced transactions involving real estate related online companies, publishing companies, newspaper publishers and other online companies and considered other analyses. However, given the Company's ongoing secular shift from print to

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digital business model and the inability to bifurcate revenue and EBITDA between print and digital products, Moelis was not able to meaningfully compare the Company and the Merger to selected companies and selected transactions for the purposes of its fairness opinion determination.

Other Information

The preparation of a fairness opinion is a complex analytical process and is not necessarily susceptible to partial analysis or summary description. Moelis made its fairness determination on the basis of its experience and professional judgment after considering the results of all of its analyses. The analyses conducted by Moelis do not purport to be appraisals, nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by such analyses. Because the analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, neither the Company, nor Moelis or any other person assumes responsibility if future results are materially different from those forecast.

The Merger Consideration was determined through arms length negotiations between the Company and Parent and was approved by the Board of Directors of the Company. Moelis provided advice to the Company during these negotiations. Moelis did not, however, recommend any specific amount of consideration to the Company or its Board of Directors, or that any specific amount or type of consideration constituted the only appropriate consideration for the Merger.

Moelis opinion was prepared for the use and benefit of the Board of Directors of the Company in its evaluation of the Merger. Moelis was not asked to address, and its opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of the Company, other than the holders of the Common Stock. In addition, Moelis opinion does not express any opinion as to the fairness of the amount or nature of any compensation to be received by any of the Company's officers, directors or employees, or any class of such persons, relative to the Merger Consideration. At the direction of the Board of Directors of the Company, Moelis was not asked to, nor did it, offer any opinion as to the material terms of the Merger Agreement or the form of the Merger. In rendering its opinion, Moelis assumed, with the consent of the Board of Directors of the Company, that the final executed form of the Merger Agreement does not differ in any material respect from the draft that Moelis has examined, and that TPG will cause Parent and Merger Sub to, and the Company will, comply with all the material terms of the Merger Agreement.

Under the terms of the engagement letter between Moelis and the Company, Moelis agreed to act as the Company's financial advisor in connection with the Merger. In accordance with the terms of the engagement letter, Moelis received a fee of \$1 million upon the delivery of its fairness opinion, which was not contingent upon the consummation of the Merger. If the Merger is consummated, Moelis will receive a transaction fee equal to \$8.5 million. The opinion fee is creditable against the fee payable upon consummation of the Merger. In addition, the Company has agreed to reimburse Moelis for certain expenses and indemnify Moelis for certain liabilities arising out of its engagement.

In the past two years, (i) Moelis acted as financial advisor to Aleris International Inc. in connection with its Chapter 11 bankruptcy, a majority owned portfolio company of TPG and its affiliates at the time, (ii) Moelis acted as financial advisor to an affiliate of TPG in connection with the acquisition of an interest in China International Capital Corporation Limited, (iii) Moelis acted as financial advisor to TPG on its preliminary consideration of an acquisition of a company, which was not pursued and (iv) Moelis acted as financial advisor to certain companies (or consortiums) where TPG and its affiliates were one of a group or consortium of shareholders in connection with the transactions listed on Annex A to the Moelis fairness opinion, and in each case Moelis received compensation for the rendering of such services. Moelis is currently providing or seeking to provide investment banking and other services to the KKR Stockholders and/or their affiliates, which, directly or indirectly, control a majority of the outstanding voting stock of the Company, and TPG and their respective affiliates and portfolio companies and may

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receive compensation for the rendering of such services. In addition in the past Moelis has provided investment banking services to groups of creditors in bankruptcy and other restructurings in which the KKR Stockholders and TPG and their respective affiliates were a member of such group and Moelis received compensation for the rendering of such services. In the ordinary course of business, Moelis and its affiliates may trade securities of the Company or TPG portfolio companies for their own accounts and the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities.

The Board of Directors of the Company selected Moelis as its financial advisor in connection with the Merger because Moelis has substantial experience in similar transactions. Moelis is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, strategic transactions, corporate restructurings, and valuations for corporate and other purposes.

Opinion of the Financial Advisor to the Independent Directors Lazard Frères & Co. LLC

Under an engagement letter, dated May 5, 2011, Lazard was retained to act as financial advisor to the Independent Directors in connection with their evaluation of the Merger. As part of that engagement, the Independent Directors requested that Lazard consider and render Lazard's opinion to the Independent Directors, in their capacity as such, with respect to the fairness, from a financial point of view, to the holders of shares of Common Stock (other than (x) the KKR Stockholders and (y) shares of Common Stock (i) held by holders who are entitled to and properly demand appraisal of their shares in accordance with applicable law, (ii) held in the treasury of the Company, or (iii) owned directly or indirectly by Parent or Merger Sub or any wholly-owned subsidiary of the Company immediately prior to the effective time of the Merger (the shares of Common Stock referred to in clauses (i) (iii) are collectively referred to as "excluded shares")) of the Merger Consideration to be paid to such holders in the Merger. On May 15, 2011, Lazard delivered its oral opinion to the Independent Directors, in their capacity as such, which opinion was subsequently confirmed by the delivery of a written opinion, dated May 15, 2011, to the effect that, as of that date and based upon and subject to the assumptions, procedures, factors, limitations and qualifications set forth therein, the Merger Consideration to be paid to holders of shares of Common Stock (other than (x) the KKR Stockholders and (y) the holders of excluded shares) in the Merger was fair, from a financial point of view, to such holders.

The full text of the written opinion of Lazard, dated May 15, 2011, which sets forth the procedures followed, assumptions made, factors considered and limitations and qualifications on the review undertaken in connection with its opinion, is attached to this information statement as Annex D and is incorporated herein by reference. The description of Lazard's opinion set forth in this information statement is qualified in its entirety by reference to the full text of Lazard's opinion attached as Annex D to this information statement. Holders of shares of Common Stock are urged to read Lazard's opinion carefully in its entirety for a description of the procedures followed, assumptions made, factors considered and limitations and qualifications on the review undertaken by Lazard in connection with its opinion.

In connection with rendering its opinion described above and performing its related financial analyses, Lazard:

reviewed the financial terms and conditions of a draft of the Merger Agreement, dated May 15, 2011;

analyzed certain publicly available historical business and financial information relating to the Company;

reviewed various financial forecasts and other data provided to Lazard by the Company relating to the business of the Company, including both the financial forecasts set forth in the confidential information memorandum prepared by the Company (which is referred to as the "CIM Case") and the sensitivity case forecasts (which is referred to as the "Sensitivity Case");

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held discussions with members of the senior management of the Company with respect to the business and prospects of the Company;

reviewed public information with respect to certain other companies in lines of business similar in certain respects to the business of the Company that Lazard believed to be generally relevant in evaluating the business of the Company;

reviewed the financial terms of certain business combinations involving companies in lines of business similar in certain respects to the business of the Company;

reviewed historical stock prices and trading volumes of the Common Stock; and

conducted such other financial studies, analyses and investigations as it deemed appropriate.

Lazard assumed and relied upon the accuracy and completeness of the foregoing information, without independent verification of such information. Lazard did not conduct any independent valuation or appraisal of any of the assets or liabilities (contingent or otherwise) of the Company, or concerning the solvency or fair value of the Company, and Lazard was not furnished with such valuation or appraisal. With respect to the financial forecasts utilized by Lazard in its analyses, Lazard assumed, with the consent of the Independent Directors, that the financial forecasts were reasonably prepared on bases reflecting the best then currently available estimates and judgments of the management of the Company as to the future financial performance of the Company. Based on discussions with management of the Company regarding the risks underlying, and uncertainty of achieving, the forecasted results set forth in the CIM Case, at the direction of the Independent Directors, Lazard used the Sensitivity Case in addition to the CIM Case. Lazard assumed no responsibility for, and expressed no view as to, any such financial forecasts and estimates or the assumptions on which they were based. In addition, for purposes of Lazard's analyses, based on discussions with the Independent Directors and with the consent of the Independent Directors, Lazard assumed that a change of control within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (referred to as "Section 382"), was more likely than not to occur irrespective of the Merger.

Lazard's opinion was directed only to the Independent Directors, in their capacity as such, and only addresses the fairness, from a financial point of view, to the holders of shares of Common Stock (other than (x) the KKR Stockholders and (y) the holders of Excluded Shares) of the Merger Consideration to be paid to such holders in the Merger. Lazard's opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Lazard as of, the date of its opinion. Lazard assumed no responsibility for updating or revising its opinion based on circumstances or events occurring after the date of its opinion. Lazard did not express any opinion as to the price at which shares of Common Stock may trade subsequent to the date of its opinion. Lazard was advised that the Company's financial advisor, Moelis & Company, had solicited indications of interest from third parties regarding a potential transaction with the Company; however, Lazard was not authorized to, and did not, solicit indications of interest from third parties nor was Lazard involved in the negotiation or execution of the Merger Agreement or any related matters. In addition, Lazard's opinion did not address the relative merits of the Merger as compared to any other transaction or business strategy in which the Company might engage or the merits of the underlying decision by the Company to engage in the Merger.

Lazard's engagement and the opinion expressed by Lazard were for the benefit of the Independent Directors, in their capacity as such, in connection with their evaluation of the Merger. Lazard's opinion was not intended to and does not constitute a recommendation to any holder of Common Stock as to how such holder should vote or act with respect to the Merger or any matter relating thereto.

In rendering its opinion, Lazard assumed, with the consent of the Independent Directors, that the Merger will be consummated on the terms described in the Merger Agreement, without any waiver or modification of any material terms or conditions. Representatives of the Company advised Lazard, and Lazard assumed, that the executed Merger Agreement would conform to the last draft reviewed by Lazard in all material respects. Lazard

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did not express any opinion as to any tax or other consequences that might result from the Merger, nor did its opinion address any legal, tax, regulatory or accounting matters, as to which Lazard understood that the Company obtained such advice as it deemed necessary from qualified professionals. Lazard expressed no view or opinion as to any terms or other aspects (other than the Merger Consideration to the extent expressly specified in Lazard's opinion) of the Merger, including, without limitation, the form or structure of the Merger or any agreements or arrangements entered into in connection with, or contemplated by, the Merger. In addition, Lazard expressed no view or opinion as to the fairness of the amount or nature of, or any other aspects relating to, the compensation to any officers, directors or employees of any parties to the Merger or to the KKR Stockholders or their affiliates, or class of such persons, relative to the Merger Consideration or otherwise.

In preparing its opinion, Lazard performed a variety of financial and comparative analyses that it deemed to be appropriate for this type of transaction, including those described below. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and, therefore, is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth below, without considering the analyses as a whole, could create an incomplete or misleading view of the processes underlying the opinion of Lazard. In arriving at its opinion, Lazard considered the results of all of the analyses as a whole and did not attribute any particular weight to any factor or analysis considered by it. Rather, Lazard made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses.

In its analyses, Lazard considered industry performance, regulatory, general business, economic, market and financial conditions and other matters, many of which are beyond the control of the Company. No company or transaction used in the below analyses as a comparison is directly comparable to the Company or the Merger. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Lazard's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, Lazard's analyses and estimates are inherently subject to substantial uncertainty.

Lazard's opinion was one of many factors taken into consideration by the Independent Directors in connection with their consideration of the Merger Agreement. Consequently, the analyses described below should not be viewed as determinative of the opinion of the Independent Directors with respect to the Merger Consideration or of whether the Independent Directors would have been willing to determine that a different Merger Consideration was fair. The Merger Consideration to be paid to the holders of shares of Common Stock pursuant to the Merger was determined through arm's-length negotiations between the Company and representatives of Parent and was approved by the Board of Directors. Lazard did not recommend any specific merger consideration to the Independent Directors or that any given merger consideration constituted the only appropriate consideration for the Merger.

The following is a summary of the material financial and comparative analyses that were performed by Lazard in connection with rendering its opinion. Lazard prepared these analyses for the purpose of providing an opinion to the Independent Directors as to the fairness, from a financial point of view, to the holders of shares of Common Stock (other than (x) the KKR Stockholders or (y) the holders of Excluded Shares) of the Merger Consideration to be paid to such holders pursuant to the Merger. These analyses do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, Lazard does not assume any responsibility if future results are materially different from those forecast. The

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following summary does not purport to be a complete description of the financial analyses performed by Lazard. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Lazard's financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before May 15, 2011 and is not necessarily indicative of current market conditions.

Comparable Companies Analysis

Lazard calculated an implied valuation for the Company based on an analysis of companies that Lazard viewed as having operating or financial characteristics reasonably comparable to the Company based on Lazard's knowledge of the targeted media and online search industry. In performing these analyses, Lazard reviewed and analyzed certain publicly available financial information, valuation multiples and market trading data relating to the selected companies and compared such information to the corresponding information for the Company based on the CIM Case forecasts. This analysis was performed to derive a range of implied equity values per share of Common Stock based on the market values of shares of comparable publicly traded companies.

For purposes of this analysis, Lazard reviewed:

(i) the following four publicly traded companies that have substantial operations in providing print and online directories (referred to as the selected directories companies):

Yellow Pages Group

Yell Group plc

Dex One Corporation

SuperMedia Inc

(ii) the following four publicly traded companies that have substantial operations in consumer publishing (referred to as the selected consumer publishing companies):

Gannett Co. Inc.

New York Times Company

Meredith Corporation

The McClatchy Company

(iii) the following three publicly traded companies providing general online portals and search services (referred to as the selected online search companies):

Google Inc.

Yahoo! Inc.

AOL Corp

(iv) the following fourteen online vertical companies which were less directly comparable to the Company due to different growth profiles (referred to as the selected online vertical companies (the selected online vertical companies were judged to be less directly comparable to PRIMEDIA due to their significantly different growth profiles and were not used in determining the multiple range described below) and collectively with the companies referred to in clauses (i)-(iii) above, are referred to as the selected companies):

Expedia, Inc.

WebMD Health Corp.

Seek Ltd.

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Monster Worldwide, Inc.

Rightmove plc

REA Group Ltd

Dice Holdings, Inc.

Travelzoo Inc.

QuinStreet, Inc.

Orbitz Worldwide, Inc.

Move, Inc.

TechTarget, Inc.

The Knot, Inc.

Tree.com, Inc.

Although none of the selected companies is directly comparable to the Company, the selected companies are publicly traded companies with operations and/or other criteria, such as lines of business, markets, business risks, growth prospects, maturity of business and size and scale of business, that for purposes of analysis Lazard considered similar to the Company.

Based on equity analysts' estimates and other public information, Lazard reviewed, among other things, the enterprise value of each of the selected companies as a multiple of such selected company's projected 2011 and 2012 EBITDA and adjusted 2011 and 2012 EBITDA based on such selected company's projected compounded annual growth rate for the years 2010 through 2012 (referred to as "growth adjusted EBITDA"). A company's enterprise value is equal to its short and long term debt plus the market value of its common equity and the value of any preferred stock (at liquidation value), less its cash and cash equivalents.

The results of the analyses were as follows:

<i>Multiple of Enterprise Value to</i>	Selected Directories Companies	
	Mean	Median
Projected 2011 EBITDA	5.4x	5.6x
Projected 2012 EBITDA	5.5x	5.6x
Projected 2011 Growth Adjusted EBITDA	4.34x	4.34x
Projected 2012 Growth Adjusted EBITDA	4.32x	4.32x

Selected Consumer Publishing Companies

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<i>Multiple of Enterprise Value to</i>	Mean	Median
Projected 2011 EBITDA	5.3x	4.9x
Projected 2012 EBITDA	5.2x	5.1x
Projected 2011 Growth Adjusted EBITDA	0.92x	0.92x
Projected 2012 Growth Adjusted EBITDA	0.89x	0.89x

<i>Multiple of Enterprise Value to</i>	Selected Online Search Companies	
	Mean	Median
Projected 2011 EBITDA	6.2x	4.4x
Projected 2012 EBITDA	5.7x	4.7x
Projected 2011 Growth Adjusted EBITDA	0.52x	0.52x
Projected 2012 Growth Adjusted EBITDA	0.46x	0.46x

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<i>Multiple of Enterprise Value to</i>	Selected Online Vertical Companies	
	Mean	Median
Projected 2011 EBITDA	12.7x	11.8x
Projected 2012 EBITDA	10.0x	9.6x
Projected 2011 Growth Adjusted EBITDA	0.59x	0.50x
Projected 2012 Growth Adjusted EBITDA	0.47x	0.40x

<i>Multiple of Enterprise Value to</i>	All Selected Companies	
	Mean	Median
Projected 2011 EBITDA	9.6x	8.1x
Projected 2012 EBITDA	8.0x	6.5x
Projected 2011 Growth Adjusted EBITDA	0.82x	0.51x
Projected 2012 Growth Adjusted EBITDA	0.72x	0.46x

Based on the foregoing review and after comparing the results of the review to internal estimates and forecasts of the Company's management set forth in the CIM Case and making certain subjective valuation judgments based on the Company's business mix and its projected financial performance relative to the selected companies, Lazard applied multiples of a range of 5.0x to 7.0x to the Company's projected 2011 EBITDA and growth adjusted EBITDA multiples of 0.80x to 1.00x to the Company's projected 2011 growth adjusted EBITDA. The Company's EBITDA for each calendar year that Lazard used in its analyses excludes certain KKR expense items. From these analyses, based on the assumptions and subjective judgments set forth above, Lazard derived an implied equity reference range per share of Common Stock of \$4.31 to \$7.79.

Discounted Cash Flow Analysis

Based on management's CIM Case forecasts and Sensitivity Case forecasts, Lazard performed a discounted cash flow analysis of the Company to calculate the estimated net present value of the projected standalone, unlevered, after-tax free cash flows that the Company could generate from March 31, 2011 to December 31, 2015. Lazard calculated terminal values for the Company by applying a growth rate range of 0% to 2% to the estimated 2015 unlevered free cash flow to obtain the terminal value of the Company. The standalone free cash flows and terminal value were discounted to present value using discount rates ranging from 10.5% to 13.0% which were based on a weighted average cost of capital analysis of the selected companies listed above under Comparable Companies Analysis. From these analyses, based on the assumptions set forth above, Lazard derived an implied equity reference range per share of Common Stock of \$5.05 to \$9.86 in the CIM Case and \$3.04 to \$6.66 in the Sensitivity Case.

Lazard calculated the value of the Company's tax liabilities, non-core lease obligations and tax attributes (including taxes saved from the Company's net operating losses) independently on a per share basis. Lazard calculated the net present value of the Company's tax attributes and liabilities and non-core lease obligations by applying a 12.0% discount rate, which was the mid-point of the weighted average cost of capital for the selected companies used in the comparable companies analysis. From these analyses, based on the foregoing assumptions, Lazard derived a value per share of the Company's tax liabilities, non-core lease obligations and tax attributes (including taxes saved from the Company's net operating losses) of \$0.96/share assuming a change of control for purposes of Section 382 in the CIM Case and \$0.95/share in the Sensitivity Case. Lazard noted it would be \$2.34/share in the absence of a change of control for purposes of Section 382 in the CIM Case and \$1.86/share in the Sensitivity Case.

Additional Analyses of the Company

The analyses and data described below were presented to the Independent Directors for informational purposes only, and were not material to the rendering of Lazard's opinion.

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Precedent Transactions Analysis

Lazard reviewed and analyzed certain publicly available financial information relating to selected publicly announced precedent merger and acquisition transactions (involving a change of control of the target company, including through a bankruptcy process) in the targeted and integrated print/online media and pure online search industries that it viewed as comparable to the Company. In performing these analyses, Lazard analyzed certain financial information and transaction multiples relating to the target companies involved in the selected transactions and compared such information to the corresponding information for the Company.

Specifically, Lazard reviewed two groups of transactions. The first group consisted of selected targets in the integrated/print media field (referred to as the Integrated/Print Media Transactions). The second group consisted of selected targets in the online media field (referred to as the Online Transactions). Lazard analyzed 11 Integrated/Print Media Transactions and 10 Online Transactions.

The Integrated/Print Media Transactions reviewed were:

Announcement Date	Acquiror	Target Company
March 2011	Apax Partners	Yellow Media Inc.
January 2011	Hearst Corporation	Lagardère SCA
January 2011	Icon Acquisition Holdings, L.P.	Playboy Enterprises, Inc.
September 2010	United Business Media Limited	Canon Communications LLC
November 2009	Creditors of the Target Company	SuperMedia Inc
October 2009	Creditors of the Target Company	Dex One Corporation
October 2009	Bloomberg L.P.	BusinessWeek
March 2009	Platinum Equity	San Diego Union-Tribune
August 2008	Hearst Corporation	The Connecticut Post
May 2008	Cablevision Systems Corporation	Newsday Media Group
May 2007	Apax Partners	Trader Media Group ^(a)

(a) 49.9% of the target company was acquired in this transaction.

For each of the Integrated/Print Media Transactions, Lazard calculated and, to the extent information was publicly available, compared the enterprise value of each target company as a multiple of such target company's EBITDA for the calendar year prior to the date that the relevant transaction was announced. The results of the analyses were as follows:

	Multiple of Enterprise Value to LTM EBITDA
Median	8.5x
Mean	8.0x

The Online Transactions reviewed were:

Announcement Date	Acquiror	Target Company
April 2011	CoStar Group Inc.	LoopNet Inc.
January 2011	Axel Springer AG	SeLogger.com SA ^(a)
October 2010	Autotrader.com, Inc.	Kelley Blue Book Co.
September 2010	Hellman & Friedman LLC	Internet Brands, Inc.
June 2010	Bankrate, Inc.	Creditcards.com, Inc.
May 2010	Providence Equity Partners	Autotrader.com, Inc. ^(b)
February 2010	Monster Worldwide, Inc.	HotJobs.com, Ltd.
July 2009	Apax Partners	Bankrate, Inc.
February 2009	Meetic SA	Match.com, LLC ^(c)

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- (a) 87.6% of the target company was acquired in this transaction.
- (b) 25.0% of the target company was acquired in this transaction.
- (c) 73.2% of the target company's Europe-based assets was acquired in this transaction.

For each of the Online Transactions, Lazard calculated and, to the extent information was publicly available, compared the enterprise value of each target company as a multiple of such target company's EBITDA for the last twelve months (LTM) prior to the date that the relevant transaction was announced. The results of the analyses were as follows:

The results of the analyses were as follows:

	Multiple of Enterprise Value to LTM EBITDA
Median	12.5x
Mean	12.5x

Based on the foregoing analyses and Lazard's professional judgment, Lazard applied EBITDA multiples of 7.0x to 9.0x to the adjusted LTM EBITDA of the Company. From this analysis, based on the assumptions and subjective judgments set forth above, Lazard derived an implied equity reference range per share of Common Stock of \$6.67 to \$9.83.

Although none of the selected precedent transactions or the companies party to such transactions is directly comparable to the Merger or to the Company, all of the transactions were chosen because they involve transactions that, for purposes of analysis, may be considered similar to the Merger and/or involve publicly traded companies with operations that, for purposes of analysis, may be considered similar to certain operations of the Company. Lazard also noted that there have been limited transactions involving companies comparable to the Company and given dramatic changes in market conditions and the limited number of directly comparable mergers and acquisitions transactions in the preceding 36 months, the precedent transactions analysis is viewed as a less relevant indication of value.

Leveraged Buyout Return Analysis

Lazard performed a leveraged buyout return analysis of the Company using the CIM Case forecasts and the Sensitivity Case forecasts to determine the range of prices a financial buyer would be willing to pay in order to purchase the Company on a stand-alone basis, based on a certain level of leverage, equity return parameters and business plan assumptions. For the purpose of this analysis, Lazard assumed a 4.75-year investment period ending December 31, 2015, with a target 20.0% to 25.0% internal rate of return upon exit and total leverage of 3.75x adjusted LTM EBITDA and an exit multiple of 5.75x of forward twelve months EBITDA at December 31, 2015 to derive an implied per share of Common Stock range that could be paid by a financial buyer. Based upon the CIM case projected EBITDA, Lazard derived a purchase price range per share of Common Stock that could be paid of \$6.19 to \$7.32. Based upon the Sensitivity Case projected EBITDA, Lazard derived a purchase price range per share that could be paid of \$4.43 to \$5.18.

Premiums Paid Analysis

Lazard performed a premiums paid analysis based on premiums paid in certain publicly announced merger and acquisition transactions since January 2004 involving target companies and acquirors from the United States with a transaction value between \$200 million and \$750 million.

The implied premiums in this analysis were calculated by comparing the per share acquisition price to the target company's (i) closing share price one-day prior to the announcement of the transaction, (ii) average closing share price for the seven-day period prior to the announcement of the transaction, and (iii) average closing share price for the 30-day period prior to the announcement of the transaction. The median of premiums ranged from 26.4% to 29.9% and the mean of premiums ranged from 28.6% to 33.6%.

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Lazard applied a 25% to 35% premium on the ninety-day average share price of the Common Stock as of January 10, 2011, the date of the announcement of the Company's intention to explore strategic alternatives. The results of the analyses implied an equity value per share of Common Stock range of \$5.08 to \$5.49.

Historical Trading Prices

Lazard reviewed the historical price performance of the Common Stock for the 52-week period ending as of January 10, 2011, the date of the announcement of the Company's intention to explore strategic alternatives. During this period, the closing price of the Common Stock ranged from approximately \$2.48 per share to \$5.37 per share.

Miscellaneous

Pursuant to the terms of Lazard's engagement letter, dated May 5, 2011, the Company has agreed to pay Lazard an aggregate fee of \$1 million. \$100,000 of that fee was paid to Lazard immediately following the execution of the engagement letter, \$150,000 of that fee became payable upon Lazard's rendering of its opinion and the remainder of that fee shall be payable upon the consummation of the Merger. In addition, the Company has agreed to reimburse Lazard's reasonable expenses, including expenses of legal counsel, in connection with this engagement and to indemnify Lazard and certain related parties against various liabilities, including certain liabilities under the U.S. federal securities laws, arising out of its engagement.

Lazard, as part of its investment banking business, is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, leveraged buyouts, and valuations for estate, corporate and other purposes. Lazard and its affiliates have in the past provided, currently are providing and in the future may provide certain investment banking services to certain portfolio companies or other affiliates of the KKR Stockholders and TPG, for which Lazard has received and/or may receive compensation. In addition, Lazard Capital Markets LLC (LCM) (an entity indirectly owned in large part by managing directors of Lazard) in the past (including within the past two years) has acted, currently may be acting and in the future may act as underwriter to certain portfolio companies affiliated with the KKR Stockholders as well as certain portfolio companies affiliated with TPG. In the ordinary course of their respective business, Lazard, LCM and their respective affiliates may actively trade securities of the Company and the respective portfolio companies and affiliates of the KKR Stockholders and TPG for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities, and may also trade and hold securities, including through investment funds and managed accounts, on behalf of the Company, TPG, the KKR Stockholders and their respective portfolio companies and affiliates.

Lazard is an internationally recognized investment banking firm providing a full range of financial advisory and securities services. Lazard was selected to act as financial advisor to the Independent Directors because of its qualifications, expertise and reputation in investment banking and mergers and acquisitions, its experience negotiating with KKR, as well as its familiarity with the business of the Company.

Financing for the Merger

We estimate that the total amount of funds necessary to complete the Merger and the related transactions, including the payment of related fees and expenses, will be approximately \$575 million, including the funds needed to:

pay our stockholders (and holders of our other equity-based interests) the amounts due to them under the Merger Agreement;

refinance certain of our debt; and

pay fees and expenses related to the Merger.

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We expect this amount to be funded through a combination of the following:

equity financing to be provided or secured by the guarantor, or other parties to whom the guarantor may assign a portion of its commitment;

debt financing to be provided or arranged, severally but not jointly, by the lenders; and

cash on hand of the Company.

Parent has obtained the equity and debt financing commitments described below. The funding under those commitments is subject to conditions, including conditions that do not relate directly to the Merger Agreement. Parent has represented to us that it will have, at and after the closing sufficient funds to complete the Merger. Although obtaining the equity financing or the debt financing is not a condition to the completion of the Merger, the failure of Parent and Merger Sub to obtain sufficient financing would likely result in the failure of the Merger to be completed. In that case, Parent may be obligated to pay the Company the reverse termination fee of \$30 million as described under The Merger Agreement Termination Fees beginning on page []. Payment of such fee is guaranteed by the guarantor referenced to below.

Equity Financing

Parent has entered into a letter agreement, which we refer to as the equity commitment letter, with the guarantor, dated as of May 15, 2011, pursuant to which the guarantor has committed, upon the terms and subject to the conditions set forth in the equity commitment letter, to purchase up to \$575 million of equity securities of Parent. The guarantor may assign a portion of equity to other parties, although no assignment of the equity commitment to other parties will affect the guarantor's commitment to make or secure capital contributions pursuant to the equity commitment letter.

The guarantor's equity commitment is conditioned on the satisfaction or waiver of the conditions to Parent's obligations to effect the consummation of the Merger as set forth in the Merger Agreement. The equity commitment letter will terminate upon the earliest to occur of (i) the closing of the Merger, (ii) the termination of the Merger Agreement in accordance with its terms or (iii) the Company or any of its affiliates or representatives asserting a claim against the guarantor in connection with the equity commitment letter, the Merger Agreement or the limited guarantee referred to below under The Merger Limited Guarantee beginning on page [] (other than (y) any claim relating to a breach or seeking to prevent a breach of the confidentiality agreement, dated January 31, 2011, between the Company and TPG or (z) any claim by the Company against (A) Parent or Merger Sub to the extent permitted under the Merger Agreement, (B) the guarantor to the extent permitted the limited guarantee or (C) the guarantor seeking an injunction or specific performance to the extent permitted under the equity commitment letter).

The Company is a third-party beneficiary of the equity commitment letter and has the right to seek specific performance solely in the limited circumstances in which the Company would be entitled under the Merger Agreement to seek specific performance of Parent's obligation to cause the equity financing contemplated by the equity commitment to be funded, as described under The Merger Agreement Remedies beginning on page [].

Debt Financing

In connection with the Merger, Merger Sub has obtained commitments from the lenders, to provide severally, but not jointly, upon the terms and subject to the conditions set forth in the debt commitment letter, up to \$315 million in debt financing to Merger Sub.

Limited Guarantee

Concurrently with the execution of the Merger Agreement, pursuant to the limited guarantee delivered by the guarantor in favor of the Company, the guarantor, has agreed to guarantee the obligations of Parent to pay,

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under certain circumstances, the \$30 million reverse termination fee, subject to the limitations set forth in the limited guarantee and the Merger Agreement, as described under The Merger Agreement Termination Fees beginning on page [].

The limited guarantee will terminate upon the earliest to occur of (i) the closing of the Merger, (ii) the termination of the Merger Agreement by mutual consent of the parties or in circumstances in which Parent or Merger Sub would not be obligated to make any payments of any guaranteed obligations, (iii) the date the guaranteed obligations payable under the limited guarantee have been paid in full and (iv) the second anniversary of November 15, 2011. However, if the Company or any of its affiliates asserts a claim other than as permitted under the limited guarantee, including a claim in excess of the guaranteed amounts, the limited guarantee will immediately terminate and become null and void by its terms, all payments previously made pursuant to the limited guarantee must be returned to the guarantor and the guarantor will not have any liability under the limited guarantee, the Merger Agreement or any related documents.

Payment of Merger Consideration and Surrender of Stock Certificates

Each record holder of shares of Common Stock will be sent a letter of transmittal describing how such holder may exchange their shares of Common Stock for the Merger Consideration promptly after the completion of the Merger.

You should not return your stock certificates to the Company, and you should not forward your stock certificates to the paying agent without a letter of transmittal.

You will not be entitled to receive the Merger Consideration until you deliver a duly completed and executed letter of transmittal to the paying agent. If your shares are certificated, you must also surrender your stock certificate or certificates to the paying agent. If ownership of your shares is not registered in the transfer records of the Company, a check for any cash to be delivered will only be issued if the applicable letter of transmittal is accompanied by all documents required to evidence and effect transfer and to evidence that any applicable stock transfer taxes have been paid.

Interests of the Company's Directors and Executive Officers in the Merger

You should be aware that the Company's directors and executive officers may be deemed to have interests in the Merger that may be different from or in addition to the interests of our stockholders generally and that may present actual or potential conflicts of interest. These interests include (i) the vesting and cash-out of all unvested stock options and restricted stock held by our executive officers and directors, unless otherwise agreed to by Parent and the holder of such equity-based awards, (ii) continued indemnification and insurance coverage for our current and former directors and officers for six years following the closing under the Merger Agreement, and (iii) the payment of retention bonuses to certain of our executive officers if there is a sale of the Company prior to December 31, 2011, and such employee remains employed by the Company for six months following the sale of the Company (except as otherwise specified in the respective retention agreement). For a description of other interests of the Company's employees generally, please see The Merger Agreement Employee Benefit Matters below.

Our Board of Directors was aware of these interests and considered that the interests may be different from or in addition to the interests of our stockholders generally, among other matters, in making its determination and recommendation in connection with the Merger Agreement and the transactions contemplated thereby. You should consider these and other interests of our directors and executive officers that are described in this information statement.

Quantification of Payments and Benefits

The following tables show the amounts of payments and benefits that each of the Company's directors and executive officers would receive in connection with the Merger, assuming the consummation of the Merger

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occurred on June 30, 2011. The table below along with its footnotes shows the compensation payable to the Company's directors and executive officers. Although the rules of the SEC do not require the listing of all the individuals below, they have all been included so that quantification of the payments and benefits that could be received by all our directors and executive officers is presented in a uniform manner.

Name	Golden Parachute Compensation						Total (\$)
	Cash \$(1)(2)	Equity \$(3)	Pension/ NQDC (\$)	Perquisites/ Benefits (\$)	Tax reimbursements \$(4)	Other \$(5)	
David A. Bell	0	11,333	0	0	0	0	11,333
Beverley C. Chell	0	11,333	0	0	0	0	11,333
Daniel T. Ciporin	0	11,333	0	0	0	0	11,333
Meyer Feldberg	0	11,333	0	0	0	0	11,333
Perry Golkin	0	0	0	0	0	0	0
H. John Greeniaus	0	11,333	0	0	0	0	11,333
Dean B. Nelson	0	461,841	0	0	0	0	461,841
Kevin J. Smith	0	11,333	0	0	0	0	11,333
Thomas C. Uger	0	0	0	0	0	0	0
Charles J. Stubbs	2,650,000	3,786,217	0	0	0	240,082	6,676,299
Kim R. Payne	869,858	122,290	0	0	0	0	992,148
Arlene Mayfield	864,831	244,580	0	0	0	0	1,109,411
Keith L. Belknap, Jr.	842,311	97,771	0	0	0	0	940,082

- (1) As described below, the cash payments consist of a retention bonus, which is a double-trigger payment payable as a result of a sale of the company prior to December 31, 2011 and the executive remaining employed at the Company for six months following the sale of the Company (or if the executive's employment is terminated anytime after the date of the retention agreement, January 11, 2011, and prior to six months following the sale of the Company and such termination was either a termination by the Company without cause or, in the case of Messrs. Stubbs and Belknap, a resignation by the executive for good reason).
- (2) The cash payments in this column include payments pursuant to severance agreements entered into with each of Ms. Payne, Ms. Mayfield, Mr. Stubbs and Mr. Belknap as follows:

Name	Severance Payments (\$)
Charles J. Stubbs	1,400,000
Kim R. Payne	469,858
Arlene Mayfield	464,831
Keith L. Belknap Jr.	537,011

These amounts are the value of these payments as of June 30, 2011. These severance payments are single-trigger payments payable upon termination by the Company without cause and in the case of Messrs. Stubbs and Belknap, resignation for good reason. Please note that these payments are not enhanced by any change in control rights. These severance payments are included in this table because a portion of the severance payments that could be payable to Ms. Payne, Ms. Mayfield and Mr. Belknap under these agreements were put in place in connection with the Company's consideration of strategic alternatives, including a possible sale of the Company.

- (3) The amounts in this column attributable to the stock options are listed under The Merger Interests of the Company's Directors and Officers in the Merger Treatment of Stock Options. The amounts in this column attributable to the restricted stock are listed under The Merger Interests of the Company's Directors and Officers in the Merger Treatment of Restricted Stock.
- (4) There are no amounts in this column that would represent gross-up payments to which an executive would be entitled with respect to any taxes imposed on other payments reflected in the table as a result of Section 280G of the Code. Such a gross-up would be a single-trigger amount, since it would be payable in connection with a change in control, even if the executive's employment were not terminated.

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In 2008, we entered into an employment agreement with Mr. Stubbs. Under this agreement, in the event Mr. Stubbs' employment is terminated by the Company without cause or by Mr. Stubbs for good reason, he generally would be entitled to a gross-up payment for excise taxes imposed pursuant to Section 4999 of the Code on aggregate payments over a certain amount that may be due as the result of a change of control (as defined in Section 280G of the Code) of the Company. The value of the gross-up to Mr. Stubbs under such circumstances is estimated to range between \$0 and approximately \$1,941,977 depending upon, among other things, whether or not Mr. Stubbs is terminated within one year of the completion of the Merger. No executive other than Mr. Stubbs would be entitled to a gross-up payment.

- (5) The amount in this column is an unvested, time-based cash bonus award equal to \$240,082 for Mr. Stubbs, which will vest in full upon the occurrence of the Merger.

Treatment of Stock Options

The Merger Agreement provides that each Company stock option to purchase our Common Stock, including those granted under any Company equity compensation plan and those held by KKR Capstone, whether or not exercisable, that is outstanding and unexercised immediately prior to the effective time of the Merger will be cancelled in exchange for a cash payment equal to the product of (i) the excess (if any) of the Merger Consideration over the exercise price of the option and (ii) the number of shares of Common Stock subject to such option, less any required withholding taxes.

The table below provides information for each of our directors and executive officers who currently hold options to purchase our Common Stock: (a) the aggregate number of shares of Common Stock subject to vested stock options; (b) the value of such vested stock options on a pre-tax basis, calculated by multiplying (i) the excess, if any, of the Merger Consideration over the respective per share exercise prices of those stock options by (ii) the number of shares of Common Stock subject to those stock options; (c) the aggregate number of unvested stock options that will vest on the effective time of the Merger; (d) the value of those unvested stock options on a pre-tax basis, calculated by multiplying (i) the excess, if any, of the Merger Consideration over the respective per share exercise prices of those stock options by (ii) the number of shares of Common Stock subject to those stock options; (e) the aggregate number of shares of Common Stock subject to vested stock options and unvested stock options that will vest on the effective time of the Merger; and (f) the aggregate value of all such vested and unvested stock options on a pre-tax basis, calculated by multiplying (i) the excess, if any, of the Merger Consideration over the respective per share exercise prices of those stock options by (ii) the number of shares of Common Stock subject to those stock options. The information in the table assumes that all currently outstanding options will remain outstanding immediately prior to the effective time of the Merger.

Name	Vested Options		Options that Will Vest as a result of the Merger		Totals	
	Shares	Value (\$)	Shares	Value (\$)	Shares	Value (\$)
David A. Bell	62,500	34,150	0	0	62,500	34,150
Beverly C. Chell	233,333	34,150	0	0	233,333	34,150
Daniel T. Ciporin	58,333	34,150	0	0	58,333	34,150
Meyer Feldberg	58,333	34,150	0	0	58,333	34,150
Perry Golkin	0	0	0	0	0	0
H. John Greeniaus	58,333	34,150	0	0	58,333	34,150
Dean B. Nelson	300,000	0	0	0	300,000	0
Kevin Smith	58,333	34,150	0	0	58,333	34,150
Charles J. Stubbs	0	0	0	0	0	0
Thomas C. Uger	0	0	0	0	0	0
Other Executive Officers						
Kim R. Payne	30,083	20,490	0	0	30,083	20,490
Arlene Mayfield	60,125	40,980	0	0	60,125	40,980
Keith L. Belknap, Jr.	24,000	16,392	0	0	24,000	16,392

Table of Contents***Treatment of Restricted Stock***

The Merger Agreement provides that each share of Company restricted stock that is outstanding immediately prior to the effective time of the Merger will vest, contingent upon the occurrence of the Merger, in full (and all restrictions thereon will immediately lapse) and be converted at the effective time into the right to receive the Merger Consideration.

The table below provides, for each of our directors and executive officers who currently holds unvested restricted stock, the value such restricted stock will receive pursuant to the Merger Agreement. The information in the table assumes that all currently outstanding restricted stock awards will remain outstanding until immediately prior to the effective time of the Merger.

Name	Number of Shares Unvested Restricted Stock	Value of Unvested Restricted Stock (\$)
David A. Bell	0	0
Beverly C. Chell	0	0
Daniel T. Ciporin	0	0
Meyer Feldberg	0	0
Perry Golkin	0	0
H. John Greeniaus	0	0
Dean B. Nelson	65,048	461,841
Kevin Smith	0	0
Charles J. Stubbs	533,270	3,786,217
Thomas C. Uger	0	0
Other Executive Officers		
Kim R. Payne	16,262	115,460
Arlene Mayfield	32,524	230,920
Keith L. Belknap, Jr.	13,010	92,371

Exculpation and Indemnification of Executive Officers and Directors

The Merger Agreement contains provisions relating to the indemnification of and insurance for our directors and officers. Under the Merger Agreement, Parent and Merger Sub have agreed that all rights to exculpation, indemnification and advancement of expenses for acts or omissions occurring at or prior to the effective time of the Merger (as in effect as of the date of the Merger Agreement) in favor of the current or former directors or officers of the Company, as provided under the Company's certificate of incorporation or bylaws, shall survive the Merger and shall continue in full force and effect in accordance with their terms.

Directors and Officers Insurance

The Company is required to obtain and fully pay the premium for a six-year extension of the directors' and officers' liability coverage of the Company's existing directors' and officers' insurance policies and the Company's existing fiduciary liability insurance policy, and such extension must meet certain specific requirements as to its terms and conditions as are set forth in the Merger Agreement. If the Company or the surviving corporation, as applicable, fails to obtain such tail insurance policies, then Parent has agreed to cause the surviving corporation to continue to maintain the current policies in place or to purchase comparable policies, in each case, for the six-year period following the effective time of the Merger and subject to certain limitations set forth in the Merger Agreement.

Retention Agreements

On January 11, 2011, we entered into a retention agreement with each of our named executives, other than Mr. Nelson, which provides that the executive is entitled to receive a cash retention bonus, payable in a single lump sum, if there is a sale of the Company (as defined in the retention agreement) prior to December 31, 2011, and such employee remains employed by the Company for six months following the sale of the Company (or if such executive's employment is terminated at any time after the date of the retention agreement and prior to six months following the sale of the Company and such termination was either by the Company without cause or, in the case of Messrs. Stubbs and Belknap, a resignation by the executive for good reason). The Merger will

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constitute a sale of the Company for purposes of these agreements. The retention bonuses payable to our named executives are: Charles Stubbs, \$1,250,000; Kim Payne, \$400,000; Arlene Mayfield, \$400,000; and Keith Belknap, \$305,300.

Arrangements with Parent

As of the date of this information statement, none of our executive officers has entered into any agreement, arrangement or understanding with the Company or its subsidiaries or with Parent, Merger Sub or its affiliates specifically regarding employment with, or the right to participate in the equity of, the surviving corporation or Parent on a going-forward basis following the completion of the Merger and no member of our Board of Directors has entered into any agreement, arrangement or understanding with Parent or its affiliates regarding the right to participate in the equity of Parent following the completion of the Merger.

Parent has indicated that it or its affiliates may pursue agreements, arrangements or understandings with the Company's executive officers, which may include cash, stock and co-investment opportunities. Prior to the effective time of the Merger, Parent may initiate negotiations of these agreements, arrangements and understandings, and may enter into definitive agreements regarding employment with, or the right to participate in the equity of, the surviving corporation or Parent on a post-Merger basis.

Accounting Treatment

The Merger will be accounted for as a purchase transaction for financial accounting purposes.

Material U.S. Federal Income Tax Consequences of the Merger to Our Stockholders

The following is a summary of the material U.S. federal income tax consequences of the Merger to U.S. Holders (as defined below) of our Common Stock. This summary is based on the Internal Revenue Code of 1986, as amended, referred to as the Code in this information statement, regulations promulgated under the Code, administrative rulings and pronouncements issued by the Internal Revenue Service and court decisions now in effect. All of these authorities are subject to change, possibly with retroactive effect so as to result in tax consequences different from those described below.

This summary does not address all of the U.S. federal income tax consequences that may be applicable to a particular holder of our Common Stock. In addition, this summary does not address the U.S. federal income tax consequences of the Merger to U.S. Holders of our Common Stock who are subject to special treatment under U.S. federal income tax laws, including, for example, banks and other financial institutions, insurance companies, tax-exempt investors, U.S. expatriates, dealers in securities, traders in securities who elect the mark-to-market method of accounting for their securities, regulated investment companies, mutual funds, real estate investment trusts, cooperatives, holders who hold their Common Stock as part of a hedge, straddle or conversion transaction, holders whose functional currency is not the U.S. dollar, holders who acquired our Common Stock through the exercise of employee stock options or other compensatory arrangements, holders who are subject to the alternative minimum tax provisions of the Code and holders who do not hold their shares of our Common Stock as capital assets within the meaning of Section 1221 of the Code.

For purposes of this summary, a U.S. Holder means a beneficial owner of Common Stock that is, for U.S. federal income tax purposes:

an individual who is a citizen or resident of the United States;

a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States or any political subdivision thereof;

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an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons has the authority to control all of the substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

Accordingly, this discussion does not address the U.S. federal income tax consequences to any holder of our Common Stock who or which, for U.S. federal income tax purposes, is not a U.S. Holder, such as a nonresident alien individual, a foreign corporation, a foreign partnership or a foreign estate or trust. In addition, this discussion does not address U.S. federal estate or gift tax consequences of the Merger, or the tax consequences of the Merger under state, local or foreign tax laws.

If a partnership or other pass-through entity (including any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our Common Stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A beneficial owner that is a partnership and partners in such a partnership should consult its tax advisors about the U.S. federal income tax consequences of the Merger.

This summary is provided for general information purposes only and is not intended as a substitute for individual tax advice. Each holder of our Common Stock should consult the holder's tax advisor as to the particular tax consequences of the Merger to such holder, including the application and effect of any state, local, foreign or other tax laws and the possible effect of changes to such laws.

Exchange of Common Stock for Cash

Generally, the Merger will be taxable to U.S. Holders of our Common Stock for U.S. federal income tax purposes. A U.S. Holder of our Common Stock receiving cash pursuant to the Merger generally will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount of cash received and the U.S. Holder's adjusted tax basis in our Common Stock surrendered. Any such gain or loss generally will be capital gain or loss if our Common Stock is held as a capital asset at the effective time of the Merger. Any capital gain or loss will be taxed as long-term capital gain or loss if the U.S. Holder has held our Common Stock for more than one year prior to the effective time of the Merger. If the U.S. Holder has held our Common Stock for one year or less prior to the effective time of the Merger, any capital gain or loss will be taxed as short-term capital gain or loss. Long-term capital gains of non-corporate U.S. Holders are generally subject to reduced rates of taxation. The deductibility of capital losses is subject to certain limitations. If a U.S. Holder acquired different blocks of our Common Stock at different times and different prices, such holder must determine the adjusted tax basis and holding period separately with respect to each such block of our Common Stock.

Information Reporting and Backup Withholding

Generally, U.S. Holders of our Common Stock will be subject to information reporting on the cash received pursuant to the Merger unless such a holder is a corporation or other exempt recipient. In addition, under the U.S. federal backup withholding tax rules, the paying agent will be required to withhold 28% of all cash payments to which a U.S. Holder of Common Stock is entitled in connection with the Merger unless such holder provides a tax identification number and certifies that such holder is a U.S. person and that the tax identification number is correct and that no backup withholding is required. Each U.S. Holder of our Common Stock should complete and sign the Form W-9 (or appropriate substitute form) included as part of the letter of transmittal and return it to the paying agent, in order to certify that the U.S. Holder is exempt from backup withholding or to provide the necessary information to avoid backup withholding. Backup withholding is not an additional tax. Any amount withheld from a payment to a U.S. Holder of Common Stock under these rules will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is furnished timely to the IRS.

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Regulatory and Other Governmental Approvals

The Merger is subject to review by the Antitrust Division and the FTC under the HSR Act.

The HSR Act and related rules provide that transactions such as the Merger may not be completed until certain information and documents have been submitted to the FTC and the Antitrust Division, and applicable waiting period requirements have been observed. On May 27, 2011, TPG Partners VI, L.P., the ultimate parent of the Parent under the HSR Act, and the Company each filed a Pre-Merger Notification and Report Form with the Antitrust Division and the FTC and requested early termination of the waiting period. At any time before or after the consummation of the Merger, notwithstanding the expiration or early termination of the applicable waiting period under the HSR Act, the Antitrust Division or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the consummation of the Merger or seeking a divestiture of a substantial portion of the Company's assets or seeking other conduct relief. At any time before or after the consummation of the Merger, and notwithstanding the expiration or early termination of the applicable waiting period under the HSR Act, any state or private party could seek to enjoin the consummation of the Merger or seek other structural or conduct relief.

While there can be no assurance that the Merger will not be challenged by any governmental authority or private party in the United States or in any applicable foreign jurisdiction, the Company, based on a review of information provided by Parent relating to the businesses in which it and its affiliates are engaged, believes the Merger can be consummated in compliance with all applicable antitrust laws and no remedy will be required.

Under the Merger Agreement, the Company, Parent and Merger Sub have agreed to use their reasonable best efforts to obtain promptly all required governmental approvals in connection with the execution of the Merger Agreement and completion of the Merger.

Litigation Related to the Merger

In connection with the Merger, four putative stockholder class action lawsuits have been filed.

On May 20, 2011, *Astor BK Realty Trust v. David A. Bell, et al.*, No. 2011CV201001 (the Astor Complaint), was filed in the Superior Court of Fulton County, Georgia against the Company, the members of the Board of Directors and certain entities affiliated with TPG. The Astor Complaint alleges that members of the Board of Directors breached their fiduciary duties by causing the Company to enter into the Merger and that the Company and certain entities affiliated with TPG aided and abetted those alleged breaches of duty. The Astor Complaint seeks, among other relief, an order enjoining the Merger, rescission of the Merger, damages and plaintiff's counsel's fees and experts' fees.

On May 23, 2011, two more putative stockholder class action lawsuits were filed in the Court of Chancery of the State of Delaware: *Linda Parnes Kahn v. Beverly C. Chell, et al.*, No. 6511 (the Kahn Complaint), and *Shirley A. Powers v. Dean Nelson, et al.*, No. 6513 (the Powers Complaint).

The Kahn Complaint names as defendants the Company, the members of the Board of Directors, KKR, certain entities affiliated with KKR, TPG and certain entities affiliated with TPG. The Kahn Complaint alleges that members of the Board of Directors, KKR and certain entities affiliated with KKR breached their fiduciary duties by causing the Company to enter into the Merger and that TPG and certain entities affiliated with TPG aided and abetted those alleged breaches of duty. The Kahn Complaint seeks, among other relief, rescission of the Merger, damages and plaintiff's counsel's fees and experts' fees.

The Powers Complaint names as defendants the Company, the members of the Board of Directors and certain entities affiliated with TPG. The Power Complaint alleges that members of the Board of Directors breached their fiduciary duties by causing the Company to enter into the Merger and that the Company and

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certain entities affiliated with TPG aided and abetted those alleged breaches of duty. The Powers Complaint seeks, among other relief, an order enjoining the Merger, rescission of the Merger and plaintiff's counsel's fees and experts' fees.

On May 24, 2011, *Dennis Palkon v. Primedia Inc., et al.*, No. 11-A-05872-3 (the "Palkon Complaint"), was filed in the Superior Court of Gwinnett County, Georgia against the Company, the members of the Board of Directors, TPG and certain entities affiliated with TPG. The Palkon Complaint alleges that members of the Board of Directors breached their fiduciary duties by causing the Company to enter into the Merger Agreement and that the Company, TPG and certain entities affiliated with TPG aided and abetted those alleged breaches of duty. The Palkon Complaint seeks, among other relief, an order enjoining the Merger, rescission of the Merger Agreement and plaintiff's counsel's fees and experts' fees.

The parties to the Merger Agreement believe these complaints are without merit and intend to contest these matters vigorously.

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THE MERGER AGREEMENT

*This section describes the material terms of the Merger Agreement. The description in this section and elsewhere in this information statement is qualified in its entirety by reference to the complete text of the Merger Agreement, a copy of which is attached as **Annex A** and is incorporated by reference into this information statement. This summary does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to you. We encourage you to read the Merger Agreement carefully and in its entirety. This section is not intended to provide you with any factual information about us. Such information can be found elsewhere in this information statement and in the public filings we make with the SEC, as described in the section entitled, *Where You Can Find More Information*, beginning on page [].*

Explanatory Note Regarding The Merger Agreement

The Merger Agreement is included to provide you with information regarding its terms. Factual disclosures about the Company contained in this information statement or in the Company's public reports filed with the SEC may supplement, update or modify the factual disclosures about the Company contained in the Merger Agreement. The representations, warranties and covenants made in the Merger Agreement by the Company, Parent and Merger Sub were qualified and subject to important limitations agreed to by the Company, Parent and Merger Sub in connection with negotiating the terms of the Merger Agreement. In particular, in your review of the representations and warranties contained in the Merger Agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the Merger Agreement may have the right not to consummate the Merger if the representations and warranties of the other party prove to be untrue because of a change in circumstance or otherwise, and allocating risk between the parties to the Merger Agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to stockholders and reports and documents filed with the SEC and in some cases were qualified by the matters contained in the disclosure schedule that the Company delivered in connection with the Merger Agreement, which disclosures were not reflected in the Merger Agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this information statement, may have changed since the date of the Merger Agreement and subsequent developments or new information qualifying a representation or warranty may have been included in this information statement.

Effects of the Merger; Directors and Officers; Certificate of Incorporation; Bylaws

The Merger Agreement provides for the Merger of Merger Sub with and into the Company upon the terms, and subject to the conditions, set forth in the Merger Agreement. As the surviving corporation, the Company will continue to exist following the Merger.

The Board of Directors of the surviving corporation will, from and after the effective time of the Merger, consist of the directors of Merger Sub until their successors and assigns have been duly elected and qualified or until their earlier death, resignation or removal. The officers of the Company immediately prior to the effective time of the Merger will, from and after the effective time of the Merger, be the officers of the surviving corporation each to hold office until the earlier of their resignation or removal.

The certificate of incorporation of the surviving corporation will be in the form of the certificate of incorporation attached as an exhibit to the Merger Agreement, until amended in accordance with its terms or by applicable law. The bylaws of Merger Sub, as in effect immediately prior to the effective time of the Merger will, by virtue of the Merger, be the bylaws of the surviving corporation until thereafter amended in accordance with their terms, the certificate of incorporation of the surviving corporation and as provided by law.

Following the completion of the Merger, the Common Stock will be delisted from the NYSE and deregistered under the Exchange Act and will cease to be publicly traded.

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Closing and Effective Time of the Merger

The closing of the Merger will take place on the second business day following the satisfaction or waiver in accordance with the Merger Agreement of all of the conditions to closing of the Merger (described under **Conditions to the Merger** below) (other than the conditions that by their terms cannot be satisfied until the closing of the Merger, but subject to satisfaction or waiver of those conditions).

The effective time of the Merger will occur upon the filing of a certificate of Merger with the Secretary of State of the State of Delaware (or at such later date as we and Parent may agree and specify in the certificate of Merger).

Treatment of Company Common Stock, Options and Other Equity

Common Stock

At the effective time of the Merger, each share of Common Stock issued and outstanding immediately prior to the effective time of the Merger (except those shares held by any of our stockholders who are entitled to and who properly exercise, and do not withdraw or lose, the appraisal rights under Section 262 of the DGCL and shares owned by the Company as treasury stock or by Parent or Merger Sub) will be cancelled and converted automatically into the right to receive \$7.10 in cash, without interest and less any required withholding taxes. Common Stock owned by Parent, Merger Sub or the Company or any wholly-owned subsidiary of the Company (and in each case not held on behalf of third parties) will be cancelled without payment of consideration. Each share of common stock of Merger Sub issued and outstanding immediately prior to the effective time of the Merger will be converted into and become one validly issued, fully paid and nonassessable share of common stock of the surviving corporation. Common Stock owned by stockholders with respect to which appraisal has been properly demanded in accordance with Section 262 of the DGCL, unless such demand has been withdrawn or becomes ineligible, will be cancelled without payment of consideration. Such stockholders will instead be entitled to the appraisal rights provided under the DGCL as described under **Appraisal Rights**.

Options

Immediately prior to the effective time of the Merger, each then-outstanding option to purchase shares of Common Stock granted under any equity plan or arrangement of the Company, including any then-outstanding option held by KKR Capstone, in each case whether or not vested or exercisable, will become fully vested and exercisable (contingent upon the occurrence of the Merger) and will be converted into the right to receive from the Company, at or promptly after the effective time of the Merger, an amount in cash, less any applicable tax withholding, equal to the product of (i) the excess of the Merger Consideration over the applicable exercise price per share of such stock option and (ii) the number of shares of Common Stock such holder could have purchased had such holder exercised such stock option, in full immediately prior to the effective time of the Merger.

Restricted Stock

Immediately prior to the effective time of the Merger, each then-outstanding restricted share granted under any equity plan or arrangement with the Company will vest, contingent upon the occurrence of the Merger, in full (and all restrictions thereon will immediately lapse) and be converted at the effective time into the right to receive the Merger Consideration.

Warrants

Immediately prior to the effective time of the Merger, each then-outstanding warrant to purchase shares of Common Stock, whether or not vested or exercisable, will become fully vested and exercisable (contingent upon the occurrence of the Merger) and will be converted into the right to receive, and the Company will pay, to each such individual holder, at or promptly after the effective time of the Merger, an amount in cash, less any

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applicable tax withholding, equal to the product of (i) the excess (if any) of the Merger Consideration over the applicable exercise price per share of such warrant and (ii) the number of shares of Common Stock such holder could have purchased had such holder exercised such warrant in full immediately prior to the effective time of the Merger.

Exchange and Payment Procedures

Prior to the effective time of the Merger, Parent will enter into an agreement with a paying agent to receive the Merger Consideration. At or prior to the effective time of the Merger, Parent will deposit with the paying agent sufficient funds to make payment of the aggregate per share Merger Consideration to the holders of shares of Common Stock. With respect to shares of Common Stock held by The Depository Trust Company, or DTC, if the closing of the Merger occurs (i) at or prior to 11:30 a.m., Eastern time, on the date of the closing of the Merger, the paying agent will transmit to DTC an amount in cash in immediately available funds equal to the number of shares of Common Stock held of record by DTC immediately prior to the effective time of the Merger multiplied by the per share Merger consideration, which we refer to as the DTC payment, or (ii) after 11:30 a.m., Eastern time, on the closing date of the Merger, the paying agent will transmit the DTC payment to DTC on the first business day after the date of the closing of the Merger.

Promptly, and in any event not later than the second business day, after the effective time of the Merger, each record holder, as of the effective time of the Merger, of a certificate or certificates representing outstanding shares of Common Stock will be sent a letter of transmittal describing how it may exchange its certificated shares of Common Stock for the per share Merger Consideration. Promptly after the effective time of the Merger, each record holder of uncertificated shares of Common Stock represented by book-entry will receive an amount in cash equal to the product of the number of book-entry shares of Common Stock held by such holder multiplied by the per share Merger consideration.

You should not return your stock certificates to the Company, and you should not forward your stock certificates to the paying agent without a letter of transmittal.

If you are the record holder of certificated shares of Common Stock, you will not be entitled to receive the per share Merger Consideration until you deliver a duly completed and executed letter of transmittal to the paying agent and surrender your stock certificate or certificates to the paying agent. If you are the record holder of uncertificated shares of Common Stock represented by book-entry, you will receive the per share Merger Consideration promptly, and in any event within two business days, of completion of the Merger. If ownership of your shares is not registered in the transfer records of the Company, a check for any cash to be delivered will only be issued if the applicable letter of transmittal is accompanied by all documents required by Parent to evidence and effect such transfer and to evidence that any applicable stock transfer taxes have been paid or are not applicable.

No interest will be paid or accrued on the cash payable as the Merger Consideration upon your surrender of your certificate or certificates. Parent, the surviving corporation and the paying agent will be entitled to deduct and withhold any applicable taxes from the Merger Consideration. Any sum that is withheld will be treated as having been paid to the person in respect of whom it is withheld.

After the effective time of the Merger, the stock transfer books of the Company shall be closed and thereafter there shall be no further registration of transfers of shares of Common Stock that were outstanding prior to the effective time of the Merger. If, after the effective time of the Merger, stock certificates are presented to the surviving corporation for transfer such stock certificates shall be cancelled and exchanged for the Merger Consideration.

After the date that is six months after the effective time of the Merger, Parent may require the paying agent to deliver to it any funds (including any interest received with respect thereto) that have not been disbursed to

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holders of Common Stock, and thereafter such holders shall be entitled to look to Parent and the surviving corporation (subject to abandoned property, escheat or other similar laws) only as general creditors thereof with respect to the Merger Consideration payable to them. None of the parties to the Merger Agreement, the surviving corporation or the paying agent shall be liable to any person for Merger Consideration delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

If you have lost a certificate, or if it has been stolen or destroyed, then, before you will be entitled to receive the per share Merger Consideration, you will have to, if required by the paying agent, post a bond in a customary amount as indemnity against any claim that may be made against it or the surviving corporation with respect to such certificate. These procedures will be described in the letter of transmittal that you will receive, which you should read carefully in its entirety.

Financing Covenant; Company Cooperation

We have agreed to use our commercially reasonable efforts to cooperate, and cause our subsidiaries to cooperate, with Parent and Merger Sub in connection with Parent and Merger Sub obtaining the debt financing for the Merger, including (i) furnishing the required financial information (as described under Closing and Effective Time of the Merger beginning on page []) to Parent, Merger Sub and their debt financing sources, (ii) participating in a reasonable number of meetings, presentations, road shows, due diligence sessions and drafting sessions and sessions with rating agencies, (iii) assisting with the preparation of materials for rating agency presentations, bank information memoranda and similar documents required in connection with the debt financing for the Merger, (iv) using commercially reasonable efforts to obtain accountant's comfort letters and legal opinions as reasonably requested by Parent and reasonably facilitate the pledging of collateral in connection with the debt financing, including executing and delivering closing documents that may be requested by Parent, (v) causing the taking of corporate action by the Company necessary to permit the completion of the debt financing, (vi) providing all information reasonably requested in connection with know your customer and anti-money laundering rules, and (vii) facilitating the execution and delivery at the closing of the Merger of definitive documents relating to the debt financing. Parent has agreed to indemnify us from and against any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgments and penalties and to reimburse us for all documented and reasonable out-of-pocket expenses, in each case incurred by us in connection with the debt financing.

Representations and Warranties

We made certain representations and warranties in the Merger Agreement that are subject, in some cases, to specified exceptions and qualifications contained in the Merger Agreement and the matters contained in the disclosure schedule delivered by the Company in connection with the Merger Agreement. These representations and warranties of the Company relate to, among other things:

due organization, existence, and authority of the Company and its subsidiaries to carry on its businesses;

our certificate of incorporation and bylaws;

our capitalization;

our ownership of the equity interests of our subsidiaries;

our corporate power and authority to enter into, and consummate the transactions under, the Merger Agreement, and the enforceability of the Merger Agreement against us;

the declaration of advisability of the Merger Agreement and the Merger by the Board of Directors, and the approval of the Merger Agreement and the Merger by the Board of Directors;

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the absence of violations of, or conflicts with, the Company or its subsidiaries governing documents, applicable law and certain agreements of the Company and its subsidiaries as a result of our entering into and performing our obligations under the Merger Agreement;

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the required governmental consents, approvals, authorizations, permits, notices and filings;

compliance with applicable laws, government orders, licenses, permits, judgments and decrees;

our SEC filings since December 31, 2008 and the financial statements included therein;

compliance with the Sarbanes-Oxley Act of 2002 and the listing and corporate governance rules and regulations of the NYSE;

our disclosure controls and procedures and internal controls over financial reporting;

the absence of certain undisclosed liabilities;

the conduct of business in accordance with the ordinary course consistent with past practice since December 31, 2010 through the date of the Merger Agreement;

the absence of a Company material adverse effect (as described below) and the absence of certain other changes or events since December 31, 2010 through the date of the Merger Agreement;

the absence of legal proceedings, investigations and governmental orders against us or our subsidiaries;

employee benefit plans;

certain employment and labor matters;

insurance policies;

properties;

tax matters;

the inapplicability of any anti-takeover law to the Merger;

intellectual property;

environmental matters;

this information statement;

material contracts and the absence of any default under any material contract;

the absence of any undisclosed material contracts or transactions with affiliates;

the absence of any undisclosed brokers' or finders' fees; and

opinions of financial advisors.

Many of our representations and warranties are qualified by, among other things, exceptions relating to the absence of a material adverse effect, which means an event, change, occurrence or development or effect that would have or would reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries taken as a whole, other than any event, change, occurrence or development or effect resulting from:

changes in general economic, financial market, business or geopolitical conditions (except to the extent such changes have a disproportionately adverse impact on the Company and its subsidiaries, taken as a whole, relative to other industry participants);

changes or developments in any of the industries in which the Company or its subsidiaries operate (except to the extent such changes have a disproportionately adverse impact on the Company and its subsidiaries, taken as a whole, relative to other industry participants);

changes in any applicable laws or applicable accounting regulations or principles or interpretations thereof (except to the extent such changes have a disproportionately adverse impact on the Company and its subsidiaries, taken as a whole, relative to other industry participants);

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any change in the price or trading volume of the shares of Common Stock, in and of itself (provided that the facts or occurrences contributing to such change that are not otherwise excluded from the definition of material adverse effect may be taken into account in determining whether there has been a material adverse effect);

any failure by the Company to meet any published analyst estimates or expectations of the Company's revenue, earnings or other financial performance or results of operation for any period, in and of itself, or any failure by the Company to meet its internal or published projections, budgets, plans or forecasts of the Company's revenue, earnings or other financial performance or results of operations, in and of itself (provided that the facts or occurrences contributing to such failure that are not otherwise excluded from the definition of material adverse effect may be taken into account in determining whether there has been a material adverse effect);

any outbreak or escalation of hostilities or war or any act of terrorism (except to the extent such changes have a disproportionately adverse impact on the Company and its subsidiaries, taken as a whole, relative to other industry participants);

the announcement of the Merger Agreement and the transactions contemplated thereby, including the initiation of litigation by any person with respect to the Merger Agreement, and including any negative impact on dealings with any customers, suppliers, distributors, partners or employees of the Company and its subsidiaries because of the announcement and performance of the Merger Agreement or the identity of the parties to the Merger Agreement (provided that this exception does not apply to certain specified provisions of the Merger Agreement);

the performance of the Merger Agreement and the transactions contemplated thereby, including compliance with the covenants set forth therein;

any action taken by the Company or which the Company causes to be taken by any of its subsidiaries which is required by the Merger Agreement; or

any actions taken (or omitted to be taken) at the request of Parent or Merger Sub.

The Merger Agreement also contains certain representations and warranties made by Parent and Merger Sub that are subject, in some cases, to specified exceptions and qualifications contained in the Merger Agreement. The representations and warranties of Parent and Merger Sub relate to, among other things:

their due organization, existence, good standing and authority to carry on their businesses;

their corporate power and authority to enter into, and consummate the transactions under, the Merger Agreement, and the enforceability of the Merger Agreement against them;

the absence of violations of, or conflicts with, their governing documents, applicable law and certain agreements as a result of their entering into and performing under the Merger Agreement;

the required governmental consents, approvals, authorizations, permits, notices and filings;

the absence of legal proceedings and investigations against Parent and Merger Sub;

validity and enforceability of the equity commitment letter;

the absence of any breach or default under the equity commitment letter;

the absence of contingencies related to the funding of the financing other than as set forth in the equity commitment letter;

sufficiency of funds;

the capitalization of Merger Sub and Parent;

the absence of ownership of Common Stock by Merger Sub and Parent, except pursuant to the Merger Agreement;

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inapplicability of interested stockholder provisions of Section 203 of the DGCL to Parent or Merger Sub;

the absence of any requirement for any vote or consent by any capital stock holder of Parent or Merger Sub, in order to adopt the Merger Agreement (other than the consent of Parent as the sole stockholder of Merger Sub);

delivery of the executed limited guarantee;

information supplied for inclusion in this information statement;

the absence of certain agreements or compensation or employee arrangements; and

the absence of interests by Merger Sub or Parent in any competitors of the Company.
Many of the Parent and Merger Sub representations and warranties are qualified