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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91213057
Party	Plaintiff Hybrid Athletics, LLC
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Submission	Testimony For Plaintiff
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Signature	/Michael J. Kosma/
Date	10/15/2015
Attachments	Notice of Filing - Tuthill.pdf(200869 bytes) Matt Tuthill.pdf(190682 bytes) Exhibit 1.pdf(448236 bytes) Exhibit 2.pdf(5237561 bytes) Exhibit 3.pdf(148438 bytes) Exhibit 4.pdf(2111220 bytes) Exhibit 5.pdf(1879598 bytes) Exhibit 6 Part 1.pdf(2495563 bytes) Exhibit 6 Part 2.pdf(5702345 bytes) Exhibit 7.pdf(153143 bytes) Exhibit 8.pdf(157509 bytes) Exhibit 9.pdf(810281 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

HYBRID ATHLETICS, LLC,	:	
	:	
Opposer,	:	**Opposition No. 91213057**
	:	
v.	:	
	:	
HYLETE LLC,	:	
	:	
Applicant.	:	

OPPOSER'S NOTICE OF FILING TUTHILL TRIAL TESTIMONY

PLEASE TAKE NOTICE THAT pursuant to Trademark Rule 2.123(h) and 2.125(c), Opposer files herewith the following:

1) A true copy of the transcript of the testimony deposition of Matt Tuthill, taken on August 5, 2015, and all exhibits thereto.

Respectfully submitted,

HYBRID ATHLETICS, LLC

October 15, 2015

/s/ Michael J. Kosma

Michael J. Kosma
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ATTORNEYS FOR OPPOSER

CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing OPPOSER'S NOTICE OF FILING TUTHILL TRIAL TESTIMONY was served by first class mail, postage prepaid on the Correspondent for the Applicant at the below address. This is to further certify that a true copy of the testimony deposition, taken on August 5, 2015, of Matt Tuthill and all exhibits thereto were served upon Correspondent for the Applicant via FedEx overnight delivery on August 20, 2015.

Kyriacos Tsircou
Tsircou Law, P.C.
515 S. Flower Street, Floor 36
Los Angeles, CA 90071-2221

October 15, 2015	*/s/ Joan M. Burnett*
Date	Joan M. Burnett

IN THE UNITED STATES PATENT AND TRADEMARK

OFFICE BEFORE THE TRADEMARK AND APPEAL BOARD

HYBRID ATHLETICS, L.L.C.,

Plaintiff,

vs. Opposition No. 91213057

HYLETE, L.L.C.,

Defendant.

--------------------------)

DEPOSITION OF MATT TUTHILL

New York, New York

Wednesday, August 5, 2015

Reported by: SHAUNA STOLTZ-LAURIE, RPR, CLR
CSR NO. 810490

Job No. 14621

August 5, 2015

10:00 a.m.

Deposition of MATT TUTHILL, held at the offices of Muscle & Fitness, 4 New York Plaza, 4th floor, New York, New York, pursuant to agreement, before Shauna Stoltz-Laurie, Registered Professional Reporter, Certified Realtime Reporter, and a Notary Public of the State of New York.

A P P E A R A N C E S:

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ALSO PRESENT:
RON WILSON (Hylete, L.L.C.)

Tuthill

M A T T T U T H I L L , called as a witness, having been duly sworn by a Notary Public, was examined and testified as follows:

MR. KOSMA: I'd like to start by just identifying people in the room.

MR. BEGAKIS: John Begakis, attorney for Hylete, L.L.C.

MR. WILSON: Ron Wilson, CEO of Hylete.

THE WITNESS: Matt Tuthill, Deputy Editor, Muscle & Fitness magazine.

EXAMINATION BY

MR. KOSMA:

Q. Good morning, Mr. Tuthill.

A. Good morning.

Q. My name is Michael Kosma, and I'm an attorney from the Whitmyer IP Group representing Hybrid Athletics in this matter.

This is a deposition in which I will ask you questions, and you must answer them truthful.

Although no judge is present, this is a formal legal proceeding just like

Tuthill

testifying in court, and you are under the same legal obligation to tell the truth, the whole truth and nothing but the truth.

If you do not understand any of my questions, please feel free to say so, and I will repeat or rephrase the question.

Before the deposition can be used in court, you will have the opportunity to read over it and correct any mistakes.

Do you understand?

A. Yes.

Q. Mr. Tuthill, what is your current job?

A. I am Deputy Editor of Muscle & Fitness.

Q. And how long have you worked at this position?

A. At this position? 18 months. I've been with the magazine for five years.

Q. Okay. Did you start with the magazine right out of college?

A. I began free-lancing for the magazine straight out of college.

Q. And what year was that?

Tuthill

A. 2004 I got my first assignment.
Q. And when did you go full time?
A. In December 2010.
Q. What was your position in December of 2010?
A. Associate Editor.
Q. What were your responsibilities as associate editor?
A. Fairly wide ranging. I had to write departments in the front and back of the book, interview athletes, celebrities, write an occasional feature, ran the gamut from the front to the back.
That's kind of how everyone here has to work at every position. It's just tiered in terms of decision-making.
Q. And how long did you hold the position of Associate Editor?
A. I became Senior Editor probably a year later or a little over a year later. Like February, I think, 2012 I became Senior Editor.
Q. And how long did you hold that position?

Tuthill

A. Until they made me Deputy Editor last April, April 2014.

Q. What were your responsibilities as Senior Editor?

MR. BEGAKIS: Objection; calls for a narrative.

Q. (Continuing) You can answer the question.

A. Okay.

So more of what I used to do but more delegating. Okay? So I would write more features, and delegate more of the smaller departments. I worked more hands on with the stable of freelance writers that we have, and various contributors, and contributed more to the overall direction of the magazine, worked closely with the editor in chief to plan the editorial calendar, wrangle cover subjects, and do more things of that nature.

Q. And who is the editor in chief?

A. Shawn Perine. It's S-h-a-w-n P-e-r-i-n-e.

Q. And Shawn Perine, is he still the

Tuthill

editor in chief?

A. He is.

Q. And you became Deputy Editor in April of this year?

A. April 2014.

Q. April 2014.

And what are your responsibilities as Deputy Editor?

A. So, again, it's -- it's -- it's more now almost focused entirely on the feature well in terms of my writing.

I've got some junior staff under me who handle the single-page departments and things like that.

And because Shawn Perine is -- actually, he is now a group editorial director over Muscle & Fitness, Muscle & Fitness Hers and Flex magazines, and his job is almost purely administrative. The day-to-day decision-making on what goes into the magazine and what gets cut largely falls to me. With the exception of who the cover subject is, most of the decision-making does fall to me.

Tuthill

Q. How many people are you in charge of as Deputy Editor?

A. It's a sad state of affairs. We've got budget cuts. We've got -- we've got two editors under me, and then almost everything else is farmed out to freelance writers. Basically with those two editors under me, I have to make sure that they're -- they're assigning properly, that they're getting what we want out of the -- out of the free-lancers.

Q. And how many free-lancers are there?

A. I really have to think hard about that.

At any time, you know, we've got -- we've got a stable of kind of a dozen that would rotate.

Q. Mr. Tuthill, where did you go to college?

A. Springfield College in Massachusetts.

Q. And what did you major in?

A. Sports journalism.

Tuthill

MR. KOSMA: Exhibit 1.

([Hybrid] Exhibit 1, document stating that Mr. Tuthill will be giving deposition testimony, received in evidence, as of this date.)

(Handing).

MR. BEGAKIS: Thank you.

Q. Mr. Tuthill, I've handed you what has been marked as Exhibit 1 into evidence. Do you recognize this document?

A. Yes.

Q. And what is this document?

A. This document states that I will be making testimony in a deposition.

Q. And is that why you're here today?

A. Yes.

Q. You can just put that to the side.

Mr. Tuthill, what is Muscle & Fitness magazine?

A. It -- we consider it the -- the iron Bible. It's the -- it's -- if you trace its roots back to your physique, which we do, which was Joe Weider's creation, it -- it was the and we still consider it is the

Tuthill

preeminent authority on training on nutrition for serious fitness-minded individuals.

Q. Who reads your magazine?

MR. BEGAKIS: Objection; calls for speculation.

A. If you look at the demographics of who's reading it -- and we do have, you know, some of that information available -- men between the ages of 18 and 45 who are serious about staying healthy and fit.

Q. Mr. Tuthill, what is Hybrid Athletics?

MR. BEGAKIS: Objection; calls for speculation.

A. Hybrid Athletics is Rob Orlando's gym and apparel.

Q. And how do you know Rob Orlando?

A. I came to know Rob Orlando after we featured him in the July 2011 issue of Muscle & Fitness. Shortly after, we featured him where a story was written about him by a -- a senior editor whose pen name is Rob Fitzgerald, real name is Bob Ihlenfeldt, I-h-l-e-n-f-e-l-d-t. After Bob wrote that

Tuthill

feature, Rob became a contributor for us at some point then in the -- in the year that followed that initial feature. I was -- I was given the assignment of editing Rob on a monthly basis.

MR. KOSMA: (Handing.)

MR. BEGAKIS: Thank you.

([Hybrid] Exhibit 2, copy of Muscle & Fitness July 2011 cover, masthead and feature on Rob Orlando, received in evidence, as of this date.)

THE COURT REPORTER: Exhibit 2.

Q. Mr. Tuthill, I've given you what's been marked as Exhibit 2 and put into evidence. Can you tell me what this document is?

A. This is the July 2011 cover, masthead and then feature on Rob Orlando.

Q. You mentioned Rob Fitzgerald had decided to feature Rob Orlando in the magazine, correct?

A. Yes.

MR. BEGAKIS: Objection; leading the witness.

Tuthill

Q. Why was it decided to feature Rob in Muscle & Fitness?

A. Rob Fitzgerald recognized that Muscle & Fitness had a problem. We for too many years were stuck in idolizing the bodybuilders of Venice Beach, the bodybuilders of the golden era, Arnold Schwartzenegger and -- and his contemporaries, and he basically came to us and said we need to stop living in the past; there's a whole revolution happening right in front of us. He chose Rob as a guy who was emblematic of the shift that was happening in fitness, and -- and urged us to cover Rob and guys like him.

Q. And how did he find out about Rob Orlando?

MR. BEGAKIS: Objection; calls for speculation.

A. I remember clearly, actually, that Bob said he had found this guy on YouTube, he had found Rob Orlando on YouTube. He said: Look at this guy's videos. It's crazy. You know, we need -- we need to feature him.

Tuthill

I remember actually the initial push was to get him on the cover. He lost out to Mr. Joe Manganiello, but it -- it was -- it was considered seriously for a while.

Q. And did you look at the videos of Rob Orlando?

A. Sure did.

Q. And what was your impression of him?

MR. BEGAKIS: Objection; calls for speculation.

A. I -- he was a -- he was -- he was a monster. I remember some of the workouts that he was doing I had tried on my own and could barely finish, and he has videos where he does them -- he'll do it twice in a row without -- without stopping. That was pretty special. And it was pretty clear that, yeah, we needed to -- to -- have Rob do the story.

Q. And how did the article do for the magazine?

A. It was well received.

We got some correspondence about it. And I remember, because we -- we really

Tuthill

don't get a lot of feedback. Most of the time, in any publishing, you hear it from the readers when they are pissed. When you get, you know, a dozen letters or so that say we love this, that makes you think okay, we need to do some more of this, because to compel a reader to react positively and take time out of their day to do that, that takes a lot. So then we started to think how can we get Rob Orlando involved on a regular basis.

Q. So in response to the reception of the article, what did you do?

A. So because Rob had -- you know, he was well known in crossfit circles, and we had no official crossfit column at the time. Rob Orlando also knew Greg Glassman very well. We said, you know, could Rob do our official crossfit column; would Crossfit approve an official column. And because it was -- and because when we went to Crossfit and asked them to do this, they said if it's Rob, okay. So he was our gateway into, you know, kind of an official relationship with Crossfit.

Tuthill

So then from that point on he wrote a monthly column called Crossfit Corner, and that was him explaining the different WADs, or workouts of the day, and he would explain the unique moves required, technically how to do them, and explain the back story, because every crossfit workout has some sort of back story to it.

Q. Is his column monthly?

A. That column was.

That column ended when Nate Forster of Crossfit Fifth Avenue in New York City took it over.

And that was for a couple of reasons. We recognized that Rob had more to offer than just explaining crossfit, that he had kind of created his own thing, he had Hybrid Athletics, so we said, you know, here's this guy who's known for incorporating stones and sledge hammers and tires and all these things that aren't necessarily part of, you know, regular crossfit use. Let's have him design programming for us, exclusively for us. And --and so we got to keep Rob,

Tuthill

doing a new column called -- M&F Hard-Core was the name of the new column.

And then, you know, Nate Forster did the -- took over the regular Crossfit Corner duties.

Q. And when did that transition happen?

A. That's an excellent question, and I would need to look it up to give you an accurate answer.

Q. Was it in the last year?

A. It was -- I want to say it was just over a year ago, because I went to Rob Orlando's gym for that photo shoot, and I believe that was -- that was right in the middle of last summer, because I remember telling Rob Orlando that actually Rob Fitzgerald had just died in May.

Q. Have you received any feedback regarding Mr. Orlando's column since the initial issue?

MR. BEGAKIS: Objection, leading the witness.

A. We have.

Tuthill

I mean it's -- it's -- it's been positive. You know? We've gotten some -- some positive correspondence about it, nothing probably as noteworthy as that -- you know, that first feature which garnered a lot of attention. But -- but yeah, he was a well-liked and respected columnist; is I should say.

Q. Looking at Exhibit 2, there's Bates number on the bottom.

Going from pages 55 to 59, do you recognize the logo on Mr. Orlando's shirt?

A. I do. That is the Hybrid Athletics logo.

Q. Is that regularly featured in Muscle & Fitness?

A. Rob is featured on his -- in -- in photographs on his -- in his column every month, and he is always wearing some kind of Hybrid Athletics gear.

MR. KOSMA: (Handing.)

MR. BEGAKIS: Thank you.

([Hybrid] Exhibit 3, printout of Hybrid Athletics logo, received in

Tuthill

evidence, as of this date.)

THE COURT REPORTER: Exhibit number 3. (Handing.)

THE WITNESS: Thank you.

Q.   Mr. Tuthill, I passed you what's been marked as Exhibit 3 in evidence, and do you recognize this document?

A.   Yes. It is the Hybrid Athletics logo.

Q.   And that's the logo that was in the magazine in 2011.

A.   Correct, it is.

MR. BEGAKIS: Objection, leading the witness.

MR. KOSMA: (Handing) These two.

([Hybrid] Exhibit 4, copy of cover of September 2011 issue of Muscle & Fitness, masthead and editor's letter, and one of Rob Orlando's first columns, received in evidence, as of this date.)

MR. KOSMA: That one's 4. (Handing).

MR. BEGAKIS: Thank you.

MR. KOSMA: I marked them for you.

Tuthill

MR. BEGAKIS: Thanks.

MR. KOSMA: You're welcome.

([Hybrid] Exhibit 5, copy of cover of March 2012 Muscle & Fitness, the masthead and Crossfit Corner column, received in evidence, as of this date.)

THE COURT REPORTER: Exhibit number 5. (Handing.)

THE WITNESS: Thank you.

Q. Mr. Tuthill, I've passed you what's been marked Exhibit 4 and 5 into evidence.

Looking at Exhibit 4, can you tell me what this is?

A. It this is the cover of the September 2011 issue of Muscle & Fitness, the masthead and editor's letter and one of Rob's first columns.

Q. So this is one of the first columns after his initial July 2011 featured article?

A. Yes.

Q. And then can you tell me, please, what Exhibit 5 is.

A. This is March 2012 Muscle & Fitness, the, masthead and I think this must

Tuthill

have been (indicating) when we finally started calling the column Crossfit Corner.

Q. You mentioned you had some correspondence with Ben Glassman regarding the title of the --

MR. BEGAKIS: Objection, leading the witness.

Q. -- the article or --

A. Yes.

So my boss, Shawn Perine, and I spoke to Greg Glassman about -- about doing this, and because we were very wary of naming anything crossfit without their approval -- they have been known to sue anyone that uses that name without their permission, and so we saw an opportunity to -- to do this the right way, with Rob being known to Greg and being well respected in the crossfit community, with Greg Glassman's blessing, because Rob was involved, we were able to get this official crossfit column in the magazine.

MR. KOSMA: (Handing.)

MR. BEGAKIS: Thank you.

([Hybrid] Exhibit 6, American

Tuthill

Media's annual report fiscal year-ending March 2011, received in evidence, as of this date.)

THE COURT REPORTER: Exhibit 6.

(Handing).

THE WITNESS: Thank you.

Q. Mr. Tuthill, I've handed you what's been marked as Exhibit 6 into evidence. Can you tell me what this document is?

A. American Media's annual report fiscal year-ending March 2011.

Q. Can you please turn to page 14, or Bates number Hybrid 262 of the document?

A. (Perusing document) Okay.

Q. Fourth paragraph up from the bottom, can you please review that for me?

A. Do you need me to read it out loud?

Q. Sure.

A. "Muscle & Fitness is the preeminent monthly fitness training magazine appealing to exercise enthusiasts and athletes of all ages, especially those focused on resistance training, body fat control and sports

Tuthill

nutrition. Muscle & Fitness has 71 years of brand equity and has served as successful brand extension foundation for new titles. Muscle & Fitness has a total average monthly circulation of approximately 377,000 copies, including monthly subscriptions of 280,000 and newsstand copies of 97,000, and an estimated total monthly readership of 6.6 million."

Q. Mr. Tuthill, do you agree with that statement?

A. Yes.

MR. BEGAKIS: Objection; calls for speculation.

Q. And why do you agree with that statement?

A. At the time, this was -- this was -- this is right on the money with what we would see in terms of monthly sales. We got those numbers directly outside of the financial report so we could see month to month how we're doing. And this sounds just about right for that time.

Q. And as of July 2011 those numbers

Tuthill

have been approximately the same?

A. No. They have declined steadily, as all print has.

But around the time around here (indicating) -- and it doesn't say this, because it's an embarrassing number, but the monthly unique visitors for Muscle & Fitness in 2011 was less than 200,000. Today it is over eight million.

Q. 200,000 to over eight million?

A. Yes. It was 200,000 monthly uniques in 2011, approximately, and it is now over eight million.

Q. And when you say unique visitors, you're referring to --

A. Unique visitors, people -- so if you go to the website four times from the same, you know, IP address, you still only count as one. It's counting IP addresses.

Q. Oh. So you're talking about the website.

A. Yes.

In terms of total page views, we have 35 million a month.

Tuthill

Q. And so these numbers are accurate as of March 2011.

MR. BEGAKIS: Objection; calls for speculation.

A. As far as I know, yes.

Q. And when Mr. Orlando's article came out in July 2011, would those numbers be approximately the same?

MR. BEGAKIS: Objection --

A. Yes --

MR. BEGAKIS: -- calls for speculation.

A. -- as far as I know.

I could look up for you, if you needed it, the exact number of issues that that Joe Manganiello cover in July 2011 sold. Ballparking it off the top of my head, I thought it sold around seventy eight to eighty thousand copies.

Q. And that's newsstand copies.

A. That's only counting newsstand. That wasn't counting subscriber base, which wouldn't change much from this annual report.

MR. KOSMA: Okay. Can we take a

Tuthill

ten-minute break?

(Recess taken.)

MR. KOSMA: Let's mark this as Exhibit 7 and 8.

([Hybrid] Exhibit 7, printout of Hylete logo, received in evidence, as of this date.)

(Handing).

MR. BEGAKIS: Thank you.

([Hybrid] Exhibit 8, printout of Hylete logo, received in evidence, as of this date.)

Q. Mr. Tuthill, I just passed you what's been marked as Exhibit 7 and 8. Do you recognize these exhibits?

A. I do. This is the Hylete logo.

Q. And when did you first become aware of the Hylete H?

A. I saw it at the Mr. Olympia competition at a booth I believe it probably would have been September 2013.

And I remember seeing it and actually thinking that Rob Orlando had gotten himself a booth at the Olympia, but it did

Tuthill

look slightly different, so I actually was very curious about it. I didn't ask him about it until I started seeing it -- I saw it popping up in a couple social media feeds, things like that, took a screen grab and sent it to him, and then I said have you licensed out the Hybrid Athletics logo. You know, I was curious if he had entered into some kind of distribution deal.

MR. KOSMA: Can you mark this as Exhibit 9, please?

([Hybrid] Exhibit 9, printout of Mr. Tuthill email to Rob Orlando, received in evidence, as of this date.)

(Discussion off the record.)

Q. Mr. Tuthill, I've marked and handed to you what's been marked as Exhibit 9 into evidence. Do you recognize this document?

A. Yeah. This is the email I sent to Rob once I saw -- I guess it was Zach Evenesh. I follow him on Instagram. I saw the Hylete logo pop up on his thing, and so I took a screen grab, sent it to -- sent it to Rob Orlando to ask him about it.

Tuthill

Q. If you turn to the third page, can you read that sentence?

A. I asked Rob "I wanted to ask you if you had licensed out the original Hybrid athletics logo or sold it, because this thing looks almost identical. If not, I definitely thought you should know. Hope all is well."

Q. What prompted you to email Rob?

MR. BEGAKIS: Objection; calls for a narrative.

A. So as I mentioned, I first saw the Hylete logo at the Mr. Olympian competition, and it kind of just stuck in the back of my head. I'm not in regular contact with -- with Rob other than to flesh out probably three columns at time, so I talk to him every couple of months. And I remember, just because it was right in front of me, I saw it on social media, I said okay, actually, I should ask him this, because I'm starting to see this around, and I was getting the feeling that it wasn't Hybrid Athletics that had been licensed out to someone else.

Q. What was Rob's response to this

Tuthill

email?

A. He picked up the phone to call me and tell me what was going on, and that he was pursuing a -- a -- a trademark lawsuit against Hylete.

Q. And upon Rob telling you, what was your reaction?

MR. BEGAKIS: Objection, leading the witness.

A. So after that, because I was first aware of Hybrid Athletics and because I myself can, you know, say that I was legitimately confused when I first saw the Hylete logo, I took it upon myself to then tell my boss, Shawn Perine, and the photo director, Tony Nolan, and say okay, so I'm thinking this is a counterfeit or this is a fraud or someone has ripped off Rob. If this appears in the magazine going forward, I would like to scrub it off the athletes' clothes.

And that did happen. We had a contributor named Andy McDermott who sometimes wears Hylete clothes, and I could

Tuthill

show you in more than one instance where we actually took the logo off of the shorts before we went to press because we believed Rob Orlando to be in the right.

And if I can backtrack for a second: I was able to send an email to our circulation director, David Leckey, to ask him for numbers on the July 2011 issue, and it sold exactly, according to him, 80,600 copies.

Q.   And that's newsstand?

A.   That is newsstand only, not subscribers.

Q.   And what were the subscribers in 2011?

A.   Would be accurate to whatever's listed in here (indicating).

Q.   You're pointing to Exhibit 6?

A.   Yes.

Q.   Okay.

Q.   Mr. Tuthill, how often -- how would you describe your relationship with Mr. Orlando?

MR. BEGAKIS: Objection; calls for

Tuthill

a narrative.

A. It's -- so I've spent I believe a grand total of two days with the man. Both of those were photo shoots for the magazine. When we photograph Rob, we get a year's worth of photographs for all of his columns, so we'll get him doing 12 different exercises for 12 columns. So really I've seen him for one day at a Crossfit gym in Queens and then one day at his own gym.

Q. Do you know when the Crossfit shoot in Queens was?

A. That would have been I believe Spring 2013.

And then the most recent shoot would have been at his gym early summer 2014.

So to get back to Rob: Yeah, because I -- I would be concerned, too, and, you know, am I just Rob's friend; am I just doing this. If anything, the relationship is kind of adversarial, because he -- our company is not so great at paying people on time. We are short staffed. Contracts don't get turned around properly. Most

Tuthill

contributors call me and say: Hey, Matt, it's been four and five months. I haven't seen my check. What's going on?

Rob calls up, and you get yelled at. And I'm happy to take that for the company, because it's called for. If I were in Rob's shoes, I would be pissed off, too. We don't pay the guy on time, and he does a lot of work for us.

So, you know, just to clarify, no, we're not -- we're not friends. I've never hung out with him socially. My interaction with him is entirely based around his column and what I think should go into it and what he thinks should go into it.

And oftentimes that's not in alignment at all either. He just pitched us an idea that he wanted to do a, you know, whole series on stone lifting, and, you know, we have to break it to him that, you know, no we don't really want to, you know, just do like a story about stone lifting.

So, you know, it's -- it's not -- it's not friendly; it's -- it's professional.

Tuthill

That's the relationship.

Q. And going forward, does Muscle & Fitness plan to feature Rob on a monthly basis?

A. Yes.

MR. BEGAKIS: Objection; calls for speculation.

A. (Continuing) We do -- haD that call with Shawn Perine, and I had a conference call a couple of weeks ago with Rob to discuss what the next kind of evolution of his column would be. He's done -- he's been featured as an athlete. He's done the Crossfit official column. He's done the hard-core column. We like to cycle things out, keep things fresh.

He's going to be doing something else for us. We're not exactly sure what yet, but we're planning a shoot for some time in the Fall.

Q. And the shoot would be for the next 12 months?

A. Yeah. We always get 12 at a time.

MR. KOSMA: I have no further

Tuthill

questions.

MR. BEGAKIS: Can we take a ten-minute break?

MR. KOSMA: Yeah, of course.

(Recess taken.)

EXAMINATION BY

MR. BEGAKIS:

Q. Okay, I just have a couple of questions for you.

A. Um-hm.

Q. You mentioned that you requested that -- when you saw the Hylete logo --

A. Um-hm.

Q. -- showing up more often, you requested that the Hylete logo be scrubbed from images in Muscle & Fitness, correct?

A. Yes.

Q. And you mentioned that in some instances the logo has been scrubbed, correct?

A. Yes.

Q. Has it been scrubbed in all instances?

A. I couldn't say for sure, because it

Tuthill

could -- you know, there could be a small logo hiding out on someone's, you know, shirt or shorts, or maybe it's -- it was obscured enough in certain images where we didn't bother to Photoshop it.

But I know for certain that when it was very clearly right on the side of Andy McDermott's shorts -- you know, again, I don't make decisions unilaterally -- I said to Shawn Perine, the editor in chief, Tony Nolan, the photo editor: Hey, here's what is going on. I think we should take that off. They both agreed.

Q. And have they agreed in all instances where the logo is prominently displayed, to scrub it?

A. Andy McDermott is probably the -- the only example I could -- I could really give you of --

Q. Well, specifically regards to Andy, in all instances of the logo being prominently displayed in any images of Andy, has that logo within scrubbed?

A. I believe so. You know, maybe

Tuthill

before, one or two might have snuck in in the mag before I was aware that this was definitely not Rob.

Q. Are you aware of videos on muscle&fitness.com --

A. Not at all.

Q. -- that displays his logo?

A. No, I am not aware of --

When you say "his logo" --

Q. Of the Hylete logo. Excuse me.

A. Of the Hylete logo? I could absolutely not account for the videos that are going online; it's updated too many times a day.

THE COURT REPORTER: Could you turn so your back isn't to me, so I can hear you?

(Discussion off the record.)

A. (Continuing) I was saying I could not possibly count for the number of uploads that are made to muscle&fitness.com. It happens.

Q. And are there intents -- are there efforts made to scrub the logo, the Hylete

Tuthill

logo, from images of Mr. McDermott on muscle&fitness.com --

A. They --

Q. -- to your knowledge?

A. If they're following protocol, they ought to be using what we use in the magazine.

Q. And when you say "protocol," what do you mean?

A. Meaning you can -- we've discovered the hard way that -- that an image that gets touched up, say someone's hair -- right? -- you touch it up for the magazine, and then you go to run that story online, and then use the raw file instead of the file that's shipped, that's a big problem, so we've, you know, made it clear to the Web team that we want them using the files that ship, don't use raw files that came from a photographer, because we need consistency. So if they are -- and I -- and I do not have the bandwidth to keep track if they're doing that right, but if they're following protocol, they should be using the scrubbed image.

Tuthill

Q. But you're not aware of whether they do scrub the Hylete logo from images of Mr. McDermott in every instance, right?

A. I couldn't say that, no.

Q. You mentioned earlier that muscle&fitness.com has over two million impressions?

A. No.

Monthly unique visitors for muscle&fitness.com are eight million.

Q. Eight million.

You mentioned that you've moved Rob away from the Crossfit Corner into other article --

A. Um-hm.

Q. -- or another regular column, and that you're moving him away from that column to something else.

A. Um-hm.

Q. Are you moving him away from crossfit-related columns in general?

A. He moved away from crossfit. We moved him away from crossfit, you know, after probably a year and a half or so of doing

Tuthill

Crossfit Corner. We just felt he -- he was
-- he was more unique than -- than just
sitting there explaining the textbook WADs of
crossfit. There was no reason to kind of
waste his, you know, unique brand on just
explaining crossfit to people. We felt like
another crossfit guy could be doing that.

Q. Great.

I'd like to go to that unique brand
of Rob's that you just mentioned.

A. Um-hm.

Q. Going back to Rob's first article
in 2011, you mentioned that there are an
unusual number of positive reviews or
positive feedback --

A. Um-hm.

Q. -- from that article.

You also mentioned that it was a
decision on the part of Muscle & Fitness to
move away from traditional bodybuilding and
into an industry that was growing, correct?

A. Yeah.

I wouldn't say move away from, you
know, classic bodybuilding entirely, but to

absolutely, yeah, embrace what's happening now, because we were not doing that.

Q. What was your personal role in getting Rob's first article in the 2011 issue?

A. I had no role in that, in getting that into the magazine. That was Rob Fitzgerald bringing it to us and saying: YouTube sensation. This guy takes crossfit and like puts it, you know, on this other hard-core level. Let's get him in the magazine.

Q. But you say he brought it to us, so were you in the decision-making process of determining whether that article was going to get into the 2011 issue?

A. I'd like to think so. I mean I chimed in to, you know, give my approval. Whether it --

You know, I don't think it meant much to -- to Bob Ihlenfeldt. He was kind of a mercurial guy. He was going to do whatever he wanted.

But yeah, we all liked the idea a

lot.

Q. Would you say that your career within Muscle & Fitness has benefitted from that decision?

A. I think if you look throughout 2011, you'll see that there was a very big shift. Rob was a big part of that shift. We featured guys that year that we would never have touched before.

March 2011 cover as Derrick Poundstone, a strongmen. Never been -- before featured a strongman on the cover of Muscle & Fitness.

The next month we had power lifter, Chuck Vogelpohl.

Q. That hasn't answered my question.

My question was would you say that your career within this magazine has benefitted from including Rob in that 2011 issue.

A. I wouldn't, no. My career has been unaffected by -- my career has been unaffected. I think it positively affected the magazine, and I think it's been

Tuthill

beneficial for the readers to get that kind of thing, but my career has been totally unaffected by anything to do with Rob.

Q. So you do agree that Muscle & Fitness has benefitted from Rob being included in that 2011 issue.

A. No one would be writing for us if we didn't think we benefitted from that content.

Q. Is it safe to say that Rob got you access to the crossfit brand for including him in that article?

A. Rob, yes, he loaned the magazine -- because I believe that -- I don't know about Crossfit headquarters, but crossfit -- crossfitters have a view of Muscle & Fitness and other bodybuilding magazines that we are the enemy, that we're the meatheads, that we're just -- you know, we want to do biceps and stuff like that, and having Rob in the magazine, it was -- it -- it opened up a lot of eyes.

And I think most importantly, yes, for us, for Crossfit headquarters, it -- it

Tuthill

-- it -- it was a gateway, yeah, to Crossfit.

Q. So if Muscle & Fitness did benefit from including crossfit and expanding how much crossfit is mentioned in Muscle & Fitness magazine, is it safe to say that Muscle & Fitness sees a value in Rob's contributions to the magazine?

A. Yes. Yeah.

We -- you know, if we didn't see -- again, if we didn't see value in every contributor, we would stop working with that person.

Q. So even if you don't pay Rob on time, Muscle & Fitness values his contribution.

A. Yes. Yes. (Laughing).

And I -- and I dearly wish I was in charge of sending those checks.

Q. You dearly wish that you were in charge of sending those checks. Can you expand on that a little bit? Why do you dearly wish --

A. Because it's disrespectful to contributors that we -- that we can't get

Tuthill

people paid on time. They -- they have deadlines to meet for us.

Q. And that's part of your professional view of Rob and your professional relationship with Rob, right?

A. Yes. I've always been straight with him that -- you know, that I wished our -- our -- whatever. Wherever things get held up with red tape, I wish that that weren't happening.

I've been apologizing on behalf of AMI to a lot of contributors.

Q. Okay. That 2011 article, are you aware of whether it mentioned Rob's apparel business?

A. I have not read it in the last four years, so I could not recall if it did or not.

I do remember seeing that logo, because everything that we edit in the magazine -- and I was involved in that editing process -- we read everything three or four times. Right? So it comes to my desk, I sign off on the first, the final,

Tuthill

then the okay to ship, and then you see it again when the final printing comes, and you review everything. So that logo was kind of, you know, burned into my head over the period of the week or so that we were editing that piece.

Q. Okay, I'd like to direct you back briefly to Exhibit 6, and specifically the paragraph that you read on the record.

A. Um-hm?

Q. And when that paragraph mentions number of copies, for example, it also says it's an approximation, correct?

A. Correct.

Q. And you mentioned very frankly earlier in your deposition that you did not include the number of unique impressions to muscle&fitness.com at the time that this statement was made, because it was an embarrassingly low number, correct?

A. That is my assumption of why that was left out of this report, because it was a very low number, and I don't think you'd want to tell the public that -- that your website

was struggling so bad.
Now it's a source of pride, for sure.
Q. So it's safe to say that statements made in this report are made positively towards Muscle & Fitness, correct?
A. No. I think this report focuses exclusively on print, because at this stage in -- in AMI history we're still exclusively focused on -- on -- on print. The website was -- was, you know, at that time kind of an afterthought.
Q. Well, if you were exclusively focused on print, then you wouldn't be doing website.
A. The vast majority of resources at AMI were funneled to making the print product the primary concern.
Q. Have you purchased any Hylete product thinking it was a Hybrid Athletics product?
A. No.
I have not purchased any Hylete products.

Tuthill

Q. Have you seen Rob wearing other apparel brands other than Hybrid Athletics?

A. I can't recall him wearing anything else.

Q. So he never wore shorts that were Jaco products?

A. He might have.

Q. You said that you don't recall seeing Mr. Orlando wearing any other products other than Hybrid Athletics?

A. No. My memory of -- of -- of him in every piece in the magazine is wearing the Hybrid Athletics logo.

Q. I would like to direct you back to Exhibit 2, which you have seen within the past two hours.

A. Um-hm?

MR. KOSMA: May I just use yours?

THE WITNESS: Yeah.

Q. If you could turn to page three of Exhibit 2.

A. (Perusing document).

Q. Are you familiar with the brand that's featured on his shorts?

Tuthill

A. I can only read the word "Fitness."

Q. So you do not know what brand this is.

A. No.

MR. BEGAKIS: No further questions.

EXAMINATION BY

MR. KOSMA:

Q. Mr. Tuthill, I only have one question.

In 2011 what were the unique views of the website?

A. I estimated it before to be around 200,000 uniques per month, and I believe that could be accurate.

MR. KOSMA: That's all I have.

And we'll stipulate to not seal the evidence.

MR. BEGAKIS: That's fine.

(Continued on following page to include jurat.)

Tuthill

MR. KOSMA: And we'll reserve read
and sign for Mr. Tuthill.

(Time noted: 11:09 a.m.)

____

MATT TUTHILL

Subscribed and sworn to before me
this 14 day of October, 2015.

____

*** ERRATA SHEET ***
TRANSPERFECT DEPOSITION SERVICES
216 E. 45th Street, Suite #903
NEW YORK, NEW YORK 10017
(212) 400-8845

CASE: Hybrid Athletics, LLC v. Hylete LLC
DATE: AUGUST 5, 2015
WITNESS: MATT TUTHILL REF: 14621

PAGE	LINE	FROM	TO

____
MATT TUTHILL

Subscribed and sworn to before me

this ____ day of ____________, 20__.

____
Notary Public

C E R T I F I C A T E

STATE OF NEW YORK)
: ss.
COUNTY OF NEW YORK)

I, SHAUNA STOLTZ-LAURIE, a Notary Public within and for the State of New York, do hereby certify:

That MATT TUTHILL, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by the witness.

I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of August, 2015.

____

SHAUNA STOLTZ-LAURIE

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

HYBRID ATHLETICS, LLC,	:	
	:	
Opposer,	:	**Opposition No. 91213057**
	:	
v.	:	
	:	
HYLETE LLC,	:	
	:	
Applicant.	:	

OPPOSER'S NOTICE OF TRIAL DEPOSITION

PLEASE TAKE NOTICE THAT pursuant to Trademark Rule 2.123 and Federal Rule of Civil Procedure 30, Opposer Hybrid Athletics, LLC. ("Opposer"), by its attorneys, will take the trial deposition by oral examination of Matt Tuthill, Muscle & Fitness, 4 New York Plaza, 4th Floor New York, NY 10004, to be held at the offices of Muscle & Fitness, 4 New York Plaza, 4th Floor New York, NY 10004, on August 5, 2015, commencing at 9:00 a.m. The deposition will be taken before a notary public or other officer duly authorized to administer oaths, and will be recorded by stenographic and/or video graphic means. The deposition will continue from day to day until completed.

All counsel of record are invited to attend the deposition and examine the deponent in accordance with applicable rules.

PENGAD 800-631-6989
EXHIBIT
Hybrid v Hylete
Opp. No. 91213057
Hybrid 1

HYBRID ATHLETICS, LLC

July 23, 2015

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CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing OPPOSER'S NOTICE OF TRIAL DEPOSITION was served by first class mail, postage prepaid on the Correspondent for the Applicant as follows:

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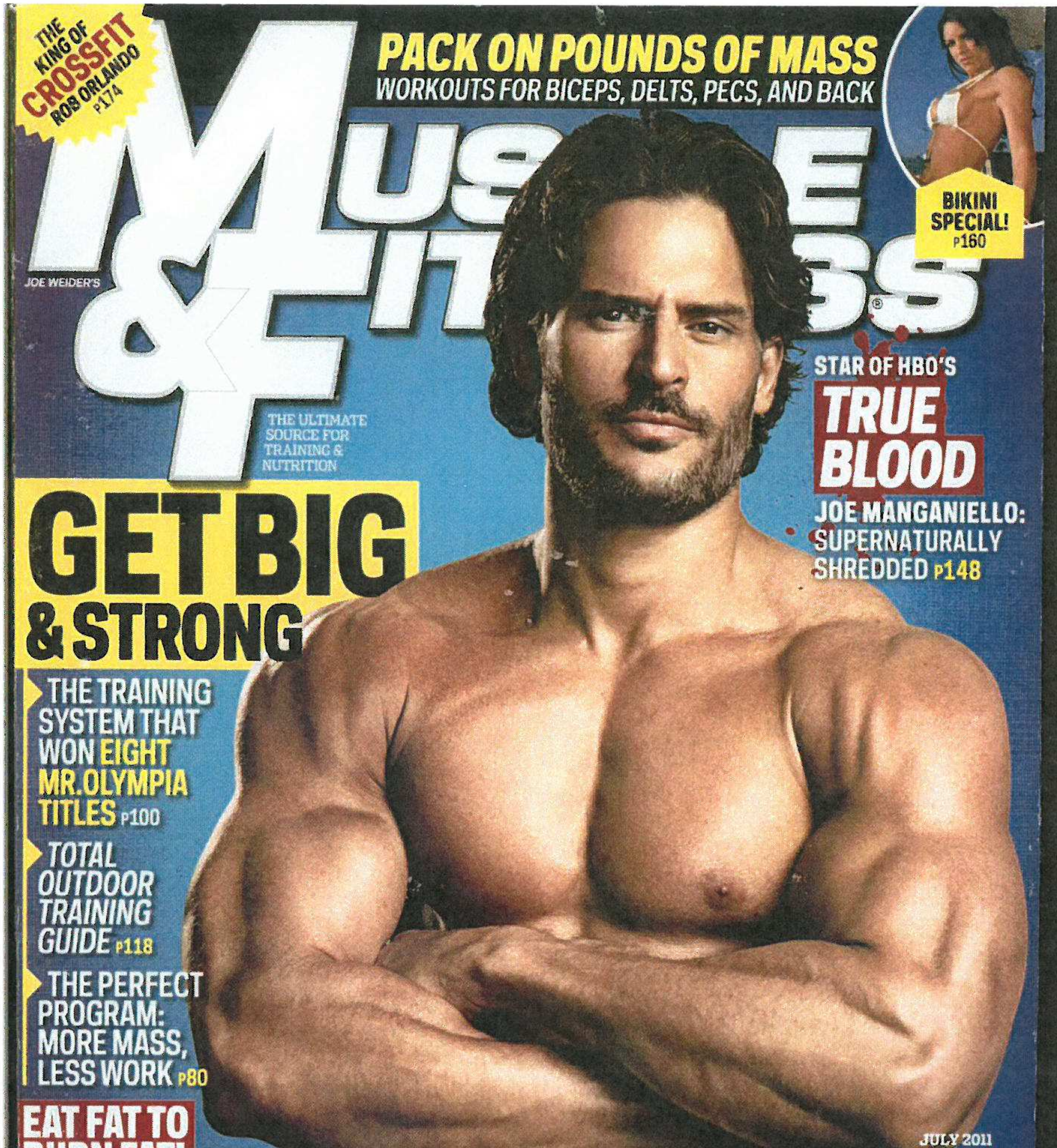

EXHIBIT
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HYBRID000051

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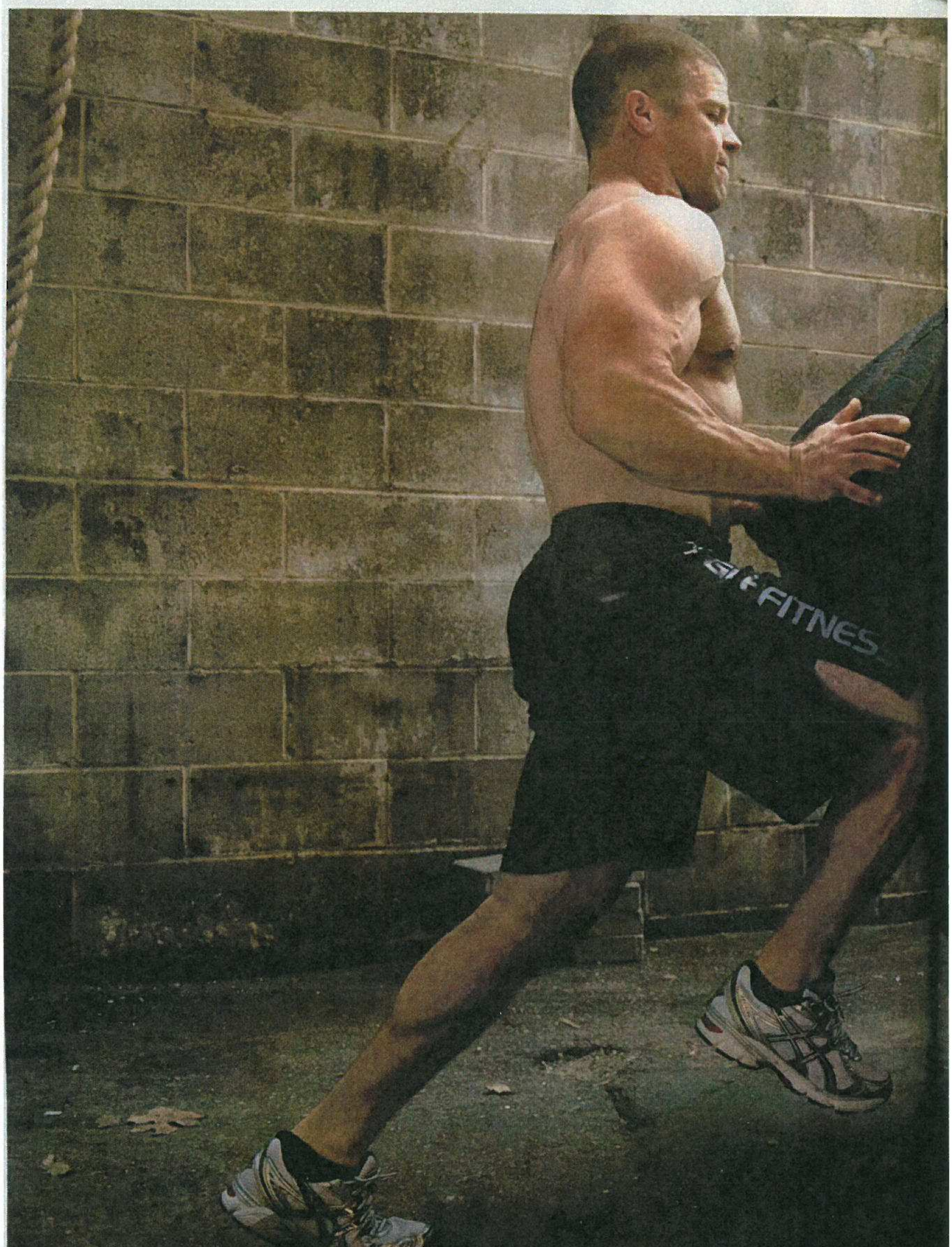

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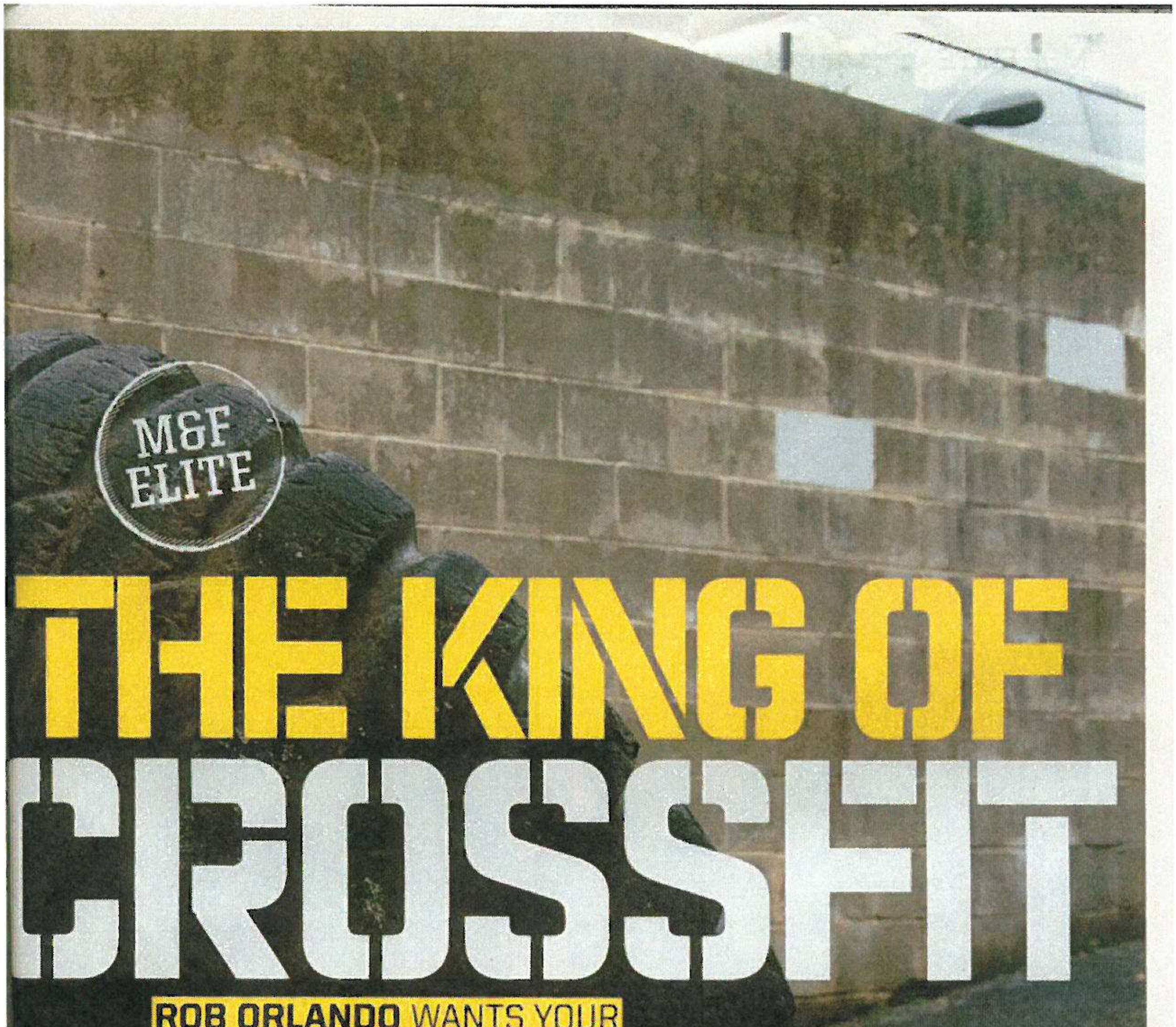


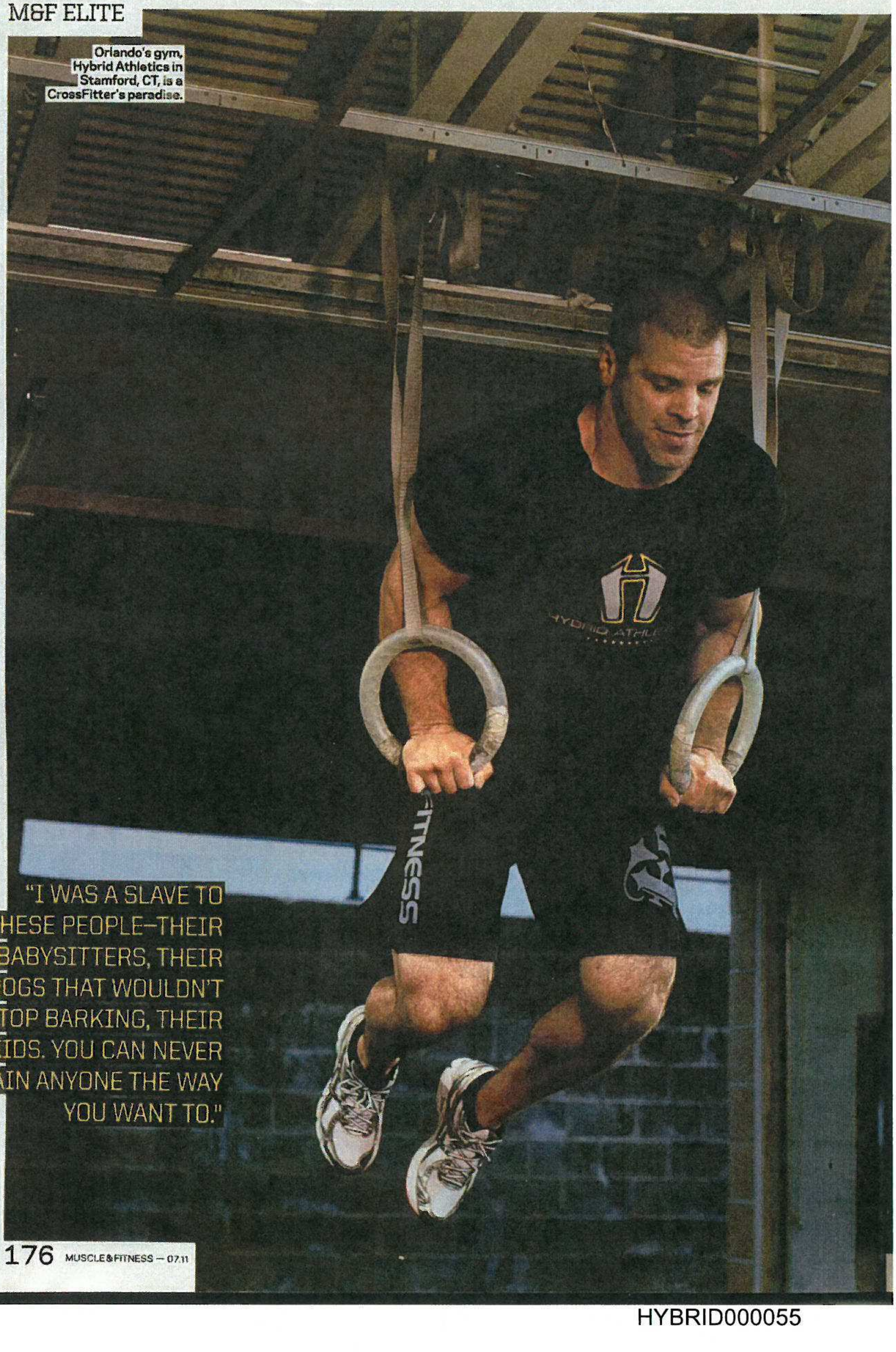
M&F ELITE

THE KING OF CROSSFIT

ROB ORLANDO WANTS YOUR GRANDMOTHER TO FLIP TIRES. HE MIGHT JUST BE ONTO SOMETHING.

BY **ROB FITZGERALD**

PHOTOGRAPHY BY **ROB TRINGALI**



Orlando's gym, Hybrid Athletics in Stamford, CT, is a CrossFitter's paradise.

"I WAS A SLAVE TO THESE PEOPLE—THEIR BABYSITTERS, THEIR DOGS THAT WOULDN'T STOP BARKING, THEIR KIDS. YOU CAN NEVER TRAIN ANYONE THE WAY YOU WANT TO."

HYBRID000055

Rob Orlando weighed less than 150 pounds when he graduated from high school. He played some football and worked himself to the bone in the gym, but recruiters aren't lining up for scrawny 5'8" ids from Connecticut, regardless of ow hard they compete or how much ey love the game. For Orlando, it just asn't happening. A lifelong love affair ith training, however, was already ell underway.

What college scouts never saw was hat Orlando forged on the stone asonry and concrete crews where e labored throughout junior high and igh school: his work ethic, tenacity, d willingness to take risks, both pro-essionally and with massive weights er his head.

"I worked with this 80-year-old Ital-n stone mason who said cement mix-rs made you lazy," he says. "So every ay, I was mixing cement in a wheel-arrow with a hoe as fast as he could y brick, and I was loading it up and wn scaffolding. I think that made me little different from most teenagers."

EEP PRESSING

The gym was a constant through high hool and his college years at the Uni-ersity of Connecticut—where Orlando ajored in exercise science—but there as always a plan, or so it seemed. An ternate track. An intention—one un-fined for more than a decade—to do mething more with what he loved, as posed to simply remaining on some edetermined road to something he dn't want to do.

He kept getting stronger, adding eight at the rate of ten pounds a year. e kept working his ass off, never issing a workout, putting heavier and avier weights over his head, to the int where he'd become a special-t in the field. He didn't know what e hell he wanted to do with his life, t he trained throughout college and e years that followed—including a ort-lived suit-and-tie stint in medical les—as though he wouldn't amount to ything if he didn't.

The personal trainer route came ext, and Orlando quickly realized it asn't what he'd envisioned. "I had an in-home training company in Stamford, where I was traveling from house to house training people," he says. "I did that for five years, and I had the realization that at some point, I was going to take on a client who was younger than me, somebody who'd eclipsed what I was earning and who could afford my rate, and I didn't like that. I was a slave to these people—their babysitters, their dogs that wouldn't stop barking, their kids. You can never train anyone the way you want to."

INTERNET LEGEND

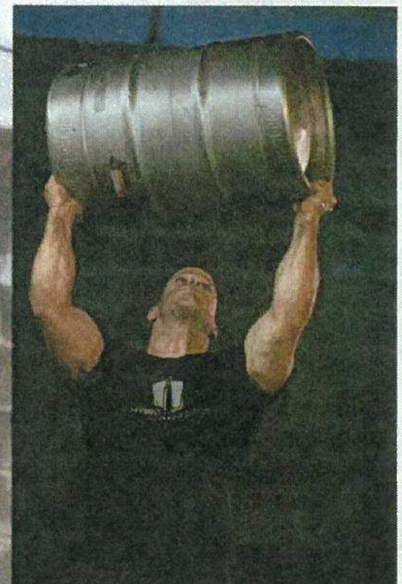
If you quit mixing cement in your wheelbarrow, you don't get paid. Quit carrying the yoke in a strongman competition, and maybe you won't pass out, fall flat on your face, and get scraped off the field like Orlando did in 2006. Take the easy way out, however, and you don't end up on YouTube cranking out reps of overhead presses with the fabled Inch Dumbbell—a thick-handled monstrosity most guys can't even budge off the ground, much less press overhead with a broken nose and fractured eye socket.

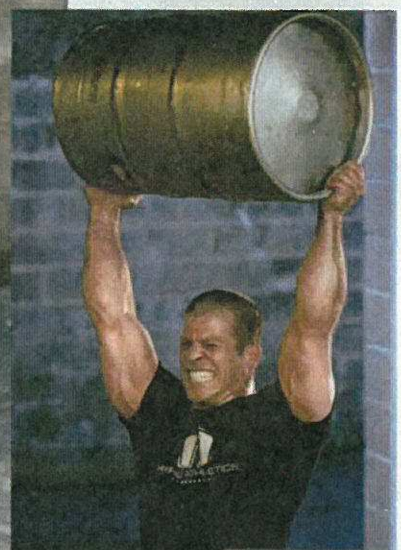
The Inch Dumbbell went up, and so did everything else Orlando wrapped his hands around: 365-pound axle cleans, massive log presses. North American weight class strongman records fell left and right whenever he competed. With all of it, every size- and logic-defying feat of strength was catalogued for posterity on YouTube, the videos taking on a life of their own on myriad fitness message boards and forums across the Internet.

"I was going back to the soccer moms I was training," Orlando says, "and what I was doing in these contests had absolutely no relevance to them. I was training with Derek Poundstone and working out under the same axle for the same sets, and I didn't have anyone to share it with, so YouTube became my outlet. That was the only place I had any acceptance or notice."

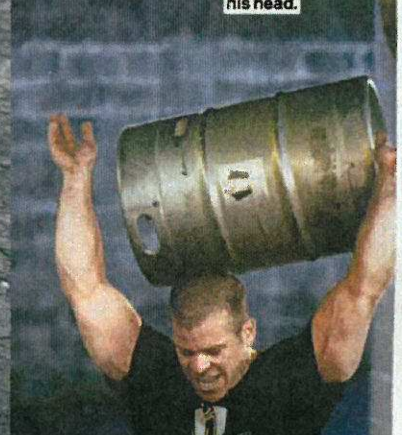
HYBRID DREAMS

The problem with notice was that Orlando didn't know he'd been noticed by anyone, until a fortuitous breakfast with a client who didn't feel like training one particular morning. Frustrated





Orlando specializes in taking so-called odd objects and heaving them over his head.



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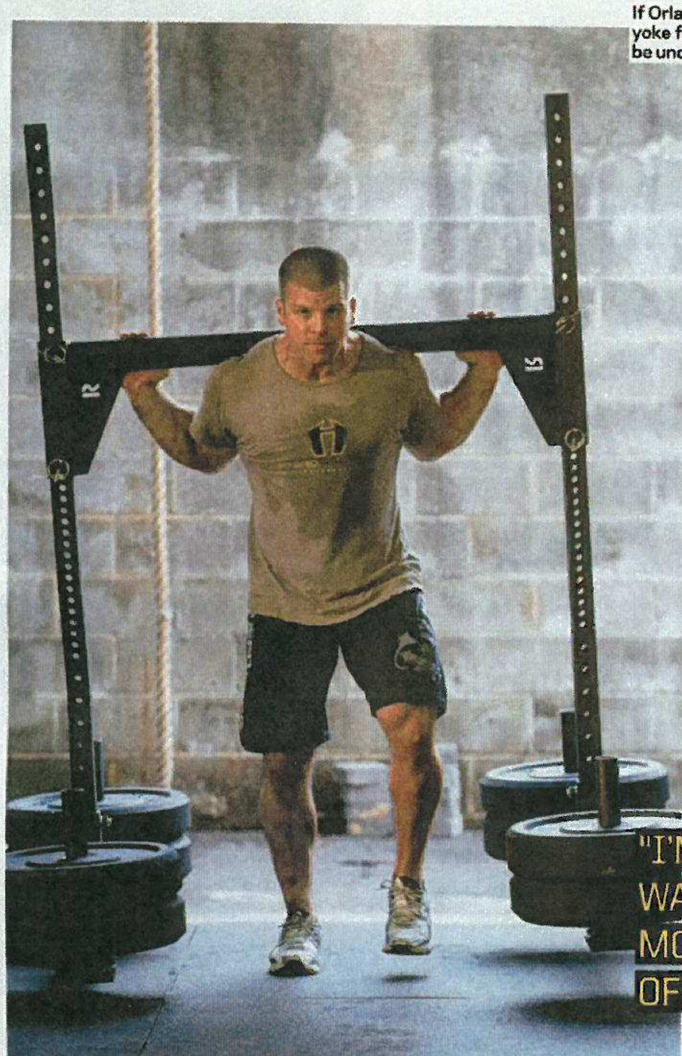
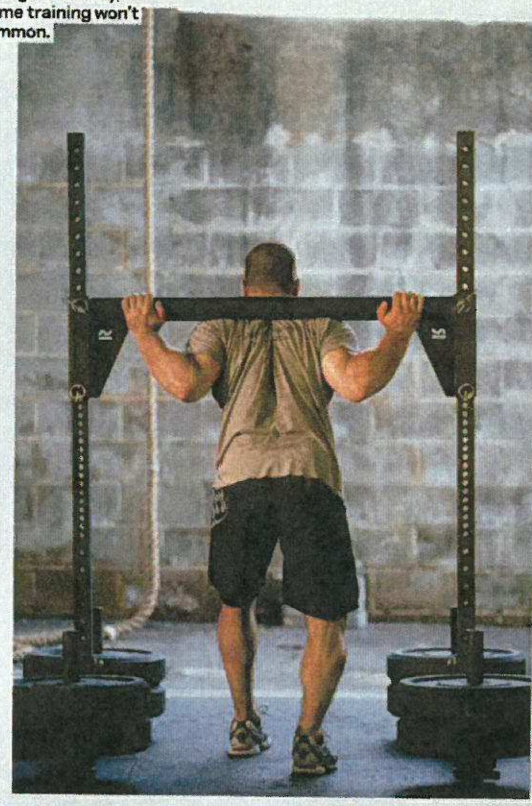




If Orlando gets his way, yoke frame training won't be uncommon.

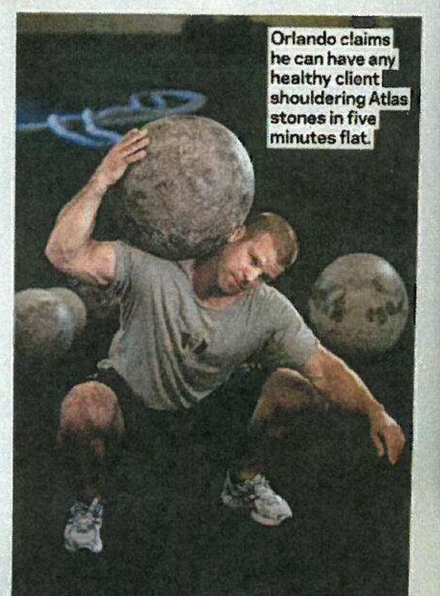
"I'M TRYING TO INTRODUCE A NEW WAY OF TRAINING—STRONGMAN MOVEMENTS—TO THIS HUGE GROUP OF PEOPLE."

with his in-home training business and the limitations it represented to his still unformed—yet still pervasive—life plan, he vented to his client, a wealthy investment specialist.

"The guy says to me, 'You complain about every gym you've ever trained in. If you think you can do it better, what's stopping you?' I told him fifty grand was what was stopping me, so the guy writes me a check for fifty grand, and my jaw hits the floor. It was time to go find some space and make it happen."

Hybrid Athletics, his combination CrossFit/strongman gym in a decidedly un-Connecticut section of Stamford, is Orlando's dream come into focus. It's where he trained to finish a surprising 22nd in his first CrossFit Games in 2009, despite being stereotyped as a one-dimensional strength specialist who eschewed endurance events. It's where he transformed himself into a favorite for the 2011 Games and where he trains everyone from stockbrokers to grandmothers. Most important, it's where he says he's going to change the way the world works out.

"We affiliated with CrossFit back at the end of 2008, and it's the best thing I've ever done," he says. "I know people love to knock CrossFit, but CrossFitters are so open to trying new stuff. They're the polar opposite of what so many other fitness communities are like in that sense. I'm trying to introduce a new way of training—strongman movements—to this huge group of people. It's a community that can influence and change the landscape of the fitness culture."



Orlando claims he can have any healthy client shouldering Atlas stones in five minutes flat.

HYBRID000057

HYBRID000058

A perfect hybrid: Orlando works with CrossFit, combining heavy lifts and traditional cardio.

"I'M TRYING TO STRIKE A BALANCE WITH ALL THE DIFFERENT THINGS I'M DOING, AND SHARE WHAT I LOVE."

STRONGMAN STARTER KIT

At Hybrid Athletics, Rob Orlando's specialty is turning on moderately fit Average Joes to the benefits of serious strongman training. If you can bench and squat your body weight for reps and deadlift 275 pounds, try this simple strongman medley Orlando uses with his beginner clients. Complete four rounds of this circuit as fast as you can.

EXERCISE	REPS
400-pound tire flip	4
125-pound (per hand) farmer's carry	75 FEET
140-pound Atlas stone to the shoulder	4

If you're ready for one of Orlando's legendary CrossFit workouts, see if you can beat the 18:09 mark he set with the program below.

EXERCISE	REPS
800 meter run	1
315-pound back squat	10
800 meter run	1
225-pound front squat	10
800 meter run	1
135-pound overhead squat	10

MOVEMENTS FOR THE MASSES

Orlando says strongman training is for everyone, and he means *everyone*. The key is scalability. Having a point of entry so everyone can be included in a greater community setting, with nobody shut out. "People want to use stones and logs and all the other great strongman stuff, but they can't because all the other conventional equipment out there is too heavy for them to start using, even without any weight on it." After seeing this limiting factor time and time again with clients, Orlando partnered with a metal fabricator, designing his own Hybrid Athletics equipment line that features "strongman products for the masses."

"We've got a 61-year-old woman who comes in here," he says, "and I started her off with a 30-pound stone on her shoulder, just to break down her fear. Five minutes later, she was up to a 60-pound stone. Is that not strongman? We're opening up a toy chest to people who would otherwise be denied."

It's a movement within a movement.

Love it or hate it, CrossFit boasts a massive international community, so when you make waves within its ever-expanding world—and Orlando certainly does—you're influencing the industry as a whole. That's his destiny, the one he knew he was headed for, yet couldn't quite put his finger on, all those years ago with his wheelbarrow, his hoe, and his 97-pound bags of cement. For Orlando, weights keep going up, only this time, he's shouldering the burden of changing the way we train. His new tattoo showing the word *Balance* across his rib cage—only three weeks old at the time of the photo shoot for this article—is telling.

"For me, everything is about balance. I'm trying to find it on so many different levels—as a father, a husband, a business owner, an athlete, an entrepreneur, an engineer, and a creative guy. I'm trying to strike a balance with all the different things I'm doing, and share what I love—teaching strongman and getting everyone involved—is exactly where I've always wanted to be." M&F

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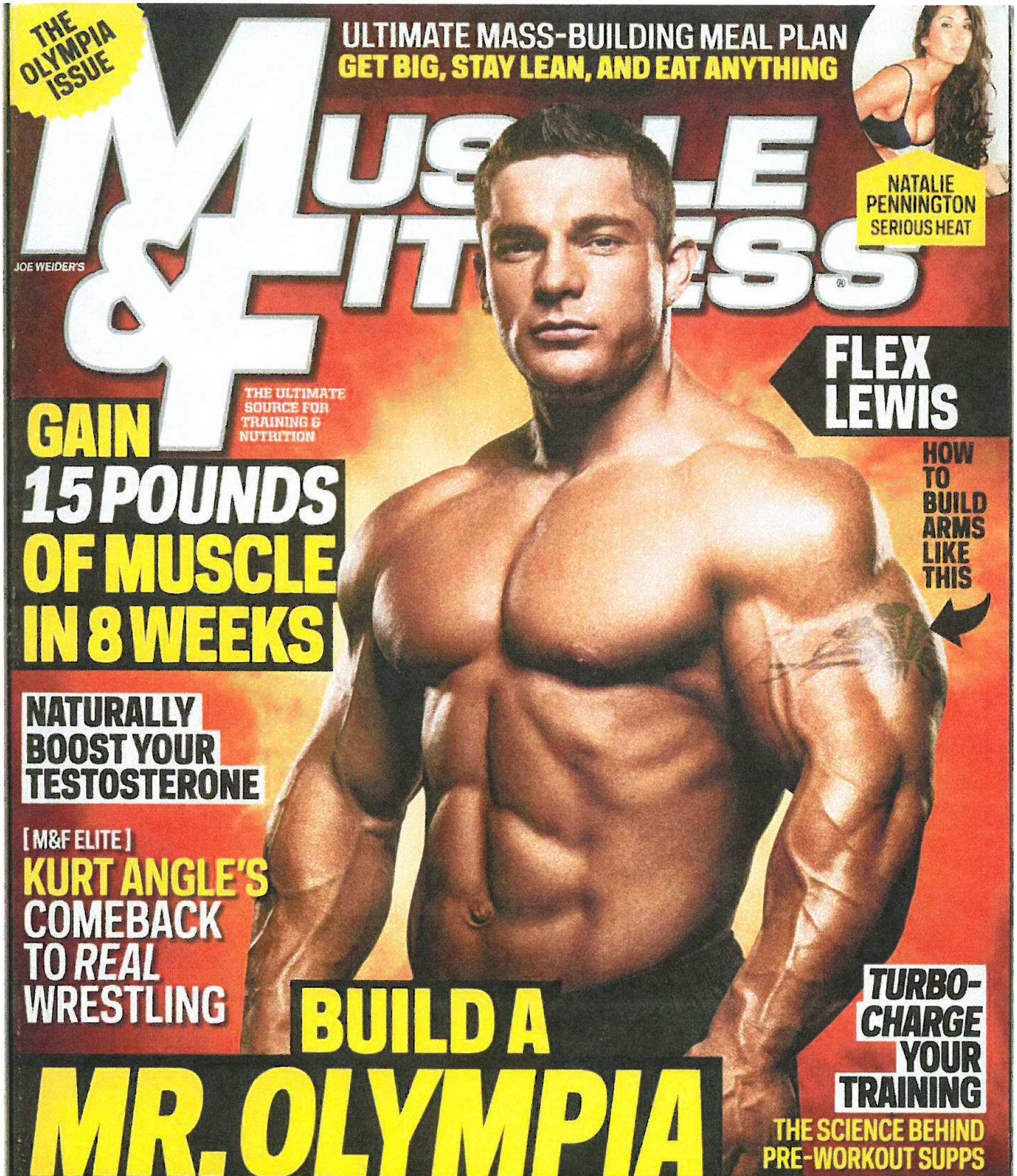
PENGAD 800-631-6989

EXHIBIT

Hybrid v Hyletk

Opp. No. 91213057

Hybrid 3



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Hybrid 4

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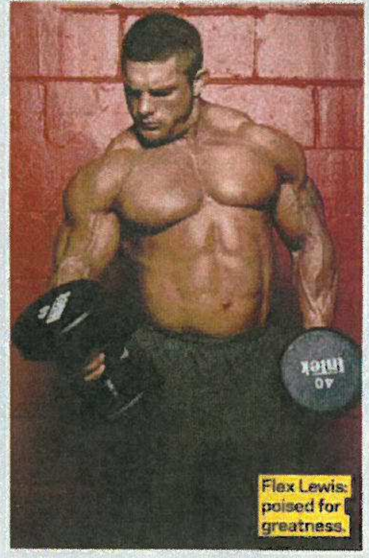
EDITOR'S LETTER



Flex Lewis: poised for greatness.

A few weeks ago, I fired up *Pumping Iron* on my DVD player. There really isn't another film about bodybuilding or anything else in fitness that comes close to hitting the mark set by this 1977 classic. The movie's directors set out to make a documentary covering the men competing for the 1975 Mr. Olympia title but ended up with something a little closer to reality television.

Arnold Schwarzenegger played the heel—a guy willing to steer his friend Franco Columbu in the wrong direction and wage game-day psychological warfare against an overmatched Lou Ferrigno in order to win. The directors also turned the audience against Ken Waller by staging an incident where Waller allegedly hid a T-shirt belonging to gentle giant Mike Katz, a nice-guy father of two. Say what you will about the veracity of the plot lines—there's no denying the effect that the physiques and personalities featured in *Pumping Iron* had on bringing bodybuilding to the mainstream audience.

This month's issue is dedicated to Olympia Weekend—the Super Bowl of muscle. On the cover we've got Flex Lewis, one of the top contenders in the 202-pound class. With a win at the British Grand Prix and a second-place finish at the New York Pro, Flex is making a run at the Olympia's 202 showdown after taking last year off to put on more muscle. We also have a complete workout guide based on the programs used by Mr. Olympia winners. Want to build Ronnie Coleman's chest? Jay Cutler's quads? How about Arnold's biceps? You may not raise a Sandow overhead anytime soon, but if you want to train like a champion, we've got you covered.

Seth Kelly

SETH KELLY, Editorial Director

MUSCLE & FITNESS

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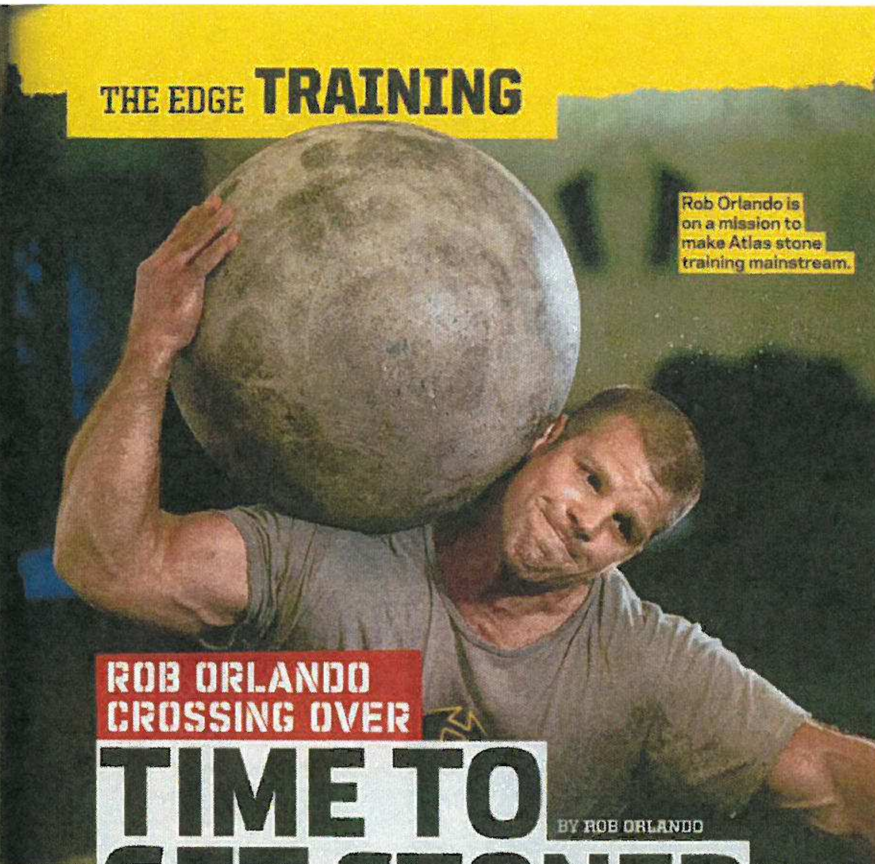


Rob Orlando is on a mission to make Atlas stone training mainstream.

ROB ORLANDO CROSSING OVER

TIME TO GET STONED

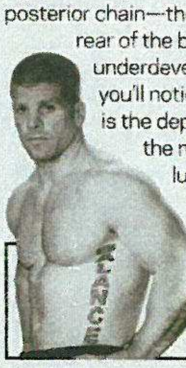
BY ROB ORLANDO

ATLAS STONE TRAINING ISN'T JUST FOR STRONGMEN

Bodybuilders are judged on three criteria: size, symmetry, and proportion. After all, what good is 300 pounds of beef if there's no balance? Conversely, who wants to be perfectly balanced at 100 pounds? Blending these three characteristics is of the utmost importance when it comes to stepping on stage.

Atlas stones would be a great complement to any bodybuilder's training, providing a new stimulus to the posterior chain—the muscles on the rear of the body that are often underdeveloped. One thing you'll notice about strongmen is the depth and thickness of the musculature of their lumbar and thoracic region. This comes from years of deadlifting, hyperextensions, farmer's walks, and Atlas stone lifting.

The deadlift is still the ultimate mass builder—and Atlas stone training is a perfect complement.



ROB TRINGALI; COURTESY OF ROB ORLANDO

THE WORKOUT

This workout is for an athlete weighing about 210 pounds, who can lift a stone equal to his body weight to his shoulder for reps.

- 175-lb stone to the shoulder every 15 seconds for 3 minutes—rest 1 minute
- 215-lb stone to the shoulder every 30 seconds for 3 minutes—rest 1 minute
- 245-lb stone to the shoulder every 45 seconds for 3 minutes—rest 1 minute
- 265-lb stone to the shoulder every 60 seconds for 3 minutes

ROB ORLANDO is the owner and head trainer of Hybrid Athletics in Stamford, CT. For Orlando's instructions on how to build your own Atlas stones, go to *muscleandfitness.com*. To purchase Atlas stone molds, go to *hybridathletics.net*.

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EXHIBIT
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Opp. No. 91213057
Hybrid 5

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MUSCLE & FITNESS

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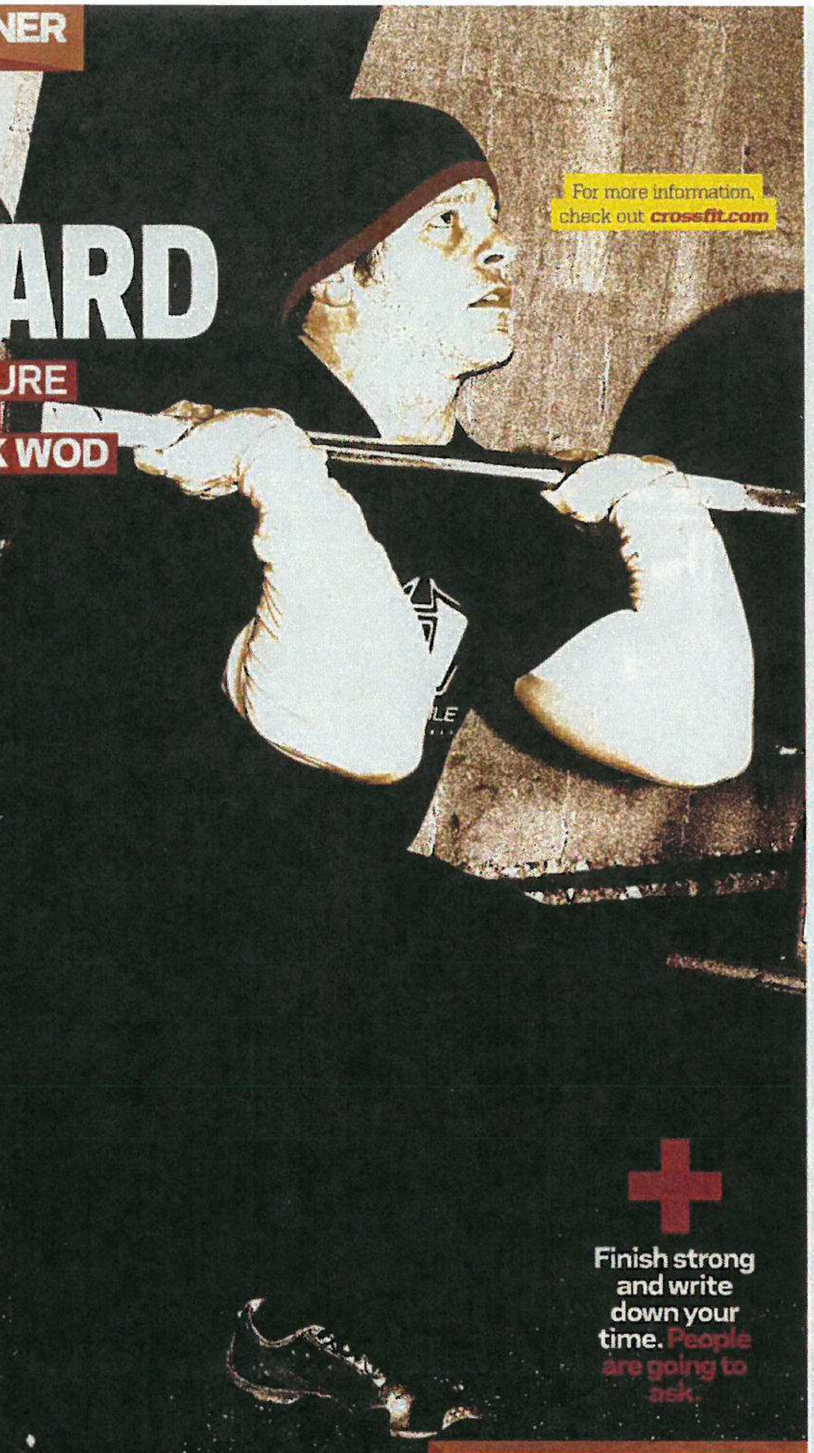
GOLD STANDARD

SEE HOW YOU MEASURE UP WITH CROSSFIT'S BRUTAL BENCHMARK WOD

BY ROB ORLANDO



For more information, check out **crossfit.com**

Ask any CrossFitter about the first time he tried "Murph," "Fight Gone Bad," or "Linda," and it's guaranteed he'll have a story to tell. These are some of the most notoriously brutal benchmark Workouts of the Day (WOD), the standard by which all other WODs are measured. But within that elite group of WODs, one stands above all others: "Fran."

Fran is recognized as THE benchmark because even though many CrossFit workouts don't look like much on paper, Fran is especially deceptive. A 95-pound barbell is pretty light, and pullups just take practice. But after two minutes, even elite athletes hit a wall, struggling to maintain speed and intensity.

The key to approaching Fran is to proceed with caution. Drop the weight down to 65 pounds and perform assisted pullups if you have to. If you think 90 total reps is a piece of cake and attack it full bore, you'll have extreme soreness at best, and rhabdomyolysis—a life-threatening condition where broken-down muscle tissue can actually poison your blood—at worst.

If you're already conditioned to CrossFit's high-intensity functional movements, by all means hit Fran like a freight train. In high-power, short-duration workouts, athletes must outrun fatigue. Fran is similar to an 800-meter sprint: It will push you to your anaerobic threshold and beyond. Fran can be completed in less than two minutes by top CrossFitters. Try to get through the round of 21 without dropping the barbell or breaking up the pullups. Kipping pullups (which utilize momentum) will also help.

The round of 15 is where the lungs, legs, and forearms burn and you realize you're in a serious fight. Experienced CrossFit athletes can push through the pain and complete unbroken sets. If you have to chop up sets, try to keep the rest time short.

Finish strong and write down your time. People are going to ask.

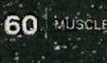
The Workout

FRAN: Three rounds for time

EXERCISE	REPS
Barbell Thrusters*	21, 15, 9
Pullups	21, 15, 9

(Men use 95 pounds on the thruster, women use 65.)
*Perform a front squat, then use your momentum to press the bar overhead.

JENNY HANSEN



ROB ORLANDO

Orlando is the owner of Hybrid Athletics in Stamford, CT, which specializes in combining CrossFit and strongman training.

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ANNUAL REPORT

For the Fiscal Year Ended March 31, 2011

American Media, Inc.

Delaware *(State or other jurisdiction of incorporation or organization)*	**65-0203383** *(IRS Employer Identification No.)*
1000 American Media Way, Boca Raton, Florida *(Address of principal executive offices)*	**33464** *(Zip Code)*

Telephone number, including area code:
(561) 997-7733

As of May 31, 2011, 10,000,000 shares of common stock were outstanding.

AMERICAN MEDIA, INC.
ANNUAL REPORT
For the Fiscal Year Ended March 31, 2011

* These items were omitted (or partially omitted) as permitted pursuant to the terms of Section 4.03 of the Indenture dated as of December 1, 2010 pursuant to which our 11.5% First Lien Senior Secured Notes due 2017 were issued and Section 4.03 of the Indenture dated as of December 22, 2010 pursuant to which our 13.5% Second Lien Senior Secured Notes due 2018 were issued.

CAUTIONARY STATEMENT IDENTIFYING IMPORTANT FACTORS THAT COULD CAUSE THE COMPANY'S ACTUAL RESULTS TO DIFFER FROM THOSE PROJECTED IN FORWARD-LOOKING STATEMENTS

On December 22, 2010, American Media Operations, Inc. ("AMOI") was merged with and into American Media, Inc. ("AMI"), a corporation organized and existing under the laws of the State of Delaware and AMOI's immediate parent corporation prior to the merger. As such, AMI is the continuing entity, including for financial reporting purposes. As the merger occurred between entities under common control, the historical consolidated financial statements of AMOI are presented as the consolidated financial statements of AMI, and the Consolidated Financial Statements contained herein have been prepared as if AMI has always been the reporting company. The merger was unrelated to the 2010 restructuring discussed below.

Therefore, unless the context otherwise requires, references in this Annual Report for the fiscal year ended March 31, 2011 (this "Annual Report") to the "Company" or "us," "we" or "our" are to AMI and its subsidiaries. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, readers of this Annual Report are advised that this Annual Report contains both statements of historical fact and forward-looking statements. Forward-looking statements are subject to certain risks and uncertainties, which could cause our actual results to differ materially from those indicated by the forward-looking statements. Examples of forward-looking statements include, but are not limited to (i) projections of revenues, income or loss, capital expenditures, capital structure and other financial items; (ii) statements regarding our plans and objectives, including planned introductions of new publications or other products, or estimates or predictions of actions by customers, advertisers, suppliers, competitors or regulatory authorities; (iii) statements of future economic performance; (iv) outcomes of contingencies such as legal or any regulatory proceedings; and (v) statements of assumptions underlying other statements and statements about our business.

This Annual Report identifies important factors which could cause our actual results to differ materially from those indicated by the forward-looking statements, particularly those set forth in Item 1A, "Risk Factors." The factors that could affect our actual results include the following:

- our high degree of leverage and significant debt service obligations;
- whether we decide to engage in acquisitions, enter into partnerships and joint ventures or execute publishing services agreements in the future, and any effects thereof;
- our ability to attract and retain experienced and qualified personnel;
- our ability to implement our business strategy;
- changes in discretionary consumer spending patterns;
- changes in general economic and business conditions, both nationally and internationally, which can influence the overall demand for our services and products by our customers and advertisers, affecting the readership level of our publications as well as advertising and circulation revenue;
- increased competition, including price competition and competition from other publications and other forms of media, such as television, radio and websites concentrating on celebrity news and health and fitness;
- changes in the price of fuel, paper, ink and postage costs;
- any loss of one or more of our key vendors or key advertisers;
- the potential effects of threatened or actual terrorists attacks or other acts of violence or war;
- adverse results in litigation matters or any regulatory proceedings; the potential effects of any future impairment of our goodwill or other identified intangible assets;
- our ability to maintain an effective system of internal controls over financial reporting;
- the effects of possible credits losses;
- any disruption in the distribution of our magazines through wholesalers; and
- unforeseen increases in employee benefit costs.

Any written or oral forward-looking statements made by us are subject to these factors. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those described in this Annual Report as intended, planned, anticipated, believed, estimated or expected. The risk factors included in Item 1A, "Risk Factors," of this Annual Report are not necessarily all the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also harm our future results. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

The forward-looking statements included in this Annual Report are made only as of the date of this Annual Report. We do not intend, and do not assume any obligations, to update these forward-looking statements, except as required by law.

PART I

Item 1. *Business*

We were incorporated under the laws of Delaware in 1990. Our headquarters and principal executive offices are located at 1000 American Media Way, Boca Raton, FL 33464 and our telephone number is (561) 997-7733.

We are a leading publisher in the field of celebrity journalism and health and fitness magazines. Our publications include *Star, Shape, Men's Fitness, Fit Pregnancy, Natural Health, Muscle & Fitness, Muscle & Fitness Hers, Flex, National Enquirer, Globe, Country Weekly, Sun, National Examiner,* and other publications.

We also provide publishing services to other publishers, including Playboy Enterprises, Inc. ("Playboy"). Additionally, our wholly owned subsidiary, Distribution Services, Inc. ("DSI"), arranges for the placement of our publications and third-party publications with retailers. DSI monitors through its regional managers and merchandising staff that these publications are properly displayed in stores, primarily national and regional supermarket chains and major retail chains such as Walmart, Kroger Companies, Safeway, Super Valu/Albertsons, Stop & Shop/Giant Food, Publix, H.E. Butt, Food Lion/Sweetbay, Great A&P Tea Company and Winn Dixie. DSI coordinates (also known as acting as a "category manager/front-end advisor") the racking of magazine fixtures for selected retailers. In addition, DSI provides marketing, merchandising and information gathering services to third parties including non-magazine clients. Some of DSI's third-party publishing clients include Bauer Publishing, which publishes *First for Women, Woman's World, Life & Style* and *In Touch;* Rodale, Inc., which publishes *Prevention, Men's Health* and *Woman's Health;* Hachette Filipacchi Media U.S. ("Hachette"), which publishes *Woman's Day* and *Elle;* The Newsweek/Daily Beast Company, which publishes *Newsweek*; and New York Media LLC, which publishes *New York Magazine* and specials. Some of DSI's third-party non-publishing clients include Kroger, Safeway, Random House, Blackhawk Network and Frontline Marketing, Inc.

Our magazines comprise approximately 21% of total U.S. and Canadian newsstand circulation for audited (by the Audit Bureau of Circulations or "ABC") weekly publications. Total average newsstand and subscription circulation per issue for all of our publications that are currently published and have a frequency of six or more times per year was approximately 5.9 million copies for fiscal year 2011.

In fiscal year 2011, we derived approximately 58% of our revenues from circulation, predominantly single copy sales in retail outlets, and subscription sales, with the remainder from advertising and other sources. As of March 31, 2011, our publications are distributed to newsstands primarily by three wholesalers, which we estimate represent 82% of the newsstand distribution market, as well as several smaller wholesalers who represent the remaining 18%. Wholesalers distribute the copies to approximately 110,000 retail outlets in the United States and Canada, representing, in the opinion of management, substantially complete coverage of periodical outlets in North America. The wholesalers also process returns of our publications, bill and collect from the retailers, and make payments to our national distributors. We distribute our publications to the wholesalers with a full right of return, who in turn sell them to retailers with a full right of return. Our national distributors' primary function is to bill and collect funds from wholesalers and remit these funds to us.

In addition to our relationships with our national distributors and wholesalers, we also have relationships with retailers, to which we pay one or more of the following:

- Rack Costs – We pay a fee to retailers to sell our publications in the display racks in the checkout section of supermarkets and other large retailers, typically for three year periods.
- Display Continuity Allowances ("DCA") – DCA is a payment that we make directly to the retailer and is similar to slotting fees paid by other industries to supermarkets.
- Retail Display Allowance ("RDA") – We make this payment directly to the retailers based upon quarterly claim forms that they submit to us. On average, RDA payments are equal to approximately 10% of the cover price for each magazine sold.
- Retail Display Pockets ("RDP") – We pay this fixed per pocket fee directly to retailers. This fee is similar to RDA, except that the amount is fixed per pocket. We pay either RDA or RDP to a particular retailer, but not both.

Subscription revenues are derived from copies mailed to our subscribers. We outsource our subscription fulfillment services to a third party. Advertising revenues are derived primarily from customer advertisements placed in our publications.

2010 Restructuring

On July 15, 2010, AMOI launched an exchange offer (the "Exchange Offer") for its then outstanding 14% Senior Subordinated Notes due 2013 (the "Subordinated Notes"), and a cash tender offer (the "Tender Offer") for its then outstanding 9% Senior PIK Notes due 2013 (the "Senior PIK Notes" and together with the Subordinated Notes, the "Old Notes"). In the Exchange Offer, holders of Subordinated Notes were offered $269.52 in cash and 335.62 shares of the Company's common stock for each $1,000 of principal amount exchanged. In the Tender Offer, AMOI offered to purchase each $1,000 principal amount of outstanding Senior PIK Notes for $1,020.

On October 12, 2010, AMOI commenced a separate consent solicitation (the "Interest Deferral Consent Solicitation") to solicit consents from eligible holders of Subordinated Notes to defer the November 1, 2010 scheduled interest payment on the Subordinated Notes to January 3, 2011 (such deferred payment of interest, the "Deferred Interest Payment"). Holders of more than 75% of the aggregate outstanding principal amount of Subordinated Notes delivered their consents to the Deferred Interest Payment in the Interest Deferral Consent Solicitation and, effective October 28, 2010, AMOI executed a supplemental indenture to the indenture governing the Subordinated Notes to effect the Deferred Interest Payment, and such supplemental indenture became operative immediately upon execution. The November 1, 2010 interest payment was ultimately waived as part of the 2010 Restructuring (defined below).

The Exchange Offer and the Tender Offer were initially scheduled to expire on August 11, 2010, and were subsequently extended through November 1, 2010. Neither the Exchange Offer nor the Tender Offer was successfully consummated.

On November 1, 2010, the Company announced its intention to engage in a financial restructuring through solicitation of a prepackaged plan of reorganization (the "Plan") under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). On November 17, 2010, the Company and certain of its subsidiaries (the "Debtors") filed the Plan and Chapter 11 petitions in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

Liabilities subject to compromise represented pre-petition claims that were settled under the Plan. These liabilities represented the amounts expected to be allowed as known or potential claims to be allowed to be resolved through the Chapter 11 bankruptcy process. Liabilities subject to compromise consisted of the following at November 17, 2010 (in millions):

Term loan	$	445.7
Senior PIK Notes (defined above)		24.9
Subordinated Notes (defined above)		355.8
Revolving Credit Facility (defined below)		60.0
2011 Notes (defined below)		7.5
Liabilities subject to compromise	$	893.9

Our reorganization was premised around a debt-for-equity exchange with holders of the $355.8 million aggregate principal amount of Subordinated Notes, approximately 78% of which agreed to support the restructuring by executing a restructuring support agreement with the Company (the "RSA"). On December 20, 2010, the Bankruptcy Court confirmed the Plan.

The confirmed Plan provided for the following:

- Priority Non-tax Claims – The holders of priority non-tax claims received payment in full.

- Term Facility Lenders' Claims - The holders of the term loan (the "Term Facility Lenders") under the Company's Amended and Restated Credit Agreement dated as of December 31, 2008 (the "2009 Credit Agreement") of approximately $445.7 million received (i) cash representing 70% of the amount of their allowed claims; (ii) 13.5% Second Lien Senior Secured Notes due 2018 (the "Second Lien Notes") in an aggregate principal amount representing 30% of the amount of their allowed claims subject to an option to put the Second Lien Notes to the Backstop Parties (as defined below) and (iii) a 2% make-whole payment.

- Revolver Claims -The holders of the revolving credit facility under the 2009 Credit Agreement (the "Revolving Credit Facility") of approximately $60.0 million received payment in full.

- Other Secured Claims – The holders of other secured claims received payment in full.

- Senior PIK Notes Claims - The holders of approximately $24.9 million aggregate principal amount of Senior PIK Notes received $24.9 million aggregate principal amount of Second Lien Notes.

- Subordinated Notes Claims - The holders of the Subordinated Notes claims of approximately $355.8 million received 98% of the shares of the Company's newly issued common stock.

- 2011 Notes Claims - The holders of the 8 7/8% Senior Subordinated Notes due 2011 (the "2011 Notes") claims of approximately $7.5 million received approximately 2% of the Company's newly issued common stock.

- General Unsecured Claims – The holders of general unsecured claims retained all legal, equitable and contractual rights to which such claim holders were entitled and received payment in full for such claims.

- Intercompany Claims – The holders of intercompany claims were continued.

- Interests in AMI – The holders of interests in AMI were cancelled.

On December 22, 2010 (the "Effective Date"), the Debtors substantially consummated their reorganization through a series of transactions contemplated by the Plan and the Plan became effective. These transactions are referred to collectively as the "2010 Restructuring" in this Annual Report. In connection with the Debtors' emergence from bankruptcy, the provisions of the Plan were accounted for as of the Effective Date.

The 2010 Restructuring included the following key elements, among others:

- the issuance of $385.0 million aggregate principal amount of 11.5% First Lien Senior Secured Notes due 2017 (the "First Lien Notes") on December 1, 2010 under an indenture governing the First Lien Notes (the "First Lien Notes Indenture"). Under the provisions of the Plan, the proceeds from the First Lien Notes were held in AMO Escrow Corporation, a non-Debtor subsidiary of AMOI. Upon confirmation of the Plan by the Bankruptcy Court, the proceeds were available to effectuate the Plan and AMO Escrow Corporation merged with and into the Company and the Company assumed the obligations with respect to the First Lien Notes;

- the issuance of $80.0 million aggregate principal amount of Second Lien Notes under an indenture governing the Second Lien Notes (the "Second Lien Notes Indenture" and, together with the First Lien Notes Indenture, the "Indentures") and the exchange of $24.9 million aggregate principal amount of Senior PIK Notes for $24.9 million Second Lien Notes, for a total of $104.9 million aggregate principal amount of Second Lien Notes (the First Lien Notes and the Second Lien Notes are collectively referred to herein as the "New Notes");

- the Term Facility Lenders under the 2009 Credit Agreement received (i) cash representing 70% of the amount of their allowed claims and (ii) Second Lien Notes representing 30% of the amount of their allowed claims subject to an option to put the Second Lien Notes to the Backstop Parties (as defined below) and (iii) a 2% make-whole payment;

- the claims under the Revolving Credit Facility under the 2009 Credit Agreement were paid in full in cash;

- the Company entered into a revolving credit agreement (the "2010 Revolving Credit Agreement") on December 22, 2010. The 2010 Revolving Credit Agreement provides for a $40.0 million revolving credit facility and matures in December 2015, of which $10.0 million was drawn on December 22, 2010;

- the cash proceeds from the offering of the First Lien Notes, together with the Company's cash on hand and the funds provided by the Backstop Parties pursuant to the Backstop Commitment (as defined below), were used to pay off all existing indebtedness under the 2009 Credit Agreement and to pay fees and expenses related to the issuance of the New Notes, which were secured obligations of the Company;

- the holders of the Subordinated Notes received 98% of the shares of the Company's newly issued common stock, subject to dilution (i) for the Company's newly adopted equity incentive plan (discussed below) and (ii) for holders who are not Backstop Parties, for certain shares of common stock issued to the Backstop Parties in consideration for undertaking their Backstop Commitment (the "Backstop Shares");

- the holders of the 2011 Notes received approximately 2% of the Company's newly issued common stock, subject to dilution (i) for the Company's newly adopted equity incentive plan (discussed below) and (ii) for holders who are not Backstop Parties, for the Backstop Shares; and
- all pre-existing equity interests in AMI, including warrants, were cancelled.

Pursuant to a backstop commitment letter by and among AMI, AMOI, Avenue Capital Group ("Avenue") and Angelo, Gordon & Co., L.P. ("Angelo Gordon", and together with Avenue, the "Backstop Parties"), the Backstop Parties, severally and not jointly, committed to purchase at face amount their share of any Second Lien Notes that would otherwise be distributed to the Term Facility Lenders pursuant to the Plan (the "Backstop Commitment"). Under the Plan, the Term Facility Lenders had the option to elect to have the Backstop Parties purchase their share of the Second Lien Notes that would otherwise be distributed to the Term Facility Lenders pursuant to the Plan. Substantially all the Term Facility Lenders exercised this option right and the Backstop Parties purchased the portion of Second Lien Notes due to the Term Facility Lenders under the Plan.

The Company issued 10,000,000 shares of new common stock in connection with the consummation of the Plan. As discussed above, on December 22, 2010, the holders of the Subordinated Notes received 98% of the newly issued common stock and the holders of the 2011 Notes received approximately 2% of the Company's newly issued common stock. On the same day but prior to the issuance of shares, the Company amended and restated its certificate of incorporation to, among other things, increase the number of shares authorized to be issued from 11,000,000 to 15,000,000 (consisting of 14,000,000 shares of common stock and 1,000,000 shares of preferred stock of which no preferred stock has been issued or are outstanding) with the par value remaining the same at $0.0001.

See Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," for a summary of our ownership structure.

Emergence Accounting

At the Effective Date, the Company determined it did not meet the requirements under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 852-10 ("ASC 852-10"), (previously SOP 90-7, "*Financial Reporting by Entities in Reorganization Under the Bankruptcy Code*"), to adopt fresh start accounting because the holders of existing voting shares immediately before confirmation of the Plan received more than 50 percent of the voting shares of the emerging Company. Fresh start accounting would have required the Company to record assets and liabilities at fair value as of the Effective Date. Since fresh start accounting did not apply, assets and liabilities not subject to compromise continue to be reflected at historical cost.

In accordance with ASC 852-10, the Company has reported the cash payoff of the 2009 Credit Agreement as an extinguishment of debt. Under the 2010 Restructuring, the proceeds from the New Notes and the 2010 Revolving Credit Agreement were used to pay (i) the net carrying amount of the 2009 Credit Agreement, including a deferred consent fee and (ii) a 2% make-whole provision. As a result, the Company has reflected an $8.6 million loss on extinguishment of debt in the Consolidated Statement of Income (Loss) for the fiscal year ended March 31, 2011.

Similarly, the Company has accounted for the debt-for-equity exchange in accordance with ASC 852-10 as an extinguishment of debt. The holders of the Subordinated Notes and 2011 Notes, which also held the pre-existing equity interests in AMI, exchanged their notes for 10,000,000 shares of newly issued common stock. The fair value of the common stock issued totaled $235.8 million. As a result, the Company recognized a gain on extinguishment associated with this exchange of $587.0 million. As the exchange occurred with pre-existing shareholders, the extinguishment transaction has been accounted for as a capital transaction. Accordingly, the gain on this exchange has been reflected in additional paid-in capital in the Consolidated Balance Sheet as of March 31, 2011.

The gain on restructuring primarily consists of (i) $355.8 million of tendered Subordinated Notes, (ii) $7.5 million of tendered 2011 Notes, (iii) $282.7 million of cancelled stock, and (iv) $176.1 million of forfeited future interest payments on the Old Notes, less (v) issuance of $235.8 million of equity.

As previously mentioned, the Company adopted a new equity incentive plan in connection with the Plan. The equity incentive plan was approved by the Bankruptcy Court and on December 22, 2010, the Company granted 722,222 share-based payment awards to certain employees. Based on the vesting conditions, the Company has not recognized compensation cost for the share-based payment awards in its Consolidated Statement of Income (Loss) for the fiscal year ended March 31, 2011.

Reorganization Costs

The Company has incurred significant costs, primarily professional fees, associated with the reorganization. These costs were expensed as incurred. As of March 31, 2011, approximately $24.5 million has been incurred, including $8.1 million of deferred debt issuance costs on the Old Notes and the 2009 Credit Agreement. These costs are included in other expenses in the accompanying Consolidated Statement of Income (Loss) for the fiscal year ended March 31, 2011. The Company does not anticipate any additional costs.

2009 Restructuring

On January 30, 2009, we successfully completed our cash tender offers and receipt of requisite consents in the related consent solicitations in respect of our then outstanding senior subordinated notes, consisting of (1) $414.5 million aggregate principal amount of 10 1/4% Series B Senior Subordinated Notes due 2009 (the "2009 Notes") and (2) the 2011 Notes (together with the 2009 Notes, the "Prior Notes"). $400.5 million of the 2009 Notes and $148.0 million of the 2011 Notes were validly tendered and accepted for payment and consents were delivered with respect to the Prior Notes.

On December 31, 2008, we amended and restated our Credit Agreement dated as of January 30, 2006 (the "2006 Credit Agreement). AMOI entered into the 2009 Credit Agreement, and on January 30, 2009, concurrently with the consummation of our cash tender offers, the 2009 Credit Agreement became effective.

On January 29, 2009, AMOI amended and restated its certificate of incorporation to increase the number of shares authorized to be issued from 10,000 to 7,500,000 and changed the par value of such common stock from $0.20 to $0.0001. In addition, AMOI exchanged 5,994,411 shares of common stock for 7,508 shares common stock previously owned by AMI.

On January 30, 2009, AMOI issued (i) $21.2 million aggregate principal amount of the Senior PIK Notes and (ii) $299.7 million aggregate principal amount of the Subordinated Notes. Also on January 30, 2009, AMI sold 5,688,891 shares of common stock (valued at approximately $1.0 million) (together with the Old Notes, the "Securities") for an aggregate purchase price of $126.0 million, pursuant to a purchase agreement dated January 29, 2009, among AMI, AMOI, the other parties named therein and J.P. Morgan Securities Inc. The cash proceeds from the offering of the Securities (the "Offering"), together with our cash on hand, were used to purchase the tendered portion of the Prior Notes in the tender offers and to pay approximately $35.0 million of fees and expenses related to the Offering and the tender offers and consent solicitations. In addition, on January 30, 2009, AMI issued 305,520 shares of common stock to AMI's equityholders prior to the financial restructuring (the "Prior Equityholders") in exchange for the common stock they owned prior to the restructuring.

As a result of the restructuring of AMOI's capital structure and the issuance of common stock by AMI to the bondholders who participated in the cash tender offers completed on January 30, 2009 and receipt of requisite consent solicitations (the "Tendering Bondholders"), the Tendering Bondholders acquired 94.9% of AMI's common stock on January 30, 2009. The Prior Equityholders retained 5.1% of AMI's Common Stock.

These transactions were accounted for as a trouble debt restructuring and are referred to collectively as the "2009 Restructuring" in this Annual Report.

Industry Data and Circulation Information

Information contained in this Annual Report concerning publishing industry data, circulation information, rankings, readership information (e.g., multiple readers per copy) and other industry and market information, including our general expectations concerning the publishing industry, are based on estimates prepared by us based on certain assumptions and our knowledge of the publishing industry as well as data from various third-party sources. These sources include, but are not limited to, reports of the Audit Bureau of Circulation, Business Publishers Association ("BPA") Circulation Statements, Statement of Ownership figures filed with the U.S. Postal Service, Publisher's Information Bureau (PIB), Hall's Reports, Affinity Research, Comscore, Google Analytics and Mediamark Research Inc. ("MRI") syndicated research data. While we are not aware of any misstatements regarding any industry data presented in this Annual Report, we have not independently verified any of the data from any of these sources and, as a result, this data may be imprecise. Our estimates, in particular as they relate to our general expectations concerning the publishing industry, involve risks and uncertainties and are subject to change based on various factors. See Item 1A, "Risk Factors."

Unless otherwise indicated, all average circulation information for our publications is an average of actual single copy circulation and subscription copies for fiscal year 2011. All references to "circulation" are to single copy newsstand sales and paid subscription circulation, unless otherwise specified. References to "verified non-paid subscriptions" are to non-paid subscription copies designated by publishers for readership in public places or intended for individual use by recipients who are likely to have a strong affinity for the content of the publication.

Segment Information

We have aggregated our business into five reporting segments: Celebrity Publications, Tabloid Publications, Women's Health and Fitness Publications, Distribution Services and Corporate/Other. The aggregation of our business is based upon our publications having the following similarities: economic characteristics, types of products and services, types of production processes, type or class of customers, and method of distribution. For a discussion of certain financial information relating to these reporting segments, see Note 14, "Business Segment Information," in the Notes to Consolidated Financial Statements included in Item 8 herein.

CELEBRITY PUBLICATIONS SEGMENT

Our Celebrity Publications segment aggregates the following titles, which have leading market positions in the categories they serve.

- *Star* is a weekly celebrity news-based glossy magazine dedicated to covering the stars of movies, television and music. *Star's* editorial content also incorporates fashion, beauty and accessories. *Star* sells on average 497,000 single copies per week and has a total average weekly circulation of approximately 914,000 copies, including subscriptions, and an estimated total weekly readership of 9.7 million.

- *Country Weekly* is an entertainment magazine presenting all aspects of country music celebrities and their lifestyles, events and personalities, and has the highest weekly circulation of any such magazine in its category. Effective with the March 9, 2009 issue, subscriptions for *Country Weekly* were discontinued, and were reintroduced in April 2010. *Country Weekly* was changed from a bi-weekly to a weekly publication effective with the March 30, 2009 issue and had an average single copy circulation of 61,000 copies and an estimated total readership of 749,000 per issue.

Circulation

The following table sets forth average circulation (per issue) and U.S. cover prices for our Celebrity Publications segment as follows:

	For Fiscal Year Ended		
	March 31, 2011	March 31, 2010	March 31, 2009
	(Circulation data in thousands)		
Celebrity Publications Segment			
Star			
Total Circulation	914	1,025	1,235
Subscription Circulation	417	455	610
Single Copy Circulation	497 (1)	570	625 (5)
Cover Price	\$3.99	\$3.99	\$3.99
Country Weekly			
Total Circulation	70	73	370
Subscription Circulation	9 (2)	- (2)	285 (2)
Single Copy Circulation	61	73 (3)	85 (3)
Cover Price	\$2.99	\$2.99 (4)	\$2.49 (4)

(1) Amount includes four expanded issues for *Star* that were priced at \$4.49. Amount includes two special issues of *Star* that were priced at \$5.99.

(2) Effective with the March 9, 2009 issue, subscriptions for *Country Weekly* were discontinued and were reintroduced in April 2010.

(3) Amount includes two reduced issues for *Country Weekly* that were each priced at \$3.49. Effective with the March 30, 2009 issue, we changed *Country Weekly* from a bi-weekly to a weekly publication. Effective with the April 6, 2009 issue, we reduced the number of pages of *Country Weekly*.

(4) We decreased the U.S. cover price of *Country Weekly* from \$3.49 to \$2.49 effective with the April 6, 2009 issue. Effective with the February 8, 2010 issue, we increased the U.S. cover price of *Country Weekly* from \$2.49 to \$2.99.

(5) Amount includes one expanded issue for *Star* that was priced at \$4.49. Amount also includes two special issues for *Star* priced at \$3.99 and \$4.99, respectively.

Subscription Sales

Our overall strategy with respect to subscriptions is to obtain the most cost-efficient subscriptions in meeting our circulation rate base. To accomplish this strategy, we focus on magazine specific sales of our titles through inserts, direct mailings, in-house advertisements and third -party agents. Effective with the March 9, 2009 issue, subscriptions for *Country Weekly* were discontinued as we transitioned this publication from an advertising/rate-based publication to a newsstand-based publication. Effective in April 2010, subscriptions for *Country Weekly* recommenced due to the demand from our consumers. Our only subscription offer is cash with order.

Advertising Revenue

Advertising is sold to national advertisers, which includes sports nutritional manufactures, automotive, entertainment, packaged goods, pharmaceutical, sports apparel, beauty, cosmetics, fashion and direct response advertisers.

Competition

Each of our Celebrity Publications faces competition in its subject area from a variety of publishers and competes for readers on the basis of the quality of its targeted editorial content. Competition for advertising revenues is largely based upon circulation levels, readership, demographics, price and results. We believe that our most significant direct competitors in the celebrity print media are Time Warner, Inc. (which publishes *People, In Style* and *Entertainment Weekly*), Wenner Media, Inc. (which publishes *US Weekly*), Bauer Publishing (which publishes *In Touch* and *Life & Style*) and Northern & Shell North America Ltd. (which publishes *OK!*). Competition for *Country Weekly* is primarily from *People's Country*. As use of the internet and new on-line ventures focusing on celebrity news has increased, we have faced additional competition.

TABLOID PUBLICATIONS SEGMENT

Our Tabloid Publications segment aggregates the following titles, which have leading market positions in the categories they serve.

- *National Enquirer* is a weekly general interest publication with an editorial content devoted to celebrities, investigative reporting, human interest stories and articles covering lifestyle topics such as crime, health, fashion and beauty. We sell approximately 525,000 single copies of *National Enquirer* per week primarily in the United States and Canada. *National Enquirer* has a total average weekly circulation of approximately 693,000 copies, including subscriptions, and an estimated total weekly readership of 8.4 million.

- *Globe* is a weekly tabloid with features that are less time-sensitive and focuses on older movie and T.V. celebrities, the royal family, political scandals and investigative crime stories that are less mainstream and more salacious than the *National Enquirer*. Globe sells approximately 272,000 single copies per week in the U.S. and Canada. *Globe* has a total average weekly circulation of 310,000 copies, including subscriptions, and an estimated total weekly readership of 907,000.

- *National Examiner's* editorial content consists of celebrity and human-interest stories, differentiating it from the other titles through its upbeat positioning as the "gossip, contests, women's service and good news" tabloid. *National Examiner* has an average weekly single copy circulation of 106,000 copies, with a total average weekly circulation of approximately 118,000 copies, including subscriptions, and an estimated total weekly readership of 936,000.

Circulation

The following table sets forth average circulation (per issue) and U.S. cover prices for our Tabloid Publications segment as follows:

	For Fiscal Year Ended					
	March 31, 2011		March 31, 2010		March 31, 2009	
	(Circulation data in thousands)					
Tabloid Publications Segment						
National Enquirer						
Total Circulation	693		784		899	
Subscription Circulation	168		224		274	
Single Copy Circulation	525	(1)	560		625	(5)
Cover Price	$3.79	(2)	$3.69	(2)	$3.49	
Globe						
Total Circulation	310		352		379	
Subscription Circulation	38		48		58	
Single Copy Circulation	272		304		321	
Cover Price	$3.79	(3)	$3.69	(3)	$3.49	
National Examiner						
Total Circulation	118		125		137	
Subscription Circulation	12		15		18	
Single Copy Circulation	106		110		119	(6)
Cover Price	$3.59	(4)	$3.49	(4)	$3.29	(4)

(1) Amount includes two special issues of *National Enquirer* that were priced at $6.99.

(2) Effective with the May 4, 2009 issue, we increased the U.S. cover price of *National Enquirer* from $3.49 to $3.59. We then increased the U.S. cover price of *National Enquirer* from $3.59 to $3.69 effective with the October 5, 2009 issue. Effective with the December 6, 2010 issue, we increased the U.S. cover price of *National Enquirer* from $3.69 to $3.79.

(3) We increased the U.S. cover price of *Globe* from $3.49 to $3.59 effective with the May 4, 2009 issue. We then increased the U.S. cover price of *Globe* from $3.59 to $3.69 effective with the October 5, 2009 issue. We then increased the U.S. cover price of *Globe* from $3.69 to $3.79 effective with the December 6, 2010 issue.

(4) We increased the U.S. cover price of *National Examiner* from $2.99 to $3.29 effective with the October 13, 2008 issue, and to $3.39 effective with the May 4, 2009 issue. We then increased the U.S. cover price of *National Examiner* from $3.39 to $3.49 effective with the October 5, 2009 issue. We then increased the U.S. cover price of *National Examiner* from $3.49 to $3.59 effective with the December 6, 2010 issue.

(5) Amount includes one special issue of *National Enquirer* that included 96 pages and was priced at $5.49.

(6) Effective with the August 11, 2008 issue, we increased the number of pages of *National Examiner*.

Competition

National Enquirer, Globe, and *National Examiner* compete in varying degrees with other publications sold at retailers' checkout counters, as well as forms of media concentrating on celebrity news, such as websites, certain newspapers, magazines and television and radio programs. We believe that historical declines in single copy circulation of *National Enquirer, Globe* and *National Examiner* have resulted in part from increased competition from these other forms of media. Competition for circulation is largely based upon the content of the publication, its placement in retail outlets and its price. Competition for advertising revenues is largely based upon circulation levels, readership, demographics, price and advertising results. As use of the Internet and new on-line ventures focusing on celebrity news has increased, we have faced additional competition.

WOMEN'S HEALTH AND FITNESS PUBLICATIONS SEGMENT

Our Women's Health and Fitness Publications segment aggregates the following titles, which have leading market positions in the categories they serve.

- *Shape* is the leader in circulation and advertising revenues in the women's active lifestyle and health and fitness category. *Shape's* mission is to help women lead a healthier lifestyle by providing information on exercise techniques, nutrition, psychology and other inspirational topics, while also offering extensive beauty and fashion coverage. *Shape* has a total average monthly circulation of approximately 1,652,000 copies, including monthly subscriptions of 1,389,000 and an estimated total monthly readership of 6.6 million.

• *Fit Pregnancy* was launched from *Shape* in 1995. *Fit Pregnancy's* editorial focus is for *Shape* women during pregnancy, as well as the two-year postpartum period. *Fit Pregnancy* delivers authoritative information on health, fashion, food and fitness. *Fit Pregnancy* has a total average bi-monthly circulation of approximately 503,000 copies, including paid and verified non-paid subscriptions of 459,000, with an estimated total readership of 2.3 million.

Circulation

The following table sets forth average circulation (per issue) and U.S. cover prices for our Women's Health and Fitness Publications segment as follows:

	For Fiscal Year Ended		
	March 31, 2011	March 31, 2010	March 31, 2009
	(Circulation data in thousands)		
Women's Health and Fitness Publications Segment			
Shape			
Total Circulation	1,652	1,657	1,685
Subscription Circulation	1,389	1,369	1,387
Single Copy Circulation	263 (1)	288 (2)	298 (2)
Cover Price	$4.99	$4.99	$4.99 (3)
Fit Pregnancy			
Total Circulation	503	495	510
Subscription Circulation (paid & verified non-paid)	459	446	445
Single Copy Circulation	44	49	65
Cover Price	$5.95	$5.95	$5.95 (3)

(1) Amount includes one special issue for *Shape* in March 2011 priced at $5.99.

(2) Amounts include one special issue for *Shape* in December 2008 priced at $4.99 and one special issue for *Shape* in February 2010 priced at $5.99.

(3) Effective with the January 2009 issue, we increased the U.S. cover price of *Shape* from $3.99 to $4.99. Effective with the September 2008 issue, we increased the U.S. cover price of *Fit Pregnancy* from $4.95 to $5.95.

Subscription Sales

Our overall strategy with respect to subscriptions is to obtain the most cost-efficient subscriptions in meeting our circulation rate base. To accomplish this strategy, we focus on magazine specific sales of our titles through inserts, direct mailings, in-house advertisements and third party agents.

Advertising Revenue

Advertising is sold to national advertisers, which includes the following advertisers: beauty and cosmetics, packaged goods, automotive, entertainment, pharmaceutical, sports apparel, sports nutrition, diet supplements, fashion and direct response. Advertising revenue is typically lowest in the third quarter of our fiscal year due to seasonality.

Competition

Each of our Women's Health and Fitness Publications faces competition in its subject area from a variety of publishers and competes for readers on the basis of the quality of its targeted editorial content. Competition for advertising revenues is largely based upon circulation levels, readership, psychographics, demographics, price and results. We believe that our Women's Health and Fitness Publications' most significant direct competitors are Condé Nast Publications, Inc. (*Self*), Meredith Corporation (*Fitness*, *Parents* and *American Baby*) and Rodale Inc. (*Women's Health* and *Prevention*).

DISTRIBUTION SERVICES SEGMENT

DSI arranges for the placement of our publications and third-party publications with retailers, and monitors, through its regional managers and merchandising staff, that our publications and third-party publications are properly displayed in stores. DSI does not physically distribute our publications. All deliveries of our publications are made through third-party wholesalers. DSI's merchandising services relate to various services performed by DSI to ensure that our third-party wholesalers properly deliver our publications and third-party publications to the correct rack locations at each retailer. DSI's sales and marketing services relate to various point of purchase services performed by DSI to increase our publications' and third-party publications' newsstand sales at retail locations.

In addition to the services DSI provides for our publications, DSI acts as a "category manager/front-end advisor" for approximately 47% (based on our estimates) of all new front-end racking programs. This represents approximately 51% (based on our estimates) of all the racks placed annually in the United States and Canada by supermarkets, drugstores, mass market chains and other high volume retailers for our category. DSI continues to leverage its network of field representatives, which are regularly in retail outlets performing its services, by expanding its services to provide merchandising, advertisement placements, resetting of rack programs and point of purchase information gathering services to consumer product companies outside the publishing industry. We continue to expand the distribution of our publications into specialty and niche retail accounts utilizing DSI's extensive retail relationships.

Approximately every three years, supermarkets and other retailers typically redesign their front-end racks, generally as part of store renovations or new store openings. As a "category manager/front-end advisor" DSI is selected by retailers to assist in coordinating the selection and positioning of magazines and overall front-end space on the retailers' racks. Publishers, including the Company, which are allocated space on a rack, enter into agreements directly with the retailer for the payment of fees (rack costs) or other charges with respect to that space. DSI uses its role as "category manager/front-end advisor" of new front-end rack programs initiated by retailers in the United States to achieve better placement of our publications and of the publications of DSI's third-party publishing clients.

Competition

DSI primarily competes with Time Warner Retail Services, Inc. and Comag Marketing Group, LLC (a joint venture between The Hearst Corporation and Condé Nast Publications, Inc.) in providing marketing and distribution services to magazine publishers.

CORPORATE/OTHER SEGMENT

Our Corporate/Other segment aggregates *Muscle & Fitness* and several other publications, publishing services, ancillary sales and corporate overhead.

While most of the publications aggregated in the Corporate/Other segment have certain similar products and services, production processes, type or class of customers and method of distribution as some of the other publications which are aggregated in the other reporting segments (Celebrity Publications, Tabloid Publications and Women's Health and Fitness Publications), their economic characteristics are dissimilar with such other publications. Accordingly, we have aggregated those publications in the Corporate/Other reporting segment.

Our publications in the Corporate/Other segment include the following titles, which have leading market positions in the categories they serve.

- *Muscle & Fitness* is the preeminent monthly fitness training magazine, appealing to exercise enthusiasts and athletes of all ages, especially those focused on resistance training, body fat control and sports nutrition. *Muscle & Fitness* has 71 years of brand equity and has served as a successful brand extension foundation for new titles. *Muscle & Fitness* has a total average monthly circulation of approximately 377,000 copies, including monthly subscriptions of 280,000 and newsstand copies of 97,000, and an estimated total monthly readership of 6.6 million.

- *Men's Fitness* is a leading health and fitness magazine published 10 times a year, for men 18-34 years old with active lifestyles. The magazine promotes a multi-training approach towards exercise and nutrition, while also offering information and advice in the areas of career, relationships, fashion and sports. *Men's Fitness* has a total average circulation per issue of approximately 593,000 copies, including subscriptions per issue of 499,000 and newsstand copies of 94,000, and an estimated total readership per issue of 8.4 million.

- *Muscle & Fitness Hers* is a bi-monthly magazine that delivers a competitive edge for expert training, nutrition, health, beauty and fashion tips for today's woman. *Muscle & Fitness Hers* has a total average bi-monthly circulation of approximately 91,000 copies per issue including monthly subscriptions of 27,000 and newsstand copies of 64,000 and an estimated total bi-monthly readership of 455,000.

- *Flex*, which was spun off from *Muscle & Fitness* in 1983, is a monthly magazine devoted to professional bodybuilding.

The magazine's editorial point of view is nutrition and performance science content for bodybuilding enthusiasts. As *Flex* is a premier title in the bodybuilding segment, it receives a significant share of advertising devoted to the sports nutritional and vitamin business. *Flex* has a total average monthly circulation of approximately 88,000 copies, including monthly subscriptions of 53,000 and newsstand copies of 35,000, and an estimated total monthly readership of 1.5 million.

• *Natural Health,* published for more than 30 years, is a leading wellness magazine published 8 times during fiscal year 2011 and 10 times during fiscal year 2010, offering readers practical information to benefit from the latest scientific knowledge and advancements in the field of natural health, including advice to improve beauty and fitness. *Natural Health* has a total average circulation per issue of approximately 304,000 copies, including subscriptions of 261,000 and newsstand copies of 43,000 which resulted in total estimated readership of 1.5 million.

• *Sun* is a tabloid whose editorial content is skewed to an older target audience and focuses on religion, health, holistic remedies, predictions and prophecies. *Sun* also includes entertaining and unusual articles from around the world. *Sun* has a total average weekly circulation of approximately 41,000 copies and is primarily newsstand driven which results in a weekly readership of 357,000.

Circulation

The following table sets forth average circulation (per issue) and U.S. cover prices for our Corporate/Other segment as follows:

	For Fiscal Year Ended		
	March 31, 2011	March 31, 2010	March 31, 2009
	(Circulation data in thousands)		
Corporate/Other Segment			
Muscle & Fitness			
Total Circulation	377	402	415
Subscription Circulation	280	291	291
Single Copy Circulation	97	111 (2)	124 (2)
Cover Price	$6.99	$6.99	$6.99
Men's Fitness			
Total Circulation	593	614	716
Subscription Circulation	499	528	602
Single Copy Circulation	94	86 (2)	114 (2)
Cover Price	$4.99	$4.99 (3)	$4.50 (3)
Muscle & Fitness Hers			
Total Circulation	91	96	102
Subscription Circulation	27	27	20
Single Copy Circulation	64	69	82
Cover Price	$4.99	$4.99	$4.99
Flex			
Total Circulation	88	105	107
Subscription Circulation	53	63	63
Single Copy Circulation	35	42	44
Cover Price	$6.99	$6.99	$6.99
Natural Health			
Total Circulation	304	312	359
Subscription Circulation	261	271	313
Single Copy Circulation	43	41	46
Cover Price	$4.99	$4.99 (4)	$4.50
Sun			
Single Copy Circulation	41	49	48
Cover Price	$3.49 (1)	$3.39 (1)	$3.29 (1)

(1) We increased the U.S. cover price of *Sun* from $2.99 to $3.29 effective with the August 11, 2008 issue. We then increased the U.S. cover price of *Sun* from $3.29 to $3.39 effective with the October 5, 2009 issue. We then increased the U.S. cover price of *Sun* from $3.39 to $3.49 effective with the December 6, 2010 issue.

(2) Amounts include one special issue for *Muscle & Fitness* priced at $4.99 in February 2009 and February 2010, respectively, and one special issue for *Men's Fitness* priced at $5.99 in December 2008/January 2009 and December 2009/January 2010, respectively.

(3) We increased the U.S. cover price of *Men's Fitness* from $3.99 to $4.50 effective with the May 2008 issue. We then increased the

U.S. cover price of *Men's Fitness* from $4.50 to $4.99 effective with the August 2009 issue.

(4) We increased the U.S. cover price of *Natural Health* from $4.50 to $4.99 effective with the May 2009 issue.

Subscription Sales

Our overall strategy with respect to subscriptions is to obtain the most cost-efficient subscriptions in meeting our circulation rate base. To accomplish this strategy, we focus on magazine specific sales of our titles through inserts, direct mailings, in-house advertisements and third party agents.

Advertising Revenue

Advertising is sold to national advertisers, which includes the following industries: sports nutrition, diet supplements, automotive, entertainment, packaged goods, pharmaceutical, sports apparel, beauty and cosmetics, fashion, tobacco and direct response. Advertising revenue is typically lowest in the third quarter of our fiscal year due to seasonality.

Competition

Each of our Corporate/Other segment publications faces competition in its subject area from a variety of publishers and competes for readers on the basis of the quality of its targeted editorial content. Competition for advertising revenues is largely based upon circulation levels, readership, psychographics, demographics, price and results. We believe that our Corporate/Other segment publications' most significant direct competitors are: Meredith Corporation (*Fitness*), Rodale (*Men's Health*), Wenner Media (*Men's Journal*) and Advanced Research Press (*Muscular Development*).

Sun competes in varying degrees with other publications sold at retailers' checkout counters, as well as other forms of media concentrating on celebrity news, such as certain newspapers, magazines, television and radio programs. We believe that historical declines in single copy circulation of *Sun* have resulted in part from increased competition from these publications and other forms of media. Competition for circulation is largely based upon the content of the publication, its placement in retail outlets and its price. Competition for advertising revenues is largely based upon circulation levels, readership, demographics, price and results.

Ancillary Sales and Corporate Overhead

We have ancillary sales (primarily licensing, syndication and new media). New media consists of web sites for *Muscle & Fitness* (muscleandfitness.com), *Flex* (flexonline.com), *Men's Fitness* (mensfitness.com), *Shape* (Shape.com), *Muscle & Fitness Hers* (muscleandfitnesshers.com), *Natural Health* (naturalhealthmag.com), *Country Weekly* (countryweekly.com), *Fit Pregnancy* (fitpregnancy.com) and for the Mr. Olympia events (MrOlympia.com). Additionally, we maintain an online fitness portal (FitnessOnline.com) and have two websites focused on the sale of fitness merchandising (ShapeBoutique.com and MuscleStuff.com). Content producers at each publication's website coordinate with the editorial staff of the respective publication. Our print and digital advertising sales and marketing efforts are completely integrated within each publication. Our business development group handles content syndication, online licensing and new media growth areas such as wireless.

In October 2008, we entered into a limited liability company agreement (the "Radar Online Agreement") to form a joint venture ("Radar Online, LLC") to manage the RadarOnline.com website. Radar Online, LLC operates a celebrity news website (RadarOnline.com). Radar Online, LLC also operates websites for *Star* (starmagazine.com), *National Enquirer* (nationalenquirer.com) and *Globe* (globemagazine.com). AMI owns 50% and is the operating partner, of Radar Online, LLC and does not consolidate Radar Online, LLC in our Consolidated Financial Statements and therefore accounts for this joint venture using the equity method as the Company does not control its operating activities.

Corporate overhead includes the CEO and executive staff, marketing, research, creative services, production, circulation, information technology, accounting, legal, human resources and administrative departments.

Weider UK

We publish 12 international editions of *Muscle & Fitness* and *Flex* that are excluded from the table above, from our offices in Harrogate, England. These publications are customized to the local markets in the United Kingdom, France, Italy, Germany, Holland and Australia. Additionally, they are distributed throughout other countries in Western Europe, Canada and New Zealand. In the six target markets, they are the industry leader in their categories for circulation and advertising revenues.

Publishing Services - Playboy

In November 2009, we entered into a publishing services agreement with Playboy. Under this agreement, we assumed responsibility for *Playboy* magazine's advertising sales and marketing, circulation and production management, newsstand distribution and back office financial services as of January 2010. In consideration for these services, Playboy compensates us through service fees and commissions for advertising sales on print and digital revenues, in addition to certain cost savings and subscription revenue incentives. We also manage the annual Playboy Super Bowl event.

Publishing Services – TV Guide Magazine

In February 2011, we entered into an advertising services agreement with TV Guide Magazine, LLC to sell direct response advertising and agreed upon selective general advertisers. In consideration we receive commissions on these advertising sales.

Licensing Agreement - Source Interlink Media

In April 2011, we entered into a licensing agreement with Source Interlink Media, LLC ("Source"). Under this agreement, we licensed from Source the right to use certain trademarks, copyrights, and domain names of *Soap Opera Digest, Soap Opera Weekly, Soap Opera Weekly Special Interest Publications,* and *Pixie*. In consideration for the licensing rights, we will make payments to Source based on annual profit of these trademarks.

PRODUCTION, TRANSPORTATION, AND DISTRIBUTION

We have a long term printing contract with R.R. Donnelley & Sons Company ("RR Donnelly") expiring in 2018 to print *National Enquirer, Globe, Shape, Men's Fitness, Fit Pregnancy, Muscle & Fitness, Muscle & Fitness Hers, Flex, Natural Health, National Examiner, Sun,* and *Country Weekly*. Additionally, we have a long term contract with Quad/Graphics, Inc. to print *Star* expiring in 2018, and Trend Offset Printing, Inc. to print *Star* expiring in our fiscal year 2012. Based on volume, Quad/Graphics, Inc. prints 80% and Trend Offset Printing, Inc. prints the remaining 20% of *Star*.

We believe our relationships with our vendors are adequate and there are other facilities available, should the need arise.

The newsstand copies are transported from the printer by unrelated third parties and distributed to retailers primarily by three wholesalers. We estimate that these three wholesalers cover 82% of the newsstand distribution market as of March 31, 2011, while the remaining 18% is distributed by several smaller wholesalers. In fiscal year 2011, two wholesalers each accounted for greater than 10% of our total operating revenue and in the aggregate accounted for approximately 38% of our total operating revenue. We have service agreements with our wholesalers, which provide incentives to maintain certain levels of service. Wholesalers deliver the copies to approximately 110,000 retail locations. Subscription copies are distributed primarily by the United States Postal Service.

Paper is the principal raw material utilized by our publications. We purchase the paper directly from several suppliers based upon pricing and, to a lesser extent, availability, then deliver the paper to our third party printing companies. Paper is a commodity product with pricing affected by demand, capacity and economic conditions. We believe that adequate sources of supply are available to fulfill our current as well as future requirements. Our operating income could be significantly affected by changes in the price of paper used in our publications.

EMPLOYEE RELATIONS

At March 31, 2011, we employed approximately 621 staff equivalent to full-time employees (each, an "FTE"), excluding part-time employees in our Distribution Services segment. There are 72 FTEs in our Celebrity Publications segment, 68 FTEs in our Tabloid Publications segment, 85 FTEs in our Women's Health and Fitness Publications segment, 131 FTEs in our Distribution Services segment and 265 FTEs in our Corporate/Other segment. In addition, at March 31, 2011, we employed approximately 1,304 part-time merchandising employees in our Distribution Services segment. None of our employees are represented by any union or other labor organization. We have had no strikes or work stoppages during the last five years. We believe that our relations with our employees is good.

Item 1A. ***Risk Factors***

Our business faces many risks. We have described below the material risks that we face. There may be additional risks that we do not yet know of or that we do not currently perceive to be material that may also impact our business. Each of the risks and uncertainties described below could lead to events or circumstances that have a material adverse effect on our business, results of operations, cash flows, financial condition and business prospects.

OUR SUBSTANTIAL DEBT COULD IMPAIR OUR ABILITY TO OPERATE AND EXPOSE US TO CERTAIN RISKS.

Our future performance could be affected by our substantial amount of debt. As of March 31, 2011, our total principal amount of outstanding debt was approximately $489.9 million, consisting of $385.0 million principal amount of debt under the First Lien Notes and $104.9 million principal amount of debt under the Second Lien Notes. Our total consolidated interest expense for the fiscal year ended March 31, 2011 was $56.5 million, which consists of interest under the New Notes, the Old Notes, the 2010 Revolving Credit Agreement and the 2009 Credit Agreement. In addition, the 2010 Revolving Credit Agreement and the Indentures contain certain covenants that, subject to certain exceptions, restrict us from paying dividends, incurring additional debt, creating liens, entering into certain mergers or consolidations, making acquisitions or other investments and selling or otherwise disposing of assets. See Note 6, "Credit Agreement," Note 7, "Senior Subordinated Indebtedness," and Note 8, "Senior Secured Indebtedness" in the Notes to Consolidated Financial Statements in Item 8 herein for details.

Our high level of debt could have important consequences for our business and operations, including the following:

- our debt level requires that a significant portion of our cash flow from operations be used for the payment of interest on debt, reducing our ability to use our cash flow to fund working capital, capital expenditures and general corporate requirements;
- our debt under the 2010 Revolving Credit Agreement has a variable rate of interest, which exposes us to the risk of increased interest rates;
- we may have a much higher level of debt than certain of our competitors, which may put us at a competitive disadvantage;
- our debt level makes us more vulnerable to economic downturns and adverse developments in our business;
- our debt level reduces our flexibility in responding to changing business and economic conditions, including increased competition in the publishing industry; and
- our debt level limits our ability to pursue other business opportunities, borrow more money for operations or capital in the future and implement our business strategy.

Under the 2010 Revolving Credit Agreement, we have to comply with a maximum first lien leverage ratio. Our ability to satisfy this ratio is dependent on our business performing in accordance with our projections. If the performance of our business deviates from our projections, we may not be able to satisfy this ratio. If we do not comply with this or other covenants and restrictions, we would be in default under our 2010 Revolving Credit Agreement unless we obtained a waiver from the required lenders thereunder. Our outstanding debt under our 2010 Revolving Credit Agreement, together with accrued interest, could then be declared immediately due and payable and commitments thereunder could be terminated. Our ability to comply with such provisions may be affected by events beyond our control. Moreover, the instruments governing almost all our other debt contain cross-acceleration provisions so that an acceleration under any of our debt may result in a default under our other debt instruments. If a cross-acceleration occurs, the maturity of almost all our debt could be accelerated and become immediately due and payable. If that happens, we would not be able to satisfy our debt obligations, which would have a substantial adverse effect on our ability to continue as a going concern.

Obligations under our 2010 Revolving Credit Agreement are secured by liens on substantially all our assets and the assets of certain domestic subsidiaries. In addition, our obligations under our 2010 Revolving Credit Agreement are secured by a pledge of all the issued and outstanding shares of, or other equity interests in, certain of our existing or subsequently acquired or organized domestic subsidiaries and a percentage of the capital stock of, or other equity interests in, certain of our existing or subsequently acquired or organized foreign subsidiaries. If we or one of our restricted subsidiaries should be declared bankrupt or insolvent, or if we otherwise default under our 2010 Revolving Credit Agreement, the lenders could declare all the funds borrowed thereunder, together with accrued interest, immediately due and payable and commitments thereunder could be terminated. If we were unable to repay such debt, the lenders could foreclose on the pledged stock of our subsidiaries and on the assets in which they have been granted a security interest.

FUTURE ACQUISITIONS, PARTNERSHIPS, PUBLISHING SERVICES AGREEMENTS AND JOINT VENTURES MAY REQUIRE SIGNIFICANT RESOURCES AND/OR RESULT IN SIGNIFICANT UNANTICIPATED LOSSES, COSTS OR LIABILITIES.

In the future, we may seek to grow the Company and its businesses by making acquisitions or entering into partnerships, publishing services agreements or joint ventures. Any future acquisition, partnership, publishing service agreement or joint venture may require that we make a significant cash investment, issue stock or incur substantial debt. In addition, acquisitions, partnerships, publishing services agreements or investments may require significant managerial attention, which may be diverted from our other operations. These capital, equity and managerial commitments may impair the operation of our businesses. Furthermore, any future acquisitions of businesses or facilities could entail a number of additional risks, including:

- problems with effective integration of operations;
- the inability to maintain key pre-acquisition business relationships;
- increased operating costs;
- exposure to unanticipated liabilities; and
- difficulties in realizing projected efficiencies, synergies and cost savings.

Such acquisitions and investments may require additional funding which may be provided in the form of additional debt, equity financing or a combination thereof. We cannot assure that any such additional financing will be available to us on acceptable terms, or at all, or that we will be permitted under the terms of the 2010 Revolving Credit Agreement (or any replacement thereof) or under the terms of our Indentures to obtain such financing for such purpose.

We have incurred indebtedness to finance past acquisitions. We may finance future acquisitions with additional indebtedness, subject to limits in our debt agreements. As a result, we could face the financial risks associated with incurring additional indebtedness such as reducing our liquidity and access to financing markets and increasing the amount of cash flow required to service such indebtedness.

OUR PERFORMANCE COULD BE ADVERSELY AFFECTED IF WE LOSE OUR KEY PERSONNEL.

We believe that our success is largely dependent on the abilities and experience of our senior management team. The loss of the services of one or more of these senior executives could adversely affect our ability to effectively manage our overall operations or successfully execute current or future business strategies. We do not maintain key man life insurance on the lives of our senior management. We have entered into employment contracts with our senior management team, all of which contain non-compete provisions. While we believe that we could find replacements for these key personnel, the loss of their services could have a significant adverse effect on our operations.

IF WE FAIL TO IMPLEMENT OUR BUSINESS STRATEGY, OUR BUSINESS WILL BE ADVERSELY AFFECTED.

Our future financial performance and success are dependent in large part upon our ability to successfully implement our business strategy. We cannot assure that we will be able to successfully implement our business strategy or be able to improve our operating results. In particular, we cannot assure that we will be able to increase circulation of our publications, obtain new sources of advertising revenues, generate additional revenues by building on the brand names of our publications, attract new clients for DSI or raise the cover prices of our publications without causing a decline in circulation. Furthermore, any growth through acquisitions and investments will be dependent upon identifying suitable acquisition or investment candidates and successfully consummating such transactions and integrating the acquired operations at reasonable costs. We may not successfully integrate any acquired businesses or publishing services client and may not be able to achieve anticipated revenue and cost benefits.

Such acquisitions and investments may require additional funding which may be provided in the form of additional debt, equity financing or a combination thereof. We cannot assure that any such additional financing will be available to us on acceptable terms, or at all, or that we will be permitted under the terms of the 2010 Revolving Credit Agreement (or any replacement thereof) or under the terms of our Indentures to obtain such financing for such purpose.

Any failure to successfully implement our business strategy may adversely affect our ability to service our indebtedness, including our ability to make principal and interest payments on the debt. We may, in addition, decide to alter or discontinue certain aspects of our business strategy at any time.

THE GLOBAL FINANCIAL CRISIS AND ECONOMIC DOWNTURN COULD CONTINUE TO NEGATIVELY IMPACT OUR LIQUIDITY, RESULTS OF OPERATIONS AND FINANCIAL CONDITION, AS WELL AS OUR ABILITY TO ACCURATELY FORECAST OUR RESULTS, AND IT MAY CAUSE A NUMBER OF THE RISKS THAT WE CURRENTLY FACE TO INCREASE IN LIKELIHOOD, MAGNITUDE AND DURATION.

The current financial crisis and economic downturn continues to negatively impact economic activity globally. Our operations and performance depend significantly on worldwide economic conditions. Our customers continue to delay and reduce their expenditures in response to deteriorating macroeconomic and industry conditions and uncertainty, which has had a significant negative impact on the demand for our products and therefore the cash flows of our business, and could continue to have a negative impact on our liquidity and capital resources. In addition, although somewhat improved, our revenues from advertising are still negatively impacted as advertising budgets have continued to be scaled back. Management expects to continue facing challenges resulting from the downturn in economic conditions.
Additionally, we may face new risks as yet unidentified, and a number of risks that we ordinarily face may increase in likelihood, magnitude and duration. These risks include potential deterioration of our customers' ability to pay; losses or impairment charges; reduced revenue; further deterioration in our cash balances; an inability to access the capital markets; a further reduction in the amount of money that advertisers have available to spend for advertising in our products, increases in gas prices, which affect our freight costs; increases in postage rates; unfavorable regulations; and our continued ability to achieve cost savings. We expect to continue facing challenges resulting from the downturn in economic conditions.

OUR BUSINESS IS AFFECTED BY FACTORS THAT IMPACT CONSUMER SPENDING HABITS OR PATTERNS.

Most of our products involve discretionary spending on the part of consumers. Consumer spending is influenced by general economic conditions and the availability of discretionary income. This makes our products sensitive to general economic conditions and economic cycles and trends in advertising placements and we have experienced reduced demand for, and decreased advertising in, our products in the current recessionary environment. Certain economic conditions such as regional or international economic downturns, including periods of increased inflation, unemployment levels, tax rates, interest rates, gasoline and other energy prices or declining consumer confidence negatively impact consumer spending. Reduced consumer spending or a shift in consumer spending patterns will likely result in reduced demand for our products and may also require increased selling and promotional expenses. A reduction or shift in domestic or international consumer spending habits or patterns could negatively impact our business, results of operations and financial condition.

GENERAL ECONOMIC TRENDS, AS WELL AS TRENDS IN ADVERTISING SPENDING AND COMPETITION, ALONG WITH DECLINES IN SINGLE COPY CIRCULATION, MAY REDUCE OUR ADVERTISING AND CIRCULATION REVENUES WHICH REPRESENT THE VAST MAJORITY OF OUR REVENUES.

Our advertising and circulation revenues, which accounted for 92% of our total operating revenues in fiscal year 2011, are subject to the risks arising from adverse changes in domestic and global market conditions (e.g. recessionary environments or increases in gas prices and interest rates) and possible shifting of advertising spending from print to Internet or other media or decreases in advertising budgets. Extraordinary weather conditions, such as hurricanes (e.g. recent tornado outbreaks in fiscal year 2012) can impact newsstand sales, advertising revenues and other revenues, such as distribution. Any adverse impact of economic conditions on our business may result in reductions in advertising and circulation revenue.

Our circulation revenues are subject to the risks arising from our ability to institute price increases for our print products and are affected by competition from other publications and other forms of media available in our various markets, changing consumer lifestyles resulting in decreasing amounts of free time, declining frequency of regular magazine buying among young people and increasing costs of circulation acquisition.

We believe that the principal factors contributing to the declines in our single copy circulation include: (1) the current economic slowdown; (2) increased competition from other publications and forms of media, such as certain newspapers, television and radio programs and websites concentrating on celebrity news; (3) a general industry-wide decline in single copy circulation of individual publications due to an increasing number of publications in the industry; and (4) diminished service levels from wholesalers who distribute our magazines to retailers and fill the pockets at checkout counters as a result of consolidation among wholesalers and their related efforts to cut expenses.

Historically, we have been able to offset some of the declines in single copy circulation, in part, through increases in cover prices and cost reductions. We cannot assure that we will be able to increase cover prices without decreasing circulation, or be able to take other measures, such as increasing advertising revenue rates or pages, and reducing print orders of our titles to offset such circulation declines, or that the single copy circulation declines described above will be reversed. Continued declines in circulation could have a material adverse effect on our business and financial performance and condition.

WE OPERATE IN A VERY COMPETITIVE BUSINESS ENVIRONMENT.

Star, National Enquirer, Globe, National Examiner, Sun and *Country Weekly* compete in varying degrees with other publications sold at retailers' checkout counters, as well as forms of media concentrating on celebrity news, such as certain tabloids, magazines, websites and television and radio programs. We believe that historical declines in single copy circulation of *National Enquirer, Globe* and *National Examiner* have resulted in part from increased competition from these publications and other forms of media. Competition for circulation is largely based upon the content of the publication, its placement in retail outlets and its price. Competition for advertising revenues is largely based upon circulation levels, readership, demographics, price and results. Certain of our competitors have substantially larger operating staffs, greater capital resources and greater revenues from their publications. In this respect, we may be at a competitive disadvantage with such entities. We believe that currently our most significant direct competitors in the print media are Time Warner Inc. (which publishes *People, People's Country, In Style* and *Entertainment Weekly*), Wenner Media, Inc. (which publishes *US Weekly* and *Men's Journal*), Rodale, Inc. (which publishes *Men's Health* and *Women's Health*), Bauer Publishing (which publishes *In Touch* and *Life & Style*), Condé Nast Publications, Inc. (which publishes *Self*) and Northern & Shell North America Ltd. (which publishes *OK!*). As use of the Internet and new on-line ventures focusing on celebrity news has increased, we have faced additional competition.

Increased competition may result in less demand for our products and services which may have a material adverse effect on our business, results of operations and financial condition.

OUR BUSINESS AND RESULTS OF OPERATIONS MAY BE ADVERSELY AFFECTED BY INCREASES IN FUEL COSTS AND INCREASES IN THE PRICE OF PAPER OR POSTAGE.

Many aspects of our business have been directly affected by increases in the cost of fuel. Increased fuel costs have translated into increased costs for the products and services we receive from our third-party suppliers, including, but not limited to, increased production and distribution costs for our products. In particular, paper and postage represent significant components of our total cost to produce and distribute our printed products. Paper is a commodity. and its price has been subject to significant volatility. Furthermore, because the United States Postal Service and Canada Post Corporation distribute substantially all our subscription publications and many of our marketing materials, increases in the cost of postage to mail our subscription publications may have an adverse effect on our business. We cannot predict with certainty the magnitude of future price changes in paper and postage or how increases in fuel costs will affect our third-party suppliers and the rates they charge us. If fuel, paper or postage prices increase, and we cannot pass these costs on to our customers, such increases may have a material adverse effect on our business, results of operations and financial condition.

OUR BUSINESS MAY BE ADVERSELY AFFECTED IF WE LOSE ONE OR MORE OF OUR VENDORS.

A loss of one or more of our vendors related to production or circulation or a disruption in one of those vendors' businesses or a failure by one of them to meet our production or circulation needs on a timely basis could cause temporary shortages in needed materials or services which could have a negative effect on our business and results of operations.

TERRORIST ATTACKS AND OTHER ACTS OF VIOLENCE OR WAR MAY AFFECT THE FINANCIAL MARKETS AND OUR BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

Terrorist attacks may negatively affect our operations and financial condition. There can be no assurance that there will not be further terrorist attacks against the United States or U.S. businesses. These attacks or armed conflicts may directly impact our physical facilities or those of our retailers and customers. These events could cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and world financial markets and economy. They could result in an economic recession in the United States or abroad. Any of these occurrences could have a material adverse impact on our business, results of operations and financial condition.

PENDING AND FUTURE LITIGATION OR REGULATORY PROCEEDINGS COULD MATERIALLY AFFECT OUR OPERATIONS.

Because the focus of some of our publications often involves celebrities or controversial subjects and because of our news gathering techniques, the risk of defamation or invasion of privacy litigation or the filing of criminal charges exists. While we have not historically experienced any difficulty obtaining insurance coverage, we cannot assure that we will be able to do so in the future at rates acceptable to us, or at all. There are currently no such claims pending that we believe would have a material adverse effect on our operations. We cannot assure that any pending or future litigation or regulatory proceeding, if adversely determined, would not have a material adverse effect on our business, results of operations and financial condition.

IF OUR GOODWILL OR OTHER IDENTIFIABLE INTANGIBLE ASSETS BECOME IMPAIRED, WE MAY BE REQUIRED TO RECORD A SIGNIFICANT CHARGE TO EARNINGS.

As of March 31, 2011, the net book value of our goodwill and other intangible assets was approximately $499.9 million. Accounting rules require us to record a charge against our earnings to the extent that any of these assets are impaired. Accordingly, impairment of our goodwill, tradenames, subscriber lists or the impairment of other intangible assets due to litigation, obsolescence, competitive factors or other reasons could result in a material charge against our earnings and have a material adverse effect on our results of operations.

SOME PROVISIONS OF DELAWARE LAW AND OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION, AS WELL AS OUR STOCKHOLDERS' AGREEEMENT, MAY DETER THIRD PARTIES FROM ACQUIRING US.

Provisions contained in our amended and restated certificate of incorporation and the laws of Delaware, the state in which we are incorporated, as well as our stockholders' agreement, could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our stockholders. Provisions of our amended and restated certificate of incorporation and stockholders' agreement impose various procedural and other requirements, which could make it more difficult for stockholders to effect certain corporate actions. These anti-takeover defenses could discourage, delay or prevent a transaction involving a change in control. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and cause us to take other corporate actions that our stockholders desire.

WE MAY NOT BE ABLE TO MAINTAIN AN EFFECTIVE SYSTEM OF INTERNAL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING.

Effective internal and disclosure controls are necessary for us to provide reliable financial reports, effectively prevent fraud and operate successfully. If we cannot provide reliable financial reports or prevent fraud, our operating results and reputation would be harmed. As part of our ongoing monitoring, we may discover material weaknesses or significant deficiencies in our internal control over financial reporting that require remediation.

We cannot assure that internal or disclosure control deficiencies would be identified in the future. Any failure to maintain effective controls or timely effect any necessary improvement of our internal and disclosure controls could, among other things, result in losses from fraud or error, cause us not to satisfy our reporting obligations, cause investors to lose confidence in our reported financial information or harm our reputation, all of which could have a material adverse effect on our results of operations and financial condition.

WE MAY SUFFER CREDIT LOSSES THAT COULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS.

We extend unsecured credit to most of our customers. We recognize that extending credit and setting appropriate reserves for receivables is largely a subjective decision based on knowledge of the customer and the industry. Credit exposure also includes the amount of estimated unbilled sales. The level of credit is influenced by the customer's credit history with us and other available information, including industry-specific data.

We maintain a reserve account for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to pay, additional allowances might be required.

OUR SINGLE COPY REVENUES CONSIST OF COPIES SOLD PRIMARILY TO THREE WHOLESALERS.

As of March 31, 2011, single copy revenues consisted of copies distributed to retailers primarily by three wholesalers, which we estimate represented 82% of the newsstand distribution market, as well as several smaller wholesalers who represented the remaining 18%. In fiscal year 2011, two wholesalers each accounted for greater than 10% of our total operating revenue and in the aggregate accounted for approximately 38% of our total operating revenue. We have long-term service agreements with these wholesalers, which provide incentives to maintain certain levels of service. When these agreements expire, we cannot assure that our wholesalers will renew these agreements on favorable terms, extend the terms of these agreements or extend their relationship with us at all. Our operating results could be materially affected by disruption of the distribution of our magazines through the wholesalers.

EMPLOYEE BENEFIT COSTS ARE INCREASING SIGNIFICANTLY.

Health insurance costs have increased significantly faster than inflation on an annual basis during the past few years. We also anticipate that in coming years, the cost of health care will continue to escalate, causing an increase to our expenses and employee contributions.

Item 1B. ***Unresolved Staff Comments***

Not applicable.

Item 2. ***Properties***

The following table sets forth certain information with respect to our principal locations as of May 31, 2011. All such locations are leased. We consider the locations currently used for our operations as adequate for our present needs.

Location	Principal Use	Approximate Square Feet	Lease Expiration Date
Boca Raton, FL 1000 American Media Way	Editorial, and executive administrative offices for our Tabloid Publications and Corporate/Other segments	55,660	Lease expires in 2012
New York, NY One Park Avenue	Editorial, sales and executive administrative offices for all of our segments, except our Distribution Services segment	78,204	Lease expires in 2011 (1)
Woodland Hills, CA 21100 Erwin Street	Editorial, sales and administrative offices for our Women's Health and Fitness Publications (*Fit Pregnancy*) and Corporate/Other segments	28,893	Lease expires in 2011
Los Angeles, CA 6420 Wilshire Blvd	Editorial offices for our Tabloid and Celebrity Publications segments.	8,650	Lease expires in 2013
West Palm Beach, FL 1665 Palm Beach Lakes Blvd	Administrative offices for our Distribution Services segment	7,763	Lease expires in 2013
New York, NY 4 New York Plaza	Editorial, sales and executive administrative offices for all of our segments, except our Distribution Services segment	99,054	Lease expires in 2022 (1)

(1) The lease at One Park Avenue expires in May 2011. The lease at 4 New York Plaza will replace the One Park Avenue lease as of May 2011.

Item 3. ***Legal Proceedings***

On March 10, 2009, Anderson News, L.L.C. and Anderson Services, L.L.C., magazine wholesalers (collectively, "Anderson"), filed a lawsuit against the Company, DSI and various magazine publishers, wholesalers and distributors in the Federal District Gourt for the Southern District of New York (the "Anderson Action"). Anderson's complaint alleged that the defendants violated Section 1 of the Sherman Act by engaging in a purported industry-wide conspiracy to boycott Anderson and drive it out of business. Plaintiffs also purported to assert claims for defamation, tortious interference with contract and civil conspiracy. The complaint did not specify the amount of damages sought. On August 2, 2010, the District Court dismissed the action in its entirety with prejudice and without leave to replead and, on October 25, 2010, denied Anderson's motion for reconsideration of the dismissal decision. Anderson filed a notice of appeal to the United States Court of Appeals for the Second Circuit. The briefing of the appeal was completed on May 16, 2011. While it is not possible to predict with certainty the outcome of the appeal of the Anderson Action or to estimate the impact on the Company of a final judgment against the Company and DSI (if that were to occur), the Company and DSI will continue to vigorously defend the case.

In addition, because the focus of some of our publications often involves celebrities and controversial subjects, the risk of defamation or invasion of privacy litigation exists. Our experience indicates that the claims for damages made in such lawsuits are usually inflated and the lawsuits are usually defensible and, in any event, any reasonably foreseeable material liability or settlement would likely be covered by insurance. We also periodically evaluate and assess the risks and uncertainties associated with such litigation disregarding the existence of insurance that would cover liability for such litigation. At present, in the opinion of management, after consultation with outside legal counsel, the liability resulting from such litigation, even if insurance was not available, is not expected to have a material effect on our Consolidated Financial Statements included in Item 8 herein.

Item 4. ***[Removed and Reserved]***

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

There is no established public trading market for our common stock. As of May 31, 2011, there were approximately 46 record holders of our common stock.

We did not make any dividend payments in fiscal years 2011 or 2010, and we do not anticipate paying any dividends on our common stock in the foreseeable future. The terms of our 2010 Revolving Credit Agreement restrict our ability to pay dividends, and any future indebtedness that we may incur could preclude us from paying dividends. With respect to the dividend restrictions, the 2010 Revolving Credit Agreement and the Indentures include a cap on the total amount of cash available for distribution to our common shareholders.

Item 6. ***Selected Financial Data***

The selected financial data for each of the five fiscal years ended March 31, 2011 below (in thousands) have been derived from the Consolidated Financial Statements of the Company, which have been audited by independent auditors. The following selected financial data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," our Consolidated Financial Statements and the Notes thereto and other financial information appearing elsewhere in this Annual Report.

	Fiscal Year Ended				
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Statement of Income (Loss) Data:					
Operating revenues	$ 397,639	$ 412,430	$ 461,649	$ 490,774	$ 470,860
Operating expenses (1)	303,612	331,453	588,680	423,720	724,555
Operating income (loss)	94,027	80,977	(127,031)	67,054	(253,695)
Interest expense	(56,531)	(50,601)	(85,251)	(99,042)	(97,435)
Senior subordinated notes issued	-	-	-	(17,109)	-
Amortization of deferred debt costs	(3,217)	(3,893)	(9,849)	(10,926)	(7,987)
Other (expense) income, net (3)	(1,100)	-	537	2,522	2,907
Reorganization costs	(24,527)	-	-	-	-
(Loss) gain on extinguishment of debt	(8,612)	-	4,858	-	-
Income (loss) before provision (benefit) for income taxes, and income (loss) from discontinued operations	40	26,483	(216,736)	(57,501)	(356,210)
Provision (benefit) for income taxes	4,003	22,756	(33,339)	3,284	(22,936)
(Loss) income from continuing operations	(3,963)	3,727	(183,397)	(60,785)	(333,274)
Income (loss) from discontinued operations, net of income taxes (4)	-	-	500	(685)	(10,129)
Net (loss) income	(3,963)	3,727	(182,897)	(61,470)	(343,403)
Less: net income attributable to the noncontrolling interest	(510)	(509)	(426)	(424)	(395)
Net (loss) income attributable to American Media, Inc. and subsidiaries	$ (4,473)	$ 3,218	$ (183,323)	$ (61,894)	$ (343,798)
Balance Sheet Data:					
Total assets	$ 637,521	$ 620,459	$ 666,843	$ 941,159	$ 979,283
Property and equipment, net	$ 10,640	$ 6,494	$ 6,262	$ 5,097	$ 6,906
Deferred rack costs, net	$ 7,592	$ 8,461	$ 6,686	$ 7,749	$ 11,838
Goodwill and other identified intangibles, net	$ 499,898	$ 502,520	$ 523,465	$ 747,415	$ 786,867
Total debt, net of premium and discount (2)	$ 489,889	$ 1,014,480	$ 1,061,991	$ 1,077,681	$ 1,060,217
Total stockholders' deficit	$ (42,878)	$ (578,434)	$ (581,703)	$ (399,082)	$ (334,417)
Other Data:					
Depreciation of property and equipment (5)	$ 3,713	$ 3,283	$ 2,973	$ 4,233	$ 6,218
Amortization of deferred rack costs (5)	$ 7,411	$ 5,892	$ 11,232	$ 10,810	$ 17,204

(1) We recorded a non-cash provision for impairment of intangible assets and goodwill of $17.6 million, $217.4 million, $31.1 million and $305.4 million in fiscal years 2010, 2009, 2008 and 2007, respectively.

(2) Includes current maturities of long-term debt and future interest payments on the Old Notes reflected in the carrying amount of our Subordinated Notes of $198.4 million in fiscal year 2010 and $232.2 million in fiscal year 2009. We recorded the principal amount of the Old Notes and all future interest payments associated with the Old Notes in the accompanying Consolidated Balance Sheet included in Item 8 herein. As a result, we did not recognize interest expense on the Old Notes.

(3) Other loss in fiscal year 2011 was related to a loss on an investment. Other income in fiscal years 2009 and 2008 was primarily related to interest income. Other income in fiscal year 2007 was primarily related to $1.2 million of cash received related to the recognition of the deferred gain on the sale of Frontline Marketing Inc. and $1.3 million related to interest income.

(4) In fiscal year 2007, we discontinued the publication of *Celebrity Living Weekly, MPH, Shape En Espanol* and *Looking Good Now* and during fiscal year 2008, we discontinued the publication of *Weekly World News*. As a result, the balances associated with these titles have been reclassified to income (loss) from discontinued operations, net of income taxes for all years presented.

(5) Includes balances associated with continuing and discontinued operations.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Introduction

The following is a discussion of our financial condition and results of operations for the three fiscal years ended March 31, 2011. This discussion should be read in conjunction with our Consolidated Financial Statements and the Notes thereto, found in Item 8 herein, and the Selected Financial Data, found in Item 6 herein. The accompanying "Management's Discussion and Analysis of Financial Condition and Results of Operations" excludes the results of our discontinued operations for the fiscal year ended March 31, 2009. See Note 3, "Discontinued Operation," in the Notes to the Consolidated Financial Statements in Item 8 herein for a discussion of discontinued operations.

Executive Summary

We are a leading publisher in the field of celebrity journalism and health and fitness magazines. Our publications include *Star, Shape, Men's Fitness, Fit Pregnancy, Natural Health, Muscle & Fitness, Muscle & Fitness Hers, Flex, National Enquirer, Globe, Country Weekly, Sun, National Examiner* and other publications. Our magazines comprise approximately 21% of total U.S. and Canadian newsstand circulation for audited weekly publications (per ABC). For fiscal year 2011 total average newsstand and subscription circulation per issue for all our publications that are currently published and have a frequency of six or more times per year was approximately 5.9 million copies.

Our circulation revenue represented approximately 58% of our operating revenue in fiscal year 2011, approximately 60% of our total operating revenues in fiscal year 2010 and approximately 55% of our total operating revenue in fiscal year 2009. Single copy sales accounted for approximately 80%, 81% and 82% of such circulation revenue in fiscal year 2011, 2010 and 2009, respectively. The remainder of circulation revenues was from subscription sales.

Our advertising revenues are generated by national advertisers, including packaged goods, sports nutrition products, automotive, entertainment, pharmaceutical, sports apparel, beauty, cosmetics, fashion and direct response. Advertising revenues accounted for approximately 34%, 33% and 37% of our total operating revenues in fiscal year 2011, 2010 and 2009, respectively.

Our primary operating costs and expenses are comprised of production, distribution, circulation, editorial, other cost of sales, and selling, general and administrative expenses. The largest components of our costs are related to production, which includes printing, paper, and circulation expenses. Circulation costs primarily include expenses associated with subscription fulfillment, and postage, promotion and newsstand transportation. Editorial costs include employee expenses, manuscripts and photos.

During fiscal years 2010 and 2009, we recorded non-cash provisions for the impairment of intangible assets and goodwill of $17.6 million and $217.4 million, respectively. For a detailed description of these impairment charges, see Note 2, "Goodwill and Other Identified Intangible Assets" in the Notes to Consolidated Financial Statements in Item 8 herein.

Management Action Plans

We implemented initiatives relating to cost savings and revenue enhancement opportunities (the "2009 Management Action Plan") during the first fiscal quarter of fiscal year 2009, which resulted in approximately $25.7 million of cost savings and approximately $7.5 million of revenue enhancements during fiscal year 2009 versus budget. Cost savings were comprised of expense reductions related to employees SG&A, production and circulation. Revenue enhancements included cover price increases, and the publishing of an additional issue of seven of our publications and four specials.

We also implemented an additional management action plan (the "Supplemental Management Action Plan") during the fourth quarter of fiscal year 2009, which resulted in approximately $21.0 million and $2.6 million of expense savings in fiscal year 2010 and 2009, respectively. In connection with the Supplemental Management Action Plan, the Company terminated approximately 113 employees, which resulted in a charge of approximately $2.1 million for termination benefits. Cost savings primarily included reduced employee, production and subscription expenses.

During the fiscal year ended March 31, 2010, we implemented an additional management action plan (the "2010 Management Action Plan" and, together with the Supplemental Management Action Plan, the "Management Action Plans"), that resulted in additional cost savings of $11.5 million and revenue enhancements of $5.7 million as compared to our fiscal year 2010 budget. Cost savings included expense reductions in production, editorial, distribution and personnel-related costs. Revenue enhancements included cover price increases and the publishing of four special issues.

During the fiscal year ended March 31, 2011, we implemented an additional management action plan (the "2011 Management Action Plan"), that resulted in incremental cost savings of $11.2 million and revenue enhancements of $2.3 million as compared to our fiscal year 2011 budget. The cost reductions were primarily in the manufacturing area related to print order reductions, reduced book sizes, and paper rate savings. Revenue enhancements included cover price increases and the publishing of five special issues.

2010 Restructuring

On July 15, 2010, AMOI launched the Exchange Offer for the Subordinated Notes, and the Tender Offer for the Senior PIK Notes. In the Exchange Offer, holders of the Subordinated Notes were offered $269.52 in cash and 335.62 shares of the Company's common stock for each $1,000 of principal amount exchanged. In the Tender Offer, AMOI offered to purchase each $1,000 principal amount of outstanding Senior PIK Notes for $1,020.

On October 12, 2010, AMOI commenced the Interest Deferral Consent Solicitation to solicit consents from eligible holders of Subordinated Notes to defer the November 1, 2010 scheduled interest payment on the Subordinated Notes to the Deferred Interest Payment (January 3, 2011). Holders of more than 75% of the aggregate outstanding principal amount of Subordinated Notes delivered their consents to the Deferred Interest Payment in the Interest Deferral Consent Solicitation and, effective October 28, 2010, AMOI executed a supplemental indenture to the indenture governing the Subordinated Notes to effect the Deferred Interest Payment, and such supplemental indenture became operative immediately upon execution.

The Exchange Offer and the Tender Offer were initially scheduled to expire on August 11, 2010, and were subsequently extended through November 1, 2010. Neither the Exchange Offer nor the Tender Offer was successfully consummated.

On November 1, 2010, we announced our intention to engage in a financial restructuring through solicitation of a prepackaged Plan under Chapter 11 of the Bankruptcy Code. On November 17, 2010, the Company and certain of its subsidiaries filed the Plan and Chapter 11 petitions in the Bankruptcy Court.

Our reorganization was premised around a debt-for-equity exchange with holders of the $355.8 million aggregate principal amount of Subordinated Notes, approximately 78% of which agreed to support the restructuring by executing the RSA. On December 20, 2010, the Bankruptcy Court confirmed the Plan. On December 22, 2010, the Debtors substantially consummated our reorganization through a series of transactions contemplated by the Plan, and the Plan became effective. For additional information regarding the 2010 Restructuring, see Note 1, "Description of Business, Basis of Presentation and Summary of Significant Accounting Policies," to these Consolidated Financial Statements.

The purpose of the 2010 Restructuring was to reduce our leverage and to enhance our long-term growth and competitive position. Specifically, the 2010 Restructuring was designed to accomplish the following:

- reduce our outstanding indebtedness and interest expense which will result in significantly improved cash flow and liquidity;
- improve our capital structure;
- better position us to enter into value enhancing and other strategic transactions;
- improve our ability to restructure and/or refinance other outstanding indebtedness to reduce leverage, interest expense and ease covenant requirements;
- provide suppliers, customers and employees with more confidence in us and enable us to capitalize on available opportunities to expand our publishing services business as a result of an improved capital structure; and
- increase our enterprise value in excess of the principal amount of our debt.

Our Publications

We believe that the following factors have contributed to the leading market position of our publications:

Strong well-established brand names

Each of our publications has leading positions in its respective category.

Our most popular magazine titles consist of *Star, Shape, Men's Fitness* and *Muscle & Fitness*. *Star* is a weekly celebrity news-based glossy magazine dedicated to covering the stars of movies, television and music. *Star's* editorial content also incorporates fashion, beauty and accessories. *Shape* is the leader in circulation and advertising revenues in the women's active lifestyle and health and fitness category. *Shape's* mission is to help women lead a healthier lifestyle by providing information on exercise techniques, nutrition, psychology and other inspirational topics, while also offering extensive beauty and fashion coverage. *Men's Fitness* is a leading health and fitness monthly magazine for men 18-34 years old with active lifestyles. The magazine promotes a multi-training approach towards exercise and nutrition, while also offering information and advice in the areas of career, relationships, fashion and sports. *Muscle & Fitness* is the preeminent monthly fitness training magazine, appealing to exercise enthusiasts and athletes of all ages, especially those focused on resistance training, body fat control and sports nutrition.

Other popular magazines include *Flex, Fit Pregnancy, Natural Health, Muscle & Fitness Hers* and *Country Weekly. Flex*, which was launched from *Muscle & Fitness* in 1983, is a monthly magazine devoted to professional bodybuilding. The magazine delivers nutrition and performance science information for bodybuilding enthusiasts. *Fit Pregnancy* was launched from *Shape* in 1995. *Fit Pregnancy's* editorial focus is for *Shape* women during pregnancy as well as the two-year postpartum period. *Fit Pregnancy* delivers authoritative information on health, fashion, food and fitness. *Natural Health* is a leading wellness magazine published 10 times during fiscal year 2010 and 8 times during fiscal year 2011, offering readers practical information to benefit from the latest scientific knowledge and advancements in the field of natural health, including advice to improve beauty and fitness. *Muscle & Fitness Hers* is a bi-monthly magazine that delivers a competitive edge for expert training, nutrition, health, beauty and fashion tips for today's woman. *Country Weekly* is an entertainment magazine presenting all aspects of country music celebrities and their lifestyles, events and personalities. *Country Weekly* was changed from a bi-weekly to a weekly publication effective with the March 30, 2009 issue, and subscriptions for *Country Weekly* were discontinued effective with the March 9, 2009 issue as we transitioned this publication from an advertising/rate-based publication to a newsstand-based publication. Effective in April 2010, subscriptions for *Country Weekly* recommenced due to the demand from our consumers. Our only subscription offer is cash with order.

Our tabloid-type publications consist of *National Enquirer, Globe, National Examiner* and *Sun*. Our largest tabloid circulations, *National Enquirer* and *Globe*, which commenced publication in the early 1950's, have been two of the leading general interest tabloids for more than 50 years. *National Enquirer* is a weekly general interest publication with an editorial content devoted to celebrities, investigative reporting, human interest stories and articles covering lifestyle topics such as crime, health, fashion and beauty. *Globe* is a weekly tabloid with features that are less time-sensitive and focuses on political scandals and investigative crime stories that are less mainstream and more salacious than *National Enquirer*.

National Examiner's editorial content consists of celebrity and human-interest stories, differentiating it from the other titles through its upbeat positioning as the "gossip, contests, women's service and good news" tabloid. *Sun's* editorial content is skewed to an older target audience and focuses on religion, health, holistic remedies, predictions and prophecies. *Sun* also includes entertaining and unusual articles from around the world.

We believe that our brand names are among the most familiar magazine and tabloid-type titles to consumers and are synonymous with the celebrity and fitness genre. In our opinion, the long history and strong brand identity of our publications has allowed us to establish a large and loyal readership base.

Our publications are sold in all 50 states in the United States, as well as in Canada and, to a lesser extent, the United Kingdom, continental Europe, Latin America and Australia. Our distribution in the United States includes virtually all of the leading supermarkets, mass merchandisers, drug store chains and major convenience store chains as well as a broad base of regional and local newsstand outlets. In addition, DSI, our wholly owned subsidiary that works with retailers to design their front-end racks and position magazines for increased sales, provides a value-added service to the retailers and helps to further strengthen our retailer relationships and distribution. Our distribution base also allows us to efficiently launch new titles and expand the distribution of acquired titles.

Critical Accounting Policies and Estimates

Our discussion and analysis of financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts in our Consolidated Financial Statements. We evaluate our estimates on an on-going basis, including those related to revenue, trade receivables and allowance for doubtful accounts, goodwill and other intangible assets, income taxes and contingent liabilities. We base our estimates on historical experience and on various other assumptions that we believe reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates or our estimates may be affected by different assumptions or conditions. Critical accounting policies are those that are both most important to the portrayal of a company's financial position and results of operations, and require management's most difficult, subjective or complex judgments. The following accounting policies and estimates are those that management deems most critical. For a complete listing of our significant accounting policies, see Note 1, "Description of Business, Basis of Presentation and Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements in Item 8 herein.

Revenue Recognition

Our revenues are primarily comprised of single copy, subscription and advertising. Single copy, subscription and advertising revenue and related expenses for our publications are recognized on the on-sale date.

Revenues from single copy sales are recognized net of expected sales returns, after considering such factors as sales history and available market information. All our publications are sold with full return privileges. Our major U.S. and Canadian distributor provides us with weekly reporting on the actual returns by publication and by issue of each publication. We also receive sales data from certain retailers that sell our publications. We utilize these data sources as well as our long-term history of sales data by publication to estimate the actual anticipated sale of our publications and our experience has demonstrated that the actual sale of each issue of each magazine can be reasonably estimated based on this information. Our in-house circulation department has developed financial models that we utilize when projecting the anticipated sale of magazines. Revenues are presented net of amortization on the deferred rack costs, terminal and other short-term rack promotions and product placement costs ("retail display allowances and pockets") paid to the retailers and sales taxes.

Other revenues, primarily from marketing services performed for third parties by DSI, are recognized when the service is performed.

Trade Receivables and Allowance for Doubtful Accounts

Substantially all our trade receivables are from single copy distributors, subscriptions and advertising customers. We maintain allowances for doubtful accounts for estimated losses resulting from our customers not making required payments. We make estimates of the collectibility of trade receivables. We critically review trade receivables and analyze historical bad debts, past-due accounts, customer credit-worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts.

Goodwill and Intangible Assets

Our reporting units and related indefinite-lived intangibles are tested annually during the fourth quarter of each fiscal year to determine whether their carrying value exceeds their fair value. Goodwill and other indefinite-lived intangible assets are also tested for impairment on an interim basis if an event occurs or circumstances change between annual tests that would indicate that impairment exists. Impairment losses, if any, are reflected in operating income or loss in the Consolidated Statements of Income (Loss). Our reporting units consist of each of our publications and other consolidated subsidiaries.

We review finite-lived intangible assets for impairment whenever an event occurs or circumstances change to indicate that the carrying amount of such assets may not be fully recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss is based on the fair value of the asset compared to its carrying value. Impairment losses, if any, are reflected in operating income or loss in the Consolidated Statements of Income (Loss).

In assessing goodwill and intangible assets for impairment, we make estimates of fair value based on our projection of revenues, operating costs, and cash flows of each reporting unit considering historical and anticipated future results, general economic and market conditions, as well as the impact of planned business or operational strategies. The valuations employ a combination of present value techniques to measure fair value and consider market factors. Changes in our judgments and projections could result in a significantly different estimate of the fair value of the reporting units and could result in an impairment of goodwill or other intangible assets. A variance in the assumptions used could have had a significant impact on the amount of tradename and goodwill impairment charges recorded. For example:

a) a 100 basis point change in the discount rate would have caused an increase or decrease in the existing tradename impairment charges recognized (if any) of approximately $0.1 million, $2.7 million and $16.1 million in fiscal years 2011, 2010 and 2009, respectively;
b) a 100 basis point change in the discount rate would have changed the estimated fair value of tradenames in our other reporting units and may have caused those reporting units to incur tradename impairment charges in each of fiscal years 2011, 2010 and 2009, respectively;
c) a 5% decrease in the enterprise value would not have caused goodwill impairment of any publications in fiscal year 2011, no other publications in fiscal year 2010, and one other publication in fiscal year 2009; and

d) a 5% increase in enterprise value would:
- not have changed our conclusion of no impairment in fiscal year 2011;
- have reduced the goodwill impairment charge to the Women's Health and Fitness Publications segment by $2.8 million in fiscal year 2010; and
- have caused no goodwill impairment charge to the Celebrity Publications segment and would have reduced the goodwill impairment charges in the other reportable segments by $12.4 million in fiscal year 2009.

During fiscal years 2010 and 2009, we recorded certain non-cash provisions for impairment of intangible assets and goodwill. See Note 2, "Goodwill and Other Identified Intangible Assets," in the Notes to Consolidated Financial Statements included in Item 8 herein for further discussion relating to these charges and the assumptions utilized. There was no provision for impairment charges for the fiscal year ended March 31, 2011.

Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The asset and liability method of accounting for deferred income taxes requires a valuation against deferred tax assets; if based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The effect on any changes in deferred tax assets and liabilities as a result of a change in tax rates is recognized in income.

Contingent Liabilities

We have certain contingent liabilities that arise in the ordinary course of our business activities. We accrue for contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. Reserves for contingent liabilities are reflected in our Consolidated Financial Statements based on management's assessment, along with legal counsel, of the expected outcome of the contingencies. If the final outcome of our contingencies differs from that currently expected, it would result in a change to earnings in the period determined.

RESULTS OF OPERATIONS

The following table presents our results of operations by segment for the periods indicated (in thousands).

Operating income (loss) is calculated before the provision for impairment of intangible assets and goodwill. The following table summarizes our results of operations by segment based on this calculation. Operating income (loss) before the provision for impairment of intangible assets and goodwill are not measures of financial performance in accordance with Generally Accepted Accounting Principles ("GAAP"). Do not consider them as alternatives to net income (loss) as a measure of operating performance. Our calculations of operating income (loss) herein may be different from the calculations used by other companies, therefore comparability may be limited. We present operating income (loss) before the provision for impairment of intangible assets and goodwill to provide a consistent and comparable measure of our operating income (loss) for the periods indicated below due to the significant fluctuations in the impairment provision between such periods. Management uses operating income (loss) before the provision for impairment of intangible assets and goodwill internally for financial planning, for analysis of performance and for reporting of results to the board of directors.

	March 31, 2011	March 31, 2010	March 31, 2009
Operating Revenue			
Celebrity Publications	$ 95,684	$ 102,172	$ 113,731
Tabloid Publications	125,497	131,715	134,064
Women's Health and Fitness Publications	64,984	63,753	78,337
Distribution Services	28,190	29,215	32,931
Corporate/Other	91,061	93,762	111,129
Intersegment Eliminations	(7,777)	(8,187)	(8,543)
Total Operating Revenue	$ 397,639	$ 412,430	$ 461,649
Operating Income (Loss) before Provision for Impairment of Intangible Assets and Goodwill (1)			
Celebrity Publications	$ 28,373	$ 26,843	$ 21,034
Tabloid Publications	62,347	63,323	58,647
Women's Health and Fitness Publications	15,427	16,961	21,312
Distribution Services	5,040	5,949	6,831
Corporate/Other	(17,160)	(14,504)	(17,505)
Total Operating Income before Provision for Impairment of Intangible Assets and Goodwill	$ 94,027	$ 98,572	$ 90,319
Provision for impairment of intangible assets and goodwill	-	(17,595)	(217,350)
Operating Income (Loss)	$ 94,027	$ 80,977	$ (127,031)

(1) Operating income before provision for impairment of intangible assets and goodwill for fiscal year 2010 excludes impairment losses for tradenames, goodwill and other identified intangibles of $17.6 million for Women's Health and Fitness Publications. Operating income before provision for impairment of intangible assets and goodwill for fiscal year 2009 excludes impairment losses for tradenames, goodwill and other identified intangibles of $63.1 million for Celebrity Publications, $83.2 million for Tabloid Publications, $62.0 million for Women's Health and Fitness Publications and $9.0 million for Corporate/Other. See Note 2, "Goodwill and Other Identified Intangible Assets," in the Notes to Consolidated Financial Statements in Item 8 herein for further discussion.

Comparison of Fiscal Year Ended March 31, 2011 to Fiscal Year Ended March 31, 2010

Operating Revenue

Total operating revenue was $397.6 million and $412.4 million for the fiscal years ended March 31, 2011 and 2010, respectively, representing a decrease in revenue of $14.8 million, or 3.6%. This revenue reduction of 3.6% was caused by the continuing softness in the U.S. economy which impacted newsstand sales in the Celebrity Publications, Tabloid Publications and Corporate/Other segments. In addition, our nutritional sport supplement advertising continued to be negatively impacted due to regulatory issues on two diet products that have since been resolved and advertising for these products resumed in our fourth quarter. These items were partially offset by higher revenues for publishing services in our Corporate/Other segment and higher advertising revenue in our Women's Health and Fitness and Celebrity Publications segments.

As of March 31, 2011, single copy revenue consisted of newsstand units distributed by three primary wholesalers, which we estimate represented 82% of the newsstand magazine fulfillment market, as well as several smaller wholesalers who represent the remaining 18%. Operating revenue generated by these wholesalers is included in the Celebrity Publications, Tabloid Publications, and Women's Health and Fitness Publications and Corporate/Other segments. In the fiscal year ended March 31, 2011 two wholesalers accounted for greater than 10% of our total operating revenue and in the aggregate accounted for approximately 38% of our total operating revenue. In the fiscal year ended March 31, 2010 two wholesalers accounted for greater than 10% of our total operating revenue and in the aggregate accounted for approximately 45% of our total operating revenue. We have long-term service agreements with these wholesalers that provide incentives to maintain certain levels of service. Our operating results could be materially affected by disruption of the distribution of our magazines through the wholesalers. See Item 3, "Legal Proceedings," for a description of litigation filed by former wholesalers.

Operating Expense

Total operating expense, before the non-cash provision for impairment of intangible assets and goodwill, was $303.6 million and $313.9 million for the fiscal years ended March 31, 2011 and 2010, respectively, representing a decrease of $10.3 million, or 3.3%. This reduction is primarily due to a decrease in production expenses due to the implementation of the 2011 Management Action Plan.

In addition, we recorded a provision for impairment of intangible assets and goodwill of $17.6 million for the three months ended June 30, 2009. Operating expenses totaled $331.5 million for the fiscal year ended March 31, 2010, including this non-cash impairment charge. There was no provision for impairment charges for the fiscal year ended March 31, 2011.

Interest Expense

Interest expense was $56.5 million and $50.6 million for the fiscal years ended March 31, 2011 and 2010, respectively, representing an increase of $5.9 million, or 11.7%. This increase in interest expense is primarily attributable to a higher average outstanding balance in fiscal year ended March 31, 2011 on the New Notes as compared to the average outstanding balance in the fiscal year ended March 31, 2010 on the 2009 Credit Agreement.

Amortization of Deferred Debt Costs

Total amortization of deferred debt costs was $3.2 million and $3.9 million for the fiscal years ended March 31, 2011 and 2010, respectively. This decrease was due to lower costs being amortized during the fiscal year ended March 31, 2011 as a result of the write-off of the costs associated with the 2010 Restructuring.

Income Taxes

We recorded a $4.0 million income tax expense for the fiscal year ended March 31, 2011, compared to a $22.8 million income tax expense for the fiscal year ended March 31, 2010.

See Note 5, "Income Taxes," in the Notes to Consolidated Financial Statements in Item 8 herein for further discussion.

The operating income (loss) discussions below for each of our segments reflect amounts before provision for impairment of intangible assets and goodwill.

Celebrity Publications Segment

Operating Revenue

Total operating revenue in the Celebrity Publications segment was $95.7 million for the fiscal year ended March 31, 2011, representing a decrease of $6.5 million, or 6.4%, from the prior year comparable period. This revenue shortfall was primarily attributable to the following:

- lower newsstand sales ($7.1 million) for *Star*; and

- lower subscriptions ($1.4 million) for *Star*.

This was partially offset by *Star's* increased advertising volume ($1.2 million) and *Country Weekly's* increased subscription revenue ($1.1 million).

Operating Income

Operating income in the Celebrity Publications segment increased in the fiscal year ended March 31, 2011 from prior year by $1.5 million, or 5.7%, to $28.4 million. This was primarily attributable to the 2011 Management Action Plan to reduce *Star's* rate base by 16% which lowered manufacturing and distribution costs by $8.0 million. This was partially offset by a revenue decline.

Tabloid Publications Segment

Operating Revenue

Total operating revenue in the Tabloid Publications segment was $125.5 million for the fiscal year ended March 31, 2011, representing a decrease of $6.2 million, or 4.7%, from the prior year comparable period. This reduction in revenue was primarily attributable to the following:

- lower newsstand sales for *Globe* ($3.2 million) due to reduced consumer spending; and
- lower newsstand sales for *National Enquirer* ($3.9 million) due to reduced consumer spending, coupled with a decline in advertising revenue of $0.9 million.

These items were partially offset by 8% cover price increases for *National Enquirer* and *Globe* and higher subscription revenue for *National Enquirer* of $0.7 million.

Operating Income

Operating income in the Tabloid Publications segment decreased in the fiscal year ended March 31, 2011 from prior year by $1.0 million, or 1.5%, to $62.3 million. This decrease was primarily attributable to the 4.7% operating revenue decline. This was partially offset by the 2011 Management Action Plan to reduce the *National Enquirer's* rate base by 17% which lowered manufacturing costs.

Women's Health and Fitness Publications Segment

Operating Revenue

Total operating revenue in the Women's Health and Fitness Publications segment was $65.0 million for the fiscal year ended March 31, 2011, representing an increase of $1.2 million, or 1.9%, from the prior year comparable period. This was primarily attributable to a $2.5 million increase in *Shape's* advertising revenue due to the sale of additional advertising pages and digimags, which was partially offset by a decrease in *Shape's* newsstand revenue of $0.7 million.

Operating Income

Operating income in the Women's Health and Fitness Publications segment decreased in the fiscal year ended March 31, 2011 from prior year by $1.5 million, or 9.0%, to $15.4 million. This decrease was primarily attributable to the following:

- higher manufacturing and distribution expenses ($1.2 million) due to increased book size of *Shape* as a result of additional advertising pages;
- a one-time severance charge due to personnel changes ($0.6 million); and
- higher advertising expenses for *Shape* ($0.3 million), driven by an increase in staffing costs.

This was partially offset by the revenue increase of 1.9% discussed above.

Distribution Services Segment

Operating Revenue

Total operating revenue in the Distribution Services segment was $20.4 million, net of eliminations, for the fiscal year ended March 31, 2011, representing a decrease of $0.6 million, or 3.0%, from the prior year comparable period due to lower newsstand sales for all DSI clients.

Operating Income

Operating income in the Distribution Services segment decreased in the fiscal year ended March 31, 2011 from the prior by $0.9 million, or 15.3%, to $5.0 million primarily due to the above mentioned revenue decrease.

Corporate/Other Segment

Operating Revenue

Total operating revenue in the Corporate/Other segment was $91.1 million for the fiscal year ended March 31, 2011, representing a decrease of $2.7 million, or 2.9%, from the prior year comparable period. This reduction was attributable to the following:

- a decrease in advertising revenue for *Muscle & Fitness* of $1.5 million and *Men's Fitness* of $0.9 million due to a decline in advertising pages from two nutritional supplement companies as a result of regulatory issues that have been resolved;
- the discontinuation of our digest and minimag titles ($1.1 million);
- two fewer issues of *Natural Health* ($0.8 million) and one fewer issue of *Fit Pregnancy Mom & Baby* ($0.4 million) published during the fiscal year ended March 31, 2011 as compared to prior year; and
- the *Michael Jackson* special issue that was published during the three months ended June 30, 2009 ($2.2 million).

These items were partially offset by higher publishing services revenues of $3.8 million due to a complete fiscal year of *Playboy* publishing services as compared to only two months in prior year.

Operating Loss

Operating loss increased by $2.7 million in the fiscal year ended March 31, 2011, from the prior year period, or 18.6%, to $17.2 million. This increase is primarily due to certain one-time expenses of approximately $3.0 million incurred in connection with the 2010 Restructuring.

Comparison of Fiscal Year Ended March 31, 2010 to Fiscal Year Ended March 31, 2009

Operating Revenue

Total operating revenue was $412.4 million and $461.6 million for the fiscal years ended March 31, 2010 and 2009, respectively, representing a decrease in revenue of $49.2 million, or 10.7%. This decrease was primarily due to reduced overall U.S. advertising spending, which caused reductions in advertising revenue in our Celebrity Publications and Women's Health and Fitness Publications and Corporate/Other segments. Further, newsstand sales were also impacted by the current economic slowdown resulting in lower circulation revenues in our Tabloid Publications and Celebrity Publications and Corporate/Other segments. Advertising and newsstand revenues in the Women's Health and Fitness Publications and Corporate/Other segments were also impacted by one less issue of *Shape*, *Muscle & Fitness* and *Flex* published during the fiscal year ended March 31, 2010 when compared to prior year.

As of March 31, 2010, single copy revenue consisted of newsstand units distributed by three primary wholesalers, which we estimate represented 81% of the newsstand magazine fulfillment market, as well as several smaller wholesalers who represented the remaining 19%. Operating revenue generated by these wholesalers is included in the Celebrity Publications, Tabloid Publications, Women's Health and Fitness Publications and Corporate/Other segments. In fiscal years 2010 and 2009, respectively, two and three wholesalers each accounted for greater than 10% of our total operating revenue and in the aggregate accounted for approximately 45% and 36%, respectively, of our total operating revenue. Our operating results could be materially affected by disruption of the distribution of our magazines through the wholesaler distribution channel. See Item 3, "Legal Proceedings," for a description of litigation filed by former wholesalers.

Operating Expense

Total operating expense, before the non-cash provision for impairment of intangible assets and goodwill, was $313.9 million and $371.3 million for the fiscal years ended March 31, 2010 and 2009, respectively, representing a decrease of $57.4 million, or 15.5%. This decrease is primarily due to the implementation of our Management Action Plans, coupled with one less issue of *Shape*, *Muscle & Fitness* and *Flex* which was not published in our fiscal year ended March 31, 2010. These initiatives resulted in reduced production, distribution, editorial, advertising sales expenses and personnel-related costs. This was coupled with a reduction in amortization expense as a result of an impairment of certain finite-lived intangible assets in the third quarter of fiscal year 2009.

In addition, we recorded provisions for impairment of intangible assets and goodwill of $17.6 million and $217.4 million for the fiscal years ended March 31, 2010 and 2009, respectively. These non-cash impairment charges resulted in operating expenses totaling $331.5 million and $588.7 million for the fiscal years ended March 31, 2010 and 2009, respectively.

Interest Expense

Interest expense was $50.6 million and $85.3 million for the fiscal years ended March 31, 2010 and 2009, respectively, representing a decrease of $34.7 million, or 40.7%. This decrease in interest expense is primarily attributable to our accounting for issuance of the Old Notes. We recorded the principal amount of the Old Notes and all future interest payments associated with the Old Notes in the accompanying Consolidated Balance Sheet included in Item 8 herein. As a result, we did not recognize interest expense on the Old Notes.

This decrease in interest expense was also due to lower average outstanding balances under our credit agreements. The lower average outstanding balances were due to principal payments on our $450.0 million term loan and on our $60.0 million revolving credit facility.

These items were partially offset by a higher effective weighted-average interest rate on the 2009 Credit Agreement for the fiscal year ended March 31, 2010 of 10.0% as compared to an effective weighted-average interest rate of 7.1% on the 2009 Credit Agreement and the 2006 Credit Agreement for the prior year period. See "Liquidity and Capital Resources – Credit Agreement and Subordinated Indebtedness" herein for further discussion.

Amortization of Deferred Debt Costs

Total amortization of deferred debt costs was $3.9 million and $9.8 million for the fiscal years ended March 31, 2010 and 2009, respectively. This decrease was due to lower costs being amortized during the fiscal year ended March 31, 2010 as a result of the write-off of the costs associated with the tendered portion of our Prior Notes as a result of the 2009 Restructuring.

Income Taxes

We recorded a $22.8 million income tax expense for the fiscal year ended March 31, 2010, compared to a $33.3 million income tax benefit for the fiscal year ended March 31, 2009.

The primary components of the income tax provision (benefit) for the fiscal year ended March 31, 2010 and 2009 were:

	2010	2009
Primarily related to book income (loss)	$ 22.1	$ (59.4)
Related to indefinite-lived intangible assets	23.0	(33.2)
Increase (decrease) in valuation allowance	(22.3)	59.3
Income tax expense (benefit)	$ 22.8	$ (33.3)

As of December 31, 2009, we recorded a change in estimated income taxes due to the filing of our federal income tax return for the fiscal year ended March 31, 2009 wherein we elected, under IRC Section 108(b)(5), to apply a portion of the debt discharge amount to first reduce the basis of depreciable and amortizable assets. The election resulted in additional tax expense of $24.8 million due to the reduction of basis on our indefinite lived intangible assets, which are deferred tax liabilities and could not be used as a future source of income to support the realization of our previously valued deferred tax assets.

The effective tax rate for the fiscal year ended March 31, 2010 was 85.9%, resulting in a provision for income taxes for the year. The effective tax rate for the fiscal year ended March 31, 2009 was 15.4%, resulting in a benefit for income taxes for the year. See Note 5, "Income Taxes," in the Notes to Consolidated Financial Statements in Item 8 herein for further discussion.

The operating income (loss) discussions below for each of our segments reflect amounts before provision for impairment of intangible assets and goodwill.

Celebrity Publications Segment

Operating Revenue

Total operating revenue in the Celebrity Publications segment was $102.2 million for the fiscal year ended March 31, 2010, representing a decrease of $11.6 million, or 10.2%, from the prior year comparable period. This reduction in revenue was primarily attributable to the following:

- a reduction in *Star* newsstand revenues due to lower consumer spending. Advertising revenues were down due to a 13% rate base reduction; and
- *Country Weekly's* elimination of its subscription base and reduced rate base.

Operating Income (Loss)

Operating income in the Celebrity Publications segment increased in the fiscal year ended March 31, 2010 from prior year by $5.8 million, or 27.6%, to $26.8 million. The increase in operating income was primarily attributable the following:

- a $9.9 million combined reduction in *Star* production, distribution and editorial costs, primarily as a result of the 13% rate base reduction which reduced print orders and book size;
- a $4.6 million combined reduction in production, distribution and editorial costs for *Country Weekly* due to reduced print orders caused by our strategy to eliminate *Country Weekly's* subscription base;
- a $1.3 million decrease in rack amortization expense; and
- the implementation of our Management Action Plans, which resulted in lower personnel-related and production costs.

Tabloid Publications Segment

Operating Revenue

Total operating revenue in the Tabloid Publications segment was $131.7 million for the fiscal year ended March 31, 2010, representing a decrease of $2.3 million, or 1.8%, from prior year. This reduction in revenue was primarily attributable to the following:

- a $6.2 million decrease in *National Enquirer* newsstand revenue due to lower consumer spending, offset in part by U.S. cover price increases from $3.49 to $3.59 in May 2009, then to $3.69 in October 2009, coupled with favorable currency exchange rates; and
- a $1.0 million decrease in *National Enquirer* advertising revenues caused by a 16% rate base reduction and reduced overall U.S. advertising spending.

These decreases in revenue were partially offset by higher *National Examiner* newsstand revenues caused primarily by cover price increases from $3.29 to $3.39 in May 2009, then to $3.49 in September 2009; a $2.0 million combined decrease in *National Examiner*, *National Enquirer* and *Globe* rack amortization expense; and a $1.7 million increase in *National Enquirer* subscription revenues driven by higher renewal prices.

Operating Income (Loss)

Operating income in the Tabloid Publications segment increased in the fiscal year ended March 31, 2010 from prior year by $4.7 million, or 8.0%, to $63.3 million. This increase in operating income is primarily attributable to the implementation of our Management Action Plans, which resulted in reduced production, transportation and editorial expenses and personnel-related costs.

Women's Health and Fitness Publications Segment

Operating Revenue

Total operating revenue in the Women's Health and Fitness Publications segment was $63.8 million for the fiscal year ended March 31, 2010, representing a decrease of $14.6 million, or 18.6%, from prior year. This revenue reduction was primarily caused by the aforementioned weakness in overall U.S. advertising spending, which impacted *Shape* and *Fit Pregnancy* ($13.7 million). This was coupled with one less issue of *Shape* published during the fiscal year ended March 31, 2010 when compared to prior year.

Operating Income (Loss)

Operating income in the Women's Health and Fitness Publications segment decreased in the fiscal year ended March 31, 2010 from prior year by $4.4 million, or 20.4%, to $17.0 million. This reduction in operating income was primarily attributable to the operating revenue decline mentioned above, which was partially offset by lower editorial, production, distribution, advertising sale expenses and personnel-related costs. These cost reductions were a result of one less issue of *Shape* published during the fiscal year as compared to prior year, as well as the implementation of our Management Action Plans.

Distribution Services Segment

Operating Revenue

Total operating revenue in the Distribution Services segment was $21.5 million, net of eliminations, for the fiscal year ended March 31, 2010, representing a decrease of $3.4 million, or 13.8%, from prior year. This reduction in revenue was primarily attributable to lower newsstand sales for all DSI publishing clients.

Operating Income

Operating income in the Distribution Services segment decreased in the fiscal year ended March 31, 2010 from prior year by $0.9 million, or 12.9%, to $5.9 million caused by the reason discussed above.

Corporate/Other Segment

Operating Revenue

Total operating revenue in the Corporate/Other segment was $93.8 million for the fiscal year ended March 31, 2010, representing a decrease of $17.4 million, or 15.6%, from prior year. This reduction in revenue was primarily attributable to the following:

- a combined $17.1 million advertising revenue decrease for *Muscle & Fitness*, *Flex*, *Men's Fitness*, *Natural Health*, *Fit Pregnancy Mom & Baby* and *Mira!* caused primarily by: (i) the aforementioned market weakness in advertising spending, (ii) the impact of one less issue of *Muscle & Fitness* and *Flex* published during the fiscal year ended March 31, 2010 when compared to prior year, and (iii) a change in strategy to discontinue subscriptions for *Mira!* at the end of fiscal year 2009 and reduce its rate base, which impacted its advertising revenue; and
- a decrease in newsstand revenues for *Muscle & Fitness*, *Flex* and *MiniMags* primarily due to the aforementioned softness in newsstand sales, coupled with one less issue of *Muscle & Fitness* and *Flex* published during the fiscal year ended March 31, 2010 when compared to prior year.

These decreases in revenues were partially offset by newsstand and advertising revenues generated by one additional special publication in fiscal year 2010.

Operating Loss

Operating loss in the fiscal year ended March 31, 2010 decreased from the prior year period by $3.0 million, or 17.1%, to $14.5 million. This decrease in operating loss is primarily due to cost savings as a result of the implementation of our Management Action Plans. These items resulted in reduced production, transportation, editorial, advertising sales expenses and personnel-related costs. These decreases in operating loss were partially offset by the two additional special publications.

Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from operations, cash on hand and amounts available to be borrowed under the 2010 Revolving Credit Agreement. For a description of the terms of the 2010 Revolving Credit Agreement, see Note 6, "Credit Agreement," in the Notes to Consolidated Financial Statements included in Item 8 herein. The 2010 Revolving Credit Agreement consists of a $40.0 million Revolving Credit Facility.

As of March 31, 2011, we had cash and cash equivalents of $21.3 million and a working capital deficit of $5.9 million. The decrease in working capital deficit from $47.8 million at March 31, 2010 to $5.9 million at March 31, 2011, resulted primarily from: (i) a $14.7 million increase in cash and cash equivalents, (ii) a $34.0 million decrease in current portion of long term debt related to the 2010 Restructuring, (iii) a $4.1 million decrease in accounts payable due to timing of payments, (iv) a $6.8 million decrease in accrued expenses and other current liabilities and (v) a $3.5 million increase in inventories. These items were partially offset by: (i) a $17.9 million increase in accrued interest, and (ii) a $3.8 million decrease in prepaid expenses and other current assets.

We currently believe that available funds and cash flows generated by operations will be sufficient to fund our working capital and capital expenditure requirements for at least the next 12 months. We believe that available cash at March 31, 2011 and amounts available under our 2010 Revolving Credit Agreement will mitigate future possible cash flow requirements. To the extent we make future acquisitions, we may require new sources of funding, including additional debt, equity financing or some combination thereof. There can be no assurances that we will be able to secure additional sources of funding or that such additional sources of funding will be available to us on acceptable terms.

As of March 31, 2011 the 2010 Revolving Credit Agreement of $40.0 million had $36.3 million available to be borrowed, consisting of $40.0 million under the 2010 Revolving Credit Agreement less a $3.7 million outstanding letter of credit. At March 31, 2011, our outstanding principal amount of senior secured debt was approximately $489.9 million, consisting of $385.0 million principal amount of First Lien Notes and $104.9 million principal amount of Second Lien Notes. See Item 1A, "Risk Factors," for risks associated with our indebtedness.

Cash Flow—Comparison of Fiscal Year Ended March 31, 2011 to Fiscal Year Ended March 31, 2010

Net cash provided by operating activities was $41.5 million and $40.3 million for the fiscal years ended March 31, 2011 and 2010, respectively. During the fiscal year ended March 31, 2011, net cash provided by operating activities was primarily attributable to: (i) $35.0 million of non-cash expenses (excluding amortization and write-off of deferred rack costs) primarily as a result of $8.1 million non-cash reorganization costs and an $8.6 million loss on extinguishment of debt, $5.3 million increase in deferred income taxes, $3.2 million in amortization of deferred costs and $6.3 million in depreciation and amortization expenses, (ii) a $3.8 million decrease in prepaid expenses and other current assets, and (iii) a $21.3 million increase in accrued interest. These items were partially offset by: (i) $4.2 million decrease in accounts payable due to timing of payments, (ii) $3.2 million decrease in accrued expenses and other current liabilities due to lower personnel-related costs, tax-related accruals, and retail display allowance, (iii) $3.5 million increase in inventories, (iv) $2.2 million increase in other long term assets and (v) $1.2 million decrease in deferred revenues.

Net cash provided by operating activities was $40.3 million for the fiscal year ended March 31, 2010, as compared to net cash provided by operating activities of $9.8 million for the fiscal year ended March 31, 2009. During the fiscal year ended March 31, 2010, net cash provided by operating activities was primarily attributable to: (i) $50.9 million of non-cash expenses (excluding amortization and write-off of deferred rack costs) primarily as a result of a $17.6 million provision for impairment of intangible assets and goodwill, $22.3 million increase in deferred income taxes, $3.9 million in amortization of deferred costs and $6.6 million in depreciation and amortization expenses, (ii) a $11.2 million decrease in trade receivables due to lower advertising revenues and timing of on-sale dates for certain publications, and (iii) a $4.8 million decrease in inventories. These items were partially offset by: (i) $11.7 million decrease in accounts payable due to timing of payments and reduction of the purchase of paper, (ii) $9.1 million decrease in accrued expenses and other current liabilities due to lower personnel-related costs, tax-related accruals, and retail display allowance, and (iii) $3.6 million net decrease in accrued interest due to timing of payments, the fact that we are no longer accruing interest on the tendered portion of the Prior Notes and the interest related to the Old Notes being reflected in the carrying amount of our Subordinated Notes in our Consolidated Balance Sheet included in Item 8 herein.

Net cash used in investing activities was $9.0 million for the fiscal year ended March 31, 2011, as compared to $4.2 million for fiscal year 2010. Net cash used in investing activities for the fiscal year ended March 31, 2011 was primarily attributable to $7.7 million for purchases of property and equipment, including an investment of $3.0 million in our ERP system upgrade, $1.1 million related to the investment in Radar Online, LLC and $0.3 million related to the investment in Mr. Olympia, LLC, partially offset by $0.1 million related to proceeds from the sale of assets. Net cash used in investing activities was $4.2 million for the fiscal year ended March 31, 2010, as compared to $2.7 million for fiscal year 2009. Net cash used in investing activities for the fiscal year ended March 31, 2010 was primarily attributable to $4.6 million for purchases of property and equipment and $0.3 million related to the investment in Mr. Olympia, LLC, partially offset by $0.6 million related to proceeds from the sale of assets.

Net cash used in financing activities was $18.0 million for the fiscal year ended March 31, 2011, as compared to $49.2 million for the fiscal year ended March 31, 2010. Net cash used in financing activities for the fiscal year ended March 31, 2011 primarily consisted of (i) borrowings of $102.0 million and payments of $120.8 million on the revolving facility under our 2009 Credit Agreement (the "Revolving Facility"), as well as required quarterly principal payments on the Term Facility under the 2009 Credit Agreement (the "Term Facility") of $2.2 million and borrowings of $10.0 million and payments of $10.0 million on the 2010 Revolving Credit Agreement (ii) proceeds from the First Lien Notes of $385.0 million and Second Lien Notes of $80.0 million and principal repayment on the Term Facility of $432.9 million, (iii) payment of debt issuance costs of $13.2 million, (iv) make-whole payment of $8.6 million to repay the 2009 Credit Agreement and (v) payment of deferred consent fees of $7.3 million. Net cash used in financing activities was $49.2 million for the fiscal year ended March 31, 2010, as compared to $52.2 million for the fiscal year ended March 31, 2009. Net cash used in financing activities for the fiscal year ended March 31, 2010 primarily consisted of: (i) a $35.0 million payment towards the Revolving Facility, (ii) required quarterly principal payments on the Term Facility under the 2009 Credit Agreement totaling $4.5 million, (iii) a $14.0 million payment on the 2009 Notes and (iv) $6.0 million borrowed on our Revolving Facility.

Cash Flow—Comparison of Fiscal Year Ended March 31, 2010 to Fiscal Year Ended March 31, 2009

Net cash provided by operating activities was $40.3 million for the fiscal year ended March 31, 2010, as compared to net cash provided by operating activities of $9.8 million for the fiscal year ended March 31, 2009. During the fiscal year ended March 31, 2010, net cash provided by operating activities was primarily attributable to: (i) $50.9 million of non-cash expenses (excluding amortization and write-off of deferred rack costs) primarily as a result of a $17.6 million provision for impairment of intangible assets and goodwill, $22.3 million increase in deferred income taxes, $3.9 million in amortization of deferred costs and $6.6 million in depreciation and amortization expenses, (ii) a $11.2 million decrease in trade receivables due to lower advertising revenues and timing of on-sale dates for certain publications, and (iii) a $4.8 million decrease in inventories. These items were partially offset by: (i) $11.7 million decrease in accounts payable due to timing of payments and reduction of the purchase of paper, (ii) $9.1 million decrease in accrued expenses and other current liabilities due to lower personnel-related costs, tax-related accruals, and retail display allowance, and (iii) $3.6 million net decrease in accrued interest due to timing of payments, the fact that we are no longer accruing interest on the tendered portion of the Prior Notes and the interest related to the Old Notes being reflected in the carrying amount of our Subordinated Notes in our Consolidated Balance Sheet included in Item 8 herein.

Net cash provided by operating activities was $9.8 million for the fiscal year ended March 31, 2009. During the fiscal year ended March 31, 2009, net cash provided by operating activities was primarily attributable to: (i) $199.3 million of non-cash expenses (excluding amortization and write-off of deferred rack costs) primarily as a result of a $217.4 million provision for impairment of intangible assets and goodwill, $9.8 million in amortization of deferred costs and $9.6 million in depreciation and amortization expenses, offset in part by a $31.2 million decrease in deferred income taxes, a $4.9 million gain on extinguishment of debt and a $4.0 million decrease in management fee payable as a result of the Management Agreement being terminated, (ii) a $18.9 million net decrease in accrued interest due to timing of payments, the fact that we are no longer accruing interest on the tendered portion of the Old Notes and the interest related to the Prior Notes being reflected in the carrying amount of our Subordinated Notes in our Consolidated Balance Sheet included in Item 8, and (iii) a $10.3 million decrease in inventories as we purchased less paper. These items were partially offset by: (i) a $183.3 million net loss, (ii) a $15.1 million decrease in accounts payable due to timing of payments and reduction of purchase of paper, (iii) a decrease in accrued expenses and other liabilities of $10.7 million, (iv) an increase in trade receivables of $6.5 million, and (v) $3.9 million decrease in deferred revenues.

Net cash used in investing activities was $4.2 million for the fiscal year ended March 31, 2010, as compared to $2.7 million for fiscal year 2009. Net cash used in investing activities for the fiscal year ended March 31, 2010 was primarily attributable to $4.6 million for purchases of property and equipment and $0.3 million related to the investment in Mr. Olympia, LLC, partially offset by $0.6 million related to proceeds from the sale of assets. Net cash used in investing activities for the fiscal year ended March 31, 2009 was primarily attributable to $3.0 million for purchases of property and equipment and $0.3 million related to the investment in Mr. Olympia, LLC, partially offset by $0.5 million related to proceeds from the sale of discontinued operations.

Net cash used in financing activities was $49.2 million for the fiscal year ended March 31, 2010, as compared to $52.2 million for the fiscal year ended March 31, 2009. Net cash used in financing activities for the fiscal year ended March 31, 2010 primarily consisted of: (i) a $35.0 million payment towards the Revolving Facility, (ii) required quarterly principal payments on the Term Facility under the 2009 Credit Agreement totaling $4.5 million, (iii) a $14.0 million payment on the 2009 Notes and (iv) $6.0 million borrowed on our Revolving Facility. Net cash used in financing activities for the fiscal year ended March 31, 2009 primarily consisted of: (i) $22.5 million related to costs associated with the offering, the tender offers and consent solicitations and the 2009 Credit Agreement, (ii) a $10.0 million payment towards the Revolving Facility, (iii) a fiscal year 2008 Excess Cash Flow payment of $8.1 million, (iv) $6.6 million in payment of consent fees, (v) required quarterly principal payments on the term facility under the 2006 Credit Agreement totaling $4.5 million, and (vi) net payments of $0.4 million associated with the offering.

Credit Agreement and Subordinated Indebtedness

On December 31, 2008, we entered into the 2009 Credit Agreement, which replaced our 2006 Credit Agreement. The 2009 Credit Agreement became effective on January 30, 2009. The 2009 Credit Agreement included the $60.0 million Revolving Facility and the $450.0 million Term Facility. The 2009 Credit Agreement was terminated and discharged in full on December 22, 2010, the Effective Date of the Plan. For a description of our repayment of the 2009 Credit Agreement, see Note 1, "Description of Business, Basis of Presentation and Summary of Significant Accounting Policies," to the Consolidated Financial Statements included in Item 8 herein.

During the fiscal year ended March 31, 2011, we borrowed, and subsequently repaid, $10.0 million under the 2010 Revolving Credit Agreement. The 2010 Revolving Credit Agreement of $40.0 million had $36.3 million available to be borrowed as of March 31, 2011, consisting of $40.0 million under the 2010 Revolving Credit Agreement less a $3.7 million outstanding letter of credit.

The 2010 Revolving Credit Agreement requires us to pay, from the effective date until the commitments expire under the 2010 Revolving Credit Agreement, a commitment fee ranging from 0.50% to 0.75% of the unused portion of the commitment. The 2009 Credit Agreement required us to pay, from the effective date of the 2009 Credit Agreement until the termination of commitments under the Revolving Facility, a commitment fee equal to 1.0% of the unused portion of such revolving commitments. Commitment fee payments under the 2010 Revolving Credit Agreement and the 2009 Credit Agreement during the fiscal year ended March 31, 2011 and under the 2009 Credit Agreement during the fiscal year ended March 31, 2010 were insignificant.

Under the 2010 Revolving Credit Agreement, we have the option to pay interest based on a (i) floating base rate option equal to the greatest of (x) the prime rate in effect on such day, (y) the federal funds effective rate in effect on such day plus ½ of 1%, and (z) one month LIBOR (but not less than 2%) plus 1% or (ii) based on LIBOR in each case plus a margin.

During the fiscal year ended March 31, 2011, prior to repayment of the 2009 Credit Agreement, we made the required quarterly principal payments on our Term Facility of $2.2 million and paid down $120.8 million and borrowed $102.0 million under our Revolving Credit Facility and $10.0 million under our 2010 Revolving Credit Agreement.

The effective weighted-average interest rate under the 2010 Revolving Credit Agreement, including amounts borrowed under the 2010 Revolving Credit Agreement, as of March 31, 2011 was 8.25%. The effective weighted-average interest rate under the 2009 Credit Agreement as of December 21, 2010, the date the 2009 Credit Agreement was terminated, was 10%.

The 2010 Revolving Credit Agreement includes certain representations and warranties, conditions precedent, affirmative covenants, negative covenants and events of default customary for agreements of this type. The negative covenants include a financial maintenance covenant comprised of a first lien leverage ratio. The 2010 Revolving Credit Agreement also contains certain covenants that, subject to certain exceptions, restrict paying dividends, incurring additional indebtedness, creating liens, making acquisitions or other investments, entering into certain mergers or consolidations and selling or otherwise disposing of assets. As of March 31, 2011, we are in compliance with the financial covenant under the 2010 Revolving Credit Agreement.

The indebtedness under the 2010 Revolving Credit Agreement is guaranteed by certain of our domestic subsidiaries and is secured by liens on substantially all our assets and certain domestic subsidiaries. In addition, our obligations are secured by a pledge of all the issued and outstanding shares of, or other equity interests in, certain of our existing or subsequently acquired or organized domestic subsidiaries and a percentage of the capital stock of, or other equity interests in, certain existing or subsequently acquired or organized foreign subsidiaries. Due to the merger of AMI and AMOI, the borrower under the 2010 Revolving Credit Agreement is AMI. The equity interests of AMI have not been pledged to the lenders, unlike under the 2009 Credit Agreement, in which AMOI was the borrower, and its equity interests were pledged to the lenders.

Although there can be no assurances, we anticipate that, based on current projections (including projected borrowings and repayments under the 2010 Revolving Credit Agreement), our operating results for fiscal year 2012 will be sufficient to satisfy the first lien leverage ratio financial covenant under the 2010 Revolving Credit Agreement. Our ability to satisfy such financial covenant is dependent on our business performing in accordance with our projections. If the performance of our business deviates from our projections, we may not be able to satisfy such financial covenant. Our projections are subject to a number of factors, many of which are events beyond our control, which could cause our actual results to differ materially from our projections. If we do not comply with our financial covenant we will default under the 2010 Revolving Credit Agreement.

Calculations of the first lien leverage ratio in the 2010 Revolving Credit Agreement utilize Debt Covenant EBITDA. The following table summarizes Debt Covenant EBITDA for the 3 months and 12 months ended March 31, 2011 and March 31, 2010, respectively. "Debt Covenant EBITDA" is defined as Adjusted EBITDA further adjusted for gains or costs related to closures or re-launches of publications, restructuring costs and severance, certain professional fees and other one-time costs. Debt Covenant EBITDA is used in calculating covenant compliance under the 2010 Revolving Credit Agreement and was used in calculating covenant compliance under the 2009 Credit Agreement. Adjusted EBITDA and Debt Covenant EBITDA are not measures of financial performance in accordance with GAAP. These measurements should not be considered as alternatives to net income (loss) as a measure of operating performance. Our calculations of Adjusted EBITDA and Debt Covenant EBITDA may be different from the calculations used by other companies, and therefore comparability may be limited. We present Adjusted EBITDA to provide additional information regarding our performance and because it is a measure by which we gauge our profitability. In addition, information concerning Debt Covenant EBITDA is being presented because it reflects important components included in the financial covenants of the 2010 Revolving Credit Agreement and 2009 Credit Agreement.

	For the Three Months Ended March 31,		For the Twelve Months Ended March 31,	
	2011	2010	2011	2010
Net Income (Loss) Attributable to American Media Inc. and Subsidiaries	$ (1,445)	$ 19,531	$ (4,473)	$ 3,218
Add (deduct):				
Interest expense	14,972	12,255	56,531	50,601
Provision (benefit) for income taxes	13,419	(2,298)	4,003	22,756
Depreciation and amortization	1,624	1,518	6,334	6,633
Amortization of deferred debt costs	347	930	3,217	3,893
Amortization of deferred rack costs	1,748	1,371	7,411	5,892
Amortization of short-term racks	1,650	1,002	4,963	4,009
Provision for impairment of intangible assets and goodwill	-	-	-	17,595
Loss on extinguishment of debt	-	-	8,612	-
Adjusted EBITDA	$ 32,315	$ 34,309	$ 86,598	$ 114,597
Add (deduct):				
Costs related to closures and re-launch of publications	(5)	-	581	-
Restructuring costs and severance	1,564	-	29,014	-
Other	1,100	-	1,100	(610)
Debt Covenant EBITDA	$ 34,974	$ 34,309	$ 117,293	$ 113,987

Our Senior PIK Notes were unsecured senior obligations and were effectively subordinated to all our existing and future secured debt, including obligations under the 2009 Credit Agreement. The 2009 Credit Agreement prohibited the payment of cash interest on the Senior PIK Notes.

The Subordinated Notes were unsecured senior subordinated obligations and were subordinated in right of payment to our existing and future senior debt, including obligations under the 2009 Credit Agreement and the Senior PIK Notes. As discussed in Note 1, "Description of Business, Basis of Presentation and Summary of Significant Accounting Policies," to the Consolidated Financial Statements included in Item 8, on December 22, 2010, holders of the Subordinated Notes received 98% of newly issued common stock (subject to dilution) and the holders of the Senior PIK Notes received Second Lien Notes. The holders of the 2011 Notes received approximately 2% of the newly issued common stock.

Pursuant to the indenture governing the Subordinated Notes, beneficial owners of the Subordinated Notes, prior to the 2010 Restructuring, who together beneficially owned more than 75% in aggregate principal amount of the outstanding Subordinated Notes, consented on behalf of all holders of the Subordinated Notes that the $23.7 million interest payment, including $16.6 million of cash interest due May 1, 2010, be deferred until June 21, 2010. Although interest with respect to the Subordinated Notes was payable at a rate of 10% per annum in cash and 4% per annum in the form of additional Subordinated Notes, in accordance with the terms of the indenture governing the Subordinated Notes, and at the request of the requisite holders of Subordinated Notes, the full amount of the May 1, 2010 interest payment was paid entirely in the form of additional Subordinated Notes on June 21, 2010. In addition, pursuant to the indenture governing the Subordinated Notes, the November 1, 2010 interest payment was deferred until January 3, 2011 and was ultimately waived as part of the 2010 Restructuring.

On December 1, 2010, AMO Escrow Corporation, AMOI's non-Debtor subsidiary, issued $385.0 million aggregate principal amount of First Lien Notes. On the Effective Date, AMO Escrow Corporation merged with and into us and we assumed the obligations with respect to the First Lien Notes. The First Lien Notes will mature on December 15, 2017. Interest on the First Lien Notes accrues at the rate of 11.5% per annum based upon the outstanding principal amount.

On the Effective Date, we issued $80.0 million aggregate principal amount of Second Lien Notes and exchanged $24.9 million aggregate principal amount Senior PIK Notes for $24.9 million aggregate principal amount Second Lien Notes. The Second Lien Notes will mature on June 15, 2018. Interest on the Second Lien Notes accrues at the rate of 13.5% per annum based upon the outstanding principal amount.

Interest on the First Lien Notes and the Second Lien Notes is payable semi-annually on June 15 and December 15 of each year, commencing on June 15, 2011. Interest accrues from the most recent date to which interest has been paid or, if no interest has been paid, from the issue date such notes. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

In April 2011, we redeemed $10.0 million aggregate principal amount of the First Lien Notes, which are reflected in the current portion of senior secured notes in the Consolidated Balance Sheet as of March 31, 2011, at a redemption price equal to 103.0% of the aggregate principal amount thereof, plus accrued and unpaid interest On May 25, 2011, pursuant to the terms of the First Lien Notes Indenture, we announced a plan to redeem, on June 30, 2011, an additional $10.0 million aggregate principal amount of the First Lien Notes at a redemption price equal to 103.0% of the aggregate principal amount thereof, plus accrued and unpaid interest.

On June 22 2011, we entered into a limited liability company agreement to form a joint venture, Odyssey Magazine Publishing Group, LLC ("Odyssey"). Also on June 22, 2011, pursuant to an Asset Purchase Agreement, Odyssey acquired certain assets of *OK! Weekly* magazine from Northern & Shell North America Ltd. ("NSNA").

In light of the investment in Odyssey, we launched a consent solicitation to rescind the aforementioned redemption (the "Consent Solicitation") on June 16, 2011. Pursuant to the terms of the First Lien Notes Indenture, 100% of the holders of the First Lien Notes must agree to the Consent Solicitation. If 100% of the holders of the First Lien Notes do not agree to the Consent Solicitation, we will have sufficient liquidity under the Revolving Credit Facility, combined with cash on hand, to fund the $10.0 million aggregate principal amount of the First Lien Notes on June 30, 2011.

Contractual Obligations

The impact that our aggregate contractual obligations as of March 31, 2011 are expected to have on our liquidity and cash flow in future periods is as follows (in thousands):

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	4-5 Years	More Than 5 Years
Long-term debt obligations, principal (1)	$ 489,889	$ 10,000	$ -	$ -	$ 479,889
Long-term debt obligations, interest (2)	$ 393,644	$ 57,831	$ 115,585	$ 115,445	$ 104,783
Operating lease obligations	$ 29,673	$ 4,991	$ 3,381	$ 2,972	$ 18,329
Printing agreement obligations (3)	$ 357,585	$ 49,786	$ 102,795	$ 107,247	$ 97,757
Pre-press obligations (4)	$ 20,272	$ 4,735	$ 5,527	$ 5,209	$ 4,801
Trademark license agreement (5)	$ 1,200	$ 200	$ 400	$ 400	$ 200
Mr. Olympia, LLC agreement (6)	$ 3,900	$ 300	$ 600	$ 600	$ 2,400
Transportation Agreement (7)	$ 52,463	$ 7,180	$ 14,955	$ 15,782	$ 14,546
Other agreements (8)	$ 7,833	$ 1,833	$ 4,000	$ 2,000	$ -
Subscription agreement (9)	$ 20,671	$ 5,454	$ 11,104	$ 4,113	$ -
Total contractual obligations (10)	$ 1,377,130	$ 142,310	$ 258,347	$ 253,768	$ 722,705

(1) Includes principal payments on both fixed and variable rate obligations.

(2) Includes interest payments on both fixed and variable rate obligations and a commitment fee ranging from 0.50% to 0.75% on the unused portion of our 2010 Revolving Credit Agreement. The interest to be paid on variable rate obligations is affected by changes in our capital applicable borrowing rate subject to a 2.0% floor, which materially affect the contractual obligation amounts to be paid. See Note 6, "Credit Agreement," Note 7, "Senior Subordinated Indebtedness" and Note 8 "Senior Secured Indebtedness" in the Notes to Consolidated Financial Statements in Item 8 herein.

(3) We have a printing agreement expiring in our fiscal year 2018 with an unrelated printer to print *National Enquirer, Globe, Shape, Men's Fitness, Fit Pregnancy, Muscle & Fitness, Muscle & Fitness Hers, Flex, Natural Health, National Examiner, Sun* and *Country Weekly*. We have printing agreements to print *Star* with unrelated printers expiring in our fiscal year 2012 and fiscal year 2018, respectively. These contracts require pricing adjustments based on the Consumer Price Index. Based on current pricing and production levels, these contracts are estimated to cost approximately $357.6 million over their remaining life.

(4) We have a pre-press agreement expiring in our fiscal year 2018 with an unrelated company to perform pre-press services for *Shape, Men's Fitness, Fit Pregnancy, Muscle & Fitness, Muscle & Fitness Hers, Flex* and *Natural Health*. All other titles are under a pre-press agreement with a related company expiring in our fiscal year 2013. Based on current pricing and production levels, these contracts, one of which requires pricing adjustments based on changes in the Consumer Price Index, are estimated to cost approximately $20.3 million over their remaining life. See Note 10, "Related Party Transactions," in the Notes to Consolidated Financial Statements included in Item 8 herein for a discussion of our pre-press relationship with Vertis.

(5) As part of the acquisition of Weider Publications LLC in January 2003, we entered into a trademark license agreement with Weider Health and Fitness that grants us the exclusive right to use the Weider trademarks on the cover and in the editorial content of existing Weider titles of the acquired business and in any future healthy living or fitness-related publications in any media. We were also given the non-exclusive right to use the trade name Joe Weider on products and services other than publications. We pay Weider Health and Fitness $0.2 million per year pursuant to the trademark license agreement and we have assumed that such payments will continue through 2017. We also have the right to use the Weider, Team Weider and Joe Weider trademarks in most other countries in the world.

(6) In April 2005, we entered into a limited liability company agreement (the "Olympia Agreement") to form a joint venture ("Mr. Olympia, LLC") to manage and promote the Mr. Olympia fitness events. At any time prior to the 10th anniversary of the execution date of the Olympia Agreement the other limited liability company member may require us to purchase all of the limited liability company units ("Put Option") for a cash purchase price of $3.0 million. In the event that the other limited liability company member does not exercise the Put Option, for a period of 120 days following the 10th anniversary of the date of execution of the Olympia Agreement, we may require the other limited liability company member to sell all of its limited liability company units ("Call Option") for a sale price of $3.0 million. In April 2005, the other limited liability company member licensed certain trademarks related to the Mr. Olympia fitness events (collectively, the "Olympia Trademarks") to Mr. Olympia, LLC in exchange for us paying $3.0 million over a 10 year period. In the event that the Put Option or Call Option is exercised, the Olympia Trademarks will be transferred and owned by Mr. Olympia, LLC. Any remaining balance of the $3.0 million license fee will become due and payable upon such exercise. In the event that the Put Option or Call Option is not exercised, Mr. Olympia, LLC retains the right to the Olympia Trademarks in perpetuity once the $3.0 million license fee is paid. We have assumed that such Call Option will be exercised in 2015. See Note 11, "Investments in Joint Ventures - Mr. Olympia, LLC," in the Notes to Consolidated Financial Statements included in Item 8 herein for a discussion of the Olympia Agreement.

(7) We have a transportation agreement expiring in fiscal 2018 with an unrelated company to deliver some of our publications to wholesalers within the continental United States and Canada.

(8) We have a consulting agreement expiring in fiscal year 2015 with an unrelated company to assist us with the marketing of our brands.

(9) We have a subscription agreement expiring in fiscal year 2015 with an unrelated company for subscription fulfillment services.

(10) The timing of future cash flows related to tax liabilities of $0.4 million cannot be reasonably estimated. See Note 5, "Income Taxes," in the Notes to Consolidated Financial Statements in Item 8 herein.

New Accounting Pronouncements

In January 2010, the FASB issued ASU No. 2010-06, "*Improving Disclosures about Fair Value Measurements*" ("ASU 2010-06"). ASU 2010-06 amends the Fair Value Measurements and Disclosures Topic to require additional disclosures regarding fair value measurements. The amended guidance requires entities to disclose additional information regarding assets and liabilities that are transferred between levels of the fair value hierarchy. Entities are also required to disclose information in the Level 3 rollforward about purchases, sales, issuances and settlements on a gross basis. In addition to these new disclosure requirements, ASU 2010-06 clarifies existing guidance pertaining to the level of disaggregation at which fair value disclosures should be made and the requirements to disclose information about the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. The guidance in ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the requirement to separately disclose purchases, sales, issuances and settlements in the Level 3 rollforward, which becomes effective for fiscal years (and for interim periods within those fiscal years) beginning after December 15, 2010. Our adoption of ASU 2010-06, effective January 1, 2010, did not have a material impact on our results of operations, financial position, cash flows and disclosures. We do not expect the deferred portion of the adoption of ASU 2010-06 to have a material impact on our results of operations, financial position, cash flows and disclosures.

In September 2010, the FASB published Concepts Statement (CON) No. 8 ("CON No. 8"), Conceptual Framework for Financial Reporting: Chapter 1, *The Objective of General Purpose Financial Reporting*, and Chapter 3, *Qualitative Characteristics of Useful Financial Information*. FASB CON No. 8 replaces CON No. 1, *Objectives of Financial Reporting by Business Enterprises*, and CON No. 2, *Qualitative Characteristics of Accounting Information*. Our adoption of CON No. 8 did not have a material impact on our results of operations, financial position, cash flows and disclosures.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks that are inherent in our financial statements. We are subject to interest rate risk on our credit facilities and any future financing requirements. Our fixed rate debt consists primarily of the New Notes.

Our primary market risk exposures relate to (1) the interest rate risk on long-term borrowings, (2) the impact of interest rate movements on our ability to meet interest expense requirements and comply with financial covenants, (3) the impact of interest rate movements on our ability to obtain adequate financing to fund acquisitions, (4) the impact of paper or postage cost increases and (5) the impact of changes in distribution and placement costs. We manage the interest rate risk on our outstanding long-term debt through our use of fixed and variable rate debt.

During the fiscal year 2011, the Company borrowed, and subsequently paid, $10.0 million under the 2010 Revolving Credit Agreement. The balance of the 2010 Revolving Credit Agreement was $0.0 million on March 31, 2011.

Exchange Rate Sensitivity

We face exposures to adverse movements in foreign currency exchange rates, as a portion of our revenues, expenses, assets and liabilities are denominated in currencies other than the U.S. dollar, primarily the Canadian dollar, the British pound, and the Euro. These exposures may change over time as business practices evolve. Currently, we do not hold any derivatives contracts that hedge our foreign currency risk, but we may adopt such strategies in the future.

Item 8. ***Financial Statements and Supplementary Data***

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS:

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of American Media, Inc.:
Boca Raton, Florida

We have audited the accompanying consolidated balance sheets of American Media, Inc. and subsidiaries (the "Company") as of March 31, 2011 and 2010, and the related consolidated statements of income (loss), stockholders' deficit and comprehensive income (loss), and cash flows for each of the three fiscal years in the period ended March 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2011 and 2010, and the results of its operations and its cash flows for each of the three fiscal years in the period ended March 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, on December 20, 2010, the Bankruptcy Court entered an order confirming the plan of reorganization which became effective on December 22, 2010. Under the plan of reorganization, the Company is required to comply with certain terms and conditions as more fully described in Note 1 to the consolidated financial statements.

/s/ DELOITTE & TOUCHE LLP
Certified Public Accountants

Boca Raton, Florida
June 27, 2011

AMERICAN MEDIA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share information)

ASSETS	March 31, 2011	March 31, 2010
CURRENT ASSETS:		
Cash and cash equivalents	$ 21,285	$ 6,606
Trade receivables, net of allowance for doubtful accounts of $4,295 and $5,359, respectively	47,830	48,503
Inventories	16,919	13,448
Prepaid expenses and other current assets	16,416	20,232
Total current assets	102,450	88,789
PROPERTY AND EQUIPMENT, NET:		
Leasehold improvements	1,833	1,824
Furniture, fixtures and equipment	36,570	31,799
Less – accumulated depreciation	(27,763)	(27,129)
Total property and equipment, net	10,640	6,494
OTHER ASSETS:		
Deferred debt costs, net	12,807	10,938
Deferred rack costs, net	7,592	8,461
Other long-term assets	4,134	3,257
Total other assets	24,533	22,656
GOODWILL AND OTHER IDENTIFIED INTANGIBLE ASSETS:		
Goodwill	230,885	230,885
Other identified intangibles, net of accumulated amortization of $107,407 and $104,786, respectively	269,013	271,635
Total goodwill and other identified intangible assets	499,898	502,520
TOTAL ASSETS	$ 637,521	$ 620,459
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Term loan (See Notes 1 and 6)	$ -	$ 4,500
Senior secured notes (See Note 8)	10,000	-
Senior subordinated notes, net (including $32.0 million in future interest payments as of March 31, 2010 - See Notes 1 and 7)	-	39,458
Accounts payable	11,560	15,679
Accrued expenses and other liabilities	31,727	38,555
Accrued interest	19,323	1,433
Deferred revenues	35,758	36,929
Total current liabilities	108,368	136,554
NON-CURRENT LIABILITIES:		
Term loan and revolving credit facility (See Notes 1 and 6)	-	449,371
Senior secured notes (See Notes 1 and 8)	479,889	-
Senior subordinated notes, net (including $166.4 million in future interest payments as of March 31, 2010 - See Notes 1 and 7)	-	521,151
Other non-current liabilities	1,438	9,083
Deferred income taxes	90,704	82,734
Total liabilities	680,399	1,198,893
COMMITMENTS AND CONTINGENCIES (Note 12)		
STOCKHOLDERS' DEFICIT:		
Common stock, $0.0001 par value; 14,000,000 shares authorized; 10,000,000 issued and outstanding as of March 31, 2011; 7,500,000 shares authorized; 6,284,360 issued and outstanding as of March 31, 2010	1	1
Additional paid-in capital	822,773	282,747
Accumulated deficit	(865,475)	(861,002)
Accumulated other comprehensive loss	(177)	(180)
Total stockholders' deficit	(42,878)	(578,434)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 637,521	$ 620,459

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

AMERICAN MEDIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
For the Three Fiscal Years in the Period Ended March 31, 2011
(in thousands)

	Fiscal Year Ended		
OPERATING REVENUES:	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**
Circulation	$ 228,694	$ 246,214	$ 254,959
Advertising	135,868	134,281	171,127
Other	33,077	31,935	35,563
Total operating revenues	397,639	412,430	461,649
OPERATING EXPENSES:			
Editorial	42,912	44,307	48,779
Production	106,799	119,660	141,997
Distribution, circulation and other cost of sales	69,354	71,893	86,225
Selling, general and administrative	78,213	71,365	84,756
Depreciation and amortization	6,334	6,633	9,573
Provision for impairment of intangible assets and goodwill	-	17,595	217,350
Total operating expenses	303,612	331,453	588,680
OPERATING INCOME (LOSS)	94,027	80,977	(127,031)
OTHER (EXPENSE) INCOME:			
Interest expense	(56,531)	(50,601)	(85,251)
Amortization of deferred debt costs	(3,217)	(3,893)	(9,849)
Other (expense) income, net	(1,100)	-	537
Reorganization costs (Note 1)	(24,527)	-	-
(Loss) gain on extinguishment of debt (Note 1)	(8,612)	-	4,858
Total other expense	(93,987)	(54,494)	(89,705)
INCOME (LOSS) BEFORE PROVISION (BENEFIT) FOR INCOME TAXES AND INCOME FROM DISCONTINUED OPERATIONS	40	26,483	(216,736)
PROVISION (BENEFIT) FOR INCOME TAXES	4,003	22,756	(33,339)
(LOSS) INCOME FROM CONTINUING OPERATIONS	(3,963)	3,727	(183,397)
INCOME FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	-	-	500
NET (LOSS) INCOME	(3,963)	3,727	(182,897)
LESS: NET INCOME ATTRIBUTABLE TO THE NONCONTROLLING INTEREST	(510)	(509)	(426)
NET (LOSS) INCOME ATTRIBUTABLE TO AMERICAN MEDIA, INC. AND SUBSIDIARIES	$ (4,473)	$ 3,218	$ (183,323)

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

AMERICAN MEDIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT AND COMPREHENSIVE INCOME (LOSS)
For the Three Fiscal Years in the Period Ended March 31, 2011
(in thousands, except share information)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficit	Comprehensive Income (Loss)
Balances, March 31, 2008	7,508	$ 2	$ 281,671	$ (680,897)	$ 142	$ (399,082)	
Net loss	-	-	-	(182,897)	-	(182,897)	$ (182,897)
Foreign currency translation	-	-	-	-	(321)	(321)	(321)
Retirement of common stock	(7,508)	(2)	-	-	-	(2)	-
Issuance of common stock	5,994,411	1	1,024	-	-	1,025	-
Comprehensive loss	-	-	-	-	-	-	(183,218)
Comprehensive income attributable to the noncontrolling interest	-	-	-	426	-	426	426
Comprehensive loss attributable to American Media, Inc. and Subsidiaries							$ (183,644)
Balances, March 31, 2009	5,994,411	1	282,695	(864,220)	(179)	(581,703)	
Net income	-	-	-	3,727	-	3,727	$ 3,727
Foreign currency translation	-	-	-	-	(1)	(1)	(1)
Issuance of common stock	289,949	-	52	-	-	52	-
Comprehensive income	-	-	-	-	-	-	3,726
Comprehensive income attributable to the noncontrolling interest	-	-	-	509	-	509	509
Comprehensive income attributable to American Media, Inc. and Subsidiaries							$ 3,217
Balances, March 31, 2010	6,284,360	1	282,747	(861,002)	(180)	(578,434)	
Net income	-	-	-	(3,963)	-	(3,963)	$ (3,963)
Foreign currency translation	-	-	-	-	3	3	3
Retirement of common stock (Note 1)	(6,284,360)	(1)	(282,747)	-	-	(282,748)	-
Issuance of common stock (Note 1)	10,000,000	1	235,799	-	-	235,800	-
Gain on restructuring (Note 1)	-	-	586,974	-	-	586,974	-
Comprehensive loss	-	-	-	-	-	-	(3,960)
Comprehensive income attributable to the noncontrolling interest	-	-	-	510	-	510	510
Comprehensive income attributable to American Media, Inc. and Subsidiaries	-	-	-	-	-	-	$ (4,470)
Balances, March 31, 2011	10,000,000	$ 1	$ 822,773	$ (865,475)	$ (177)	$ (42,878)	

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

AMERICAN MEDIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Fiscal Years in the Period Ended March 31, 2011
(in thousands)

	Fiscal Year Ended		
	March 31, 2011	March 31, 2010	March 31, 2009
Cash Flows from Operating Activities:			
Net (loss) income	$ (3,963)	$ 3,727	$ (182,897)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation of property and equipment	3,713	3,283	2,973
Amortization of other identified intangibles	2,621	3,350	6,600
Loss (gain) on extinguishment of debt (Note 1)	8,612	-	(4,858)
Provision for impairment of intangible assets and goodwill	-	17,595	217,350
Provision for bad debts	2,167	1,612	2,248
Amortization of deferred debt costs	3,217	3,893	9,849
Amortization of deferred rack costs	7,411	5,892	11,232
Net income attributable to the noncontrolling interest	(510)	(509)	(426)
Provision for excess and obsolete inventory	-	-	94
Deferred income tax provision (benefit)	5,262	22,273	(31,225)
Management fee payable	-	-	(4,000)
Non-cash reorganization costs	8,068	-	-
Other	1,294	(1,121)	280
Decrease (increase) in operating assets:			
Trade receivables	(278)	11,161	(6,450)
Inventories	(3,471)	4,815	10,272
Prepaid expenses and other current assets	3,816	(4,450)	(1,553)
Deferred rack costs	(6,542)	(7,667)	(10,169)
Other long-term assets	(2,188)	(946)	439
Increase (decrease) in operating liabilities:			
Accounts payable	(4,162)	(11,720)	(15,112)
Accrued expenses and other current liabilities	(3,168)	(9,140)	(10,689)
Accrued interest	21,254	(3,635)	18,897
Deferred revenues	(1,171)	(813)	(3,924)
Other non-current liabilities	(486)	2,650	833
Total adjustments and changes in operating assets and liabilities	45,459	36,523	192,661
Net cash provided by operating activities	41,496	40,250	9,764
Cash Flows from Investing Activities:			
Purchases of property and equipment	(7,720)	(4,571)	(2,972)
Proceeds from sale of assets	88	649	45
Proceeds from sale of discontinued operations	-	-	500
Investment in Radar Online, LLC	(1,100)		
Investment in Mr. Olympia, LLC	(300)	(300)	(300)
Net cash used in investing activities	(9,032)	(4,222)	(2,727)
Cash Flows from Financing Activities:			
Proceeds from revolving credit facility	112,000	6,000	74,000
Term loan and revolving credit facility principal repayments	(565,871)	(39,500)	(96,629)
Proceeds from issuance of first lien notes	385,000	-	-
Proceeds from issuance of second lien notes	80,000	-	-
Make whole payment to repay 2009 Credit Agreement	(8,612)	-	-
Payment of deferred consent fees	(7,339)	-	(6,624)
Payment to retire senior subordinated indebtedness	-	(14,025)	-
Payment of restructuring costs, net	-	-	(407)
Payment of debt costs	(13,154)	(1,685)	(22,517)
Net cash used in financing activities	(17,976)	(49,210)	(52,177)
Effect of exchange rate changes on cash	191	793	(31)
Net Increase (decrease) in Cash and Cash Equivalents	14,679	(12,389)	(45,171)
Cash and Cash Equivalents, Beginning of Period	6,606	18,995	64,166
Cash and Cash Equivalents, End of Period	$ 21,285	$ 6,606	$ 18,995
Supplemental Disclosures of Cash Flow and Non-Cash Financing Activities Information:			
Cash paid during the period for -			
Income taxes	$ 278	$ 1,934	$ 528
Interest	$ 33,681	$ 53,473	$ 63,983
Non-cash property and equipment (incurred but not paid)	$ 119	$ 75	$ 1,134
Non-cash debt costs (incurred but not paid)	$ -	$ 650	$ 7,610
Non-cash portion of debt extinguishment	$ -	$ -	$ 112,159
Non-cash portion of debt issuance	$ 24,727	$ 33,791	$ 12,058
Non-cash debt-for-equity exchange	$ 540,026	$ -	$ -
Non-cash exchange of second lien notes	$ 24,889	$ -	$ -

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

AMERICAN MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Description of Business, Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

On December 22, 2010, American Media Operations, Inc. ("AMOI") was merged with and into American Media, Inc. ("AMI"), a corporation organized and existing under the laws of the State of Delaware and AMOI's immediate parent corporation prior to the merger. As such, AMI is the continuing entity, including for financial reporting purposes. Given AMI was a holding company with only one subsidiary and owned 100% of AMOI, the merger did not result in a change in the historical cost basis of AMI's consolidated assets and liabilities. As the merger occurred between entities under common control, the historical consolidated financial statements of AMOI are presented as the consolidated financial statements of AMI and the Consolidated Financial Statements contained herein have been prepared as if AMI has always been the reporting company. The merger was unrelated to the restructuring discussed below.

The Consolidated Financial Statements include the accounts of AMI and its subsidiaries (collectively, the "Company"). The Company consolidates all majority owned subsidiaries and investments in entities in which it has a controlling influence. Non-majority owned investments are accounted for using the equity method when the Company has the ability to significantly influence the operating decisions of the issuer. When the Company does not have the ability to significantly influence the operating decisions of an issuer, the cost method is used. All intercompany accounts and transactions have been eliminated in consolidation.

As of March 31, 2011, the Company published six weekly publications: *National Enquirer, Star, Globe, National Examiner, Country Weekly*, and *Sun*; three monthly publications: *Muscle & Fitness, Shape* and *Flex*; two bi-monthly publications: *Fit Pregnancy* and *Muscle & Fitness Hers*; one publication that is published 10 times per year: *Men's Fitness;* and one publication that is published 8 times per year: *Natural Health*. Distribution Services, Inc. ("DSI"), the Company's wholly owned subsidiary, arranges for the placement of the Company's publications and third-party publications with retailers, and monitors through its regional managers and merchandising staff that our publications and third-party publications are properly displayed in stores, primarily national and regional supermarket chains and major retail chains such as Walmart, Kroger Companies, Safeway, Super Valu/Albertsons, Stop & Shop/Giant Food, Publix, H.E. Butt, Food Lion/Sweetbay, Great A&P Tea Company and Winn Dixie. DSI also coordinates (also known as acting as a "category manager/front-end advisor") the racking of magazine fixtures for selected retailers. In addition, DSI provides marketing, merchandising and information gathering services to third parties, including non-magazine clients.

2010 Restructuring

On July 15, 2010, AMOI launched an exchange offer (the "Exchange Offer") for its then outstanding 14% Senior Subordinated Notes due 2013 (the "Subordinated Notes"), and a cash tender offer (the "Tender Offer") for its then outstanding 9% Senior PIK Notes due 2013 (the "Senior PIK Notes" and together with the Subordinated Notes, the "Old Notes"). In the Exchange Offer, holders of Subordinated Notes were offered $269.52 in cash and 335.62 shares of the Company's common stock for each $1,000 of principal amount exchanged. In the Tender Offer, AMOI offered to purchase each $1,000 principal amount of outstanding Senior PIK Notes for $1,020.

On October 12, 2010, AMOI commenced a separate consent solicitation (the "Interest Deferral Consent Solicitation") to solicit consents from eligible holders of Subordinated Notes to defer the November 1, 2010 scheduled interest payment on the Subordinated Notes to January 3, 2011 (such deferred payment of interest, the "Deferred Interest Payment"). Holders of more than 75% of the aggregate outstanding principal amount of Subordinated Notes delivered their consents to the Deferred Interest Payment in the Interest Deferral Consent Solicitation; effective on October 28, 2010, AMOI executed a supplemental indenture to the indenture governing the Subordinated Notes to effect the Deferred Interest Payment, and such supplemental indenture became operative immediately upon execution. The November 1, 2010 interest payment was ultimately waived as part of the 2010 Restructuring (defined below).

The Exchange Offer and the Tender Offer were initially scheduled to expire on August 11, 2010, and were subsequently extended through November 1, 2010. Neither the Exchange Offer nor the Tender Offer was successfully consummated.

On November 1, 2010, the Company announced its intention to engage in a financial restructuring through solicitation of a prepackaged plan of reorganization (the "Plan") under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy

Code"). On November 17, 2010, the Company and certain subsidiaries (the "Debtors") filed the Plan and Chapter 11 petitions in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

Liabilities subject to compromise represented pre-petition claims that were settled under the Plan. These liabilities represented the amounts expected to be allowed as known or potential claims to be allowed to be resolved through the Chapter 11 bankruptcy process. Liabilities subject to compromise consisted of the following at November 17, 2010 (in millions):

Term loan	$	445.7
Senior PIK Notes		24.9
Subordinated Notes		355.8
Revolving Credit Facility (defined below)		60.0
2011 Notes (defined below)		7.5
Liabilities subject to compromise	$	893.9

The Company's reorganization was premised around a debt-for-equity exchange with holders of the $355.8 million aggregate principal amount of Subordinated Notes, approximately 78% of which agreed to support the restructuring by executing a restructuring support agreement with the Company (the "RSA"). On December 20, 2010, the Bankruptcy Court confirmed the Plan.

The confirmed Plan provided for the following:

- Priority Non-tax Claims – The holders of priority non-tax claims received payment in full.
- Term Facility Lenders' Claims - The holders of the term loan (the "Term Facility Lenders") under the Company's Amended and Restated Credit Agreement dated as of December 31, 2008 (the "2009 Credit Agreement") of approximately $445.7 million received (i) cash representing 70% of the amount of their allowed claims; (ii) 13.5% Second Lien Senior Secured Notes due 2018 (the "Second Lien Notes") in an aggregate principal amount representing 30% of the amount of their allowed claims subject to an option to put the Second Lien Notes to the Backstop Parties (as defined below) and (iii) a 2% make-whole payment.
- Revolver Claims - The holders of the revolving credit facility under the 2009 Credit Agreement (the "Revolving Credit Facility") of approximately $60.0 million received payment in full.
- Other Secured Claims – The holders of other secured claims received payment in full.
- Senior PIK Notes Claims - The holders of approximately $24.9 million aggregate principal amount of Senior PIK Notes received $24.9 million aggregate principal amount of Second Lien Notes.
- Subordinated Notes Claims - The holders of the Subordinated Notes claims of approximately $355.8 million received 98% of the shares of the Company's newly issued common stock.
- 2011 Notes Claims - The holders of the 8 7/8% Senior Subordinated Notes due 2011 (the "2011 Notes") claims of approximately $7.5 million received approximately 2% of the Company's newly issued common stock.
- General Unsecured Claims – The holders of general unsecured claims retained all legal, equitable and contractual rights to which such claim holders were entitled and received payment in full for such claims.
- Intercompany Claims – The holders of intercompany claims were continued.
- Interests in AMI – The holders of interests in AMI were cancelled.

On December 22, 2010 (the "Effective Date"), the Debtors substantially consummated their reorganization through a series of transactions contemplated by the Plan and the Plan became effective. These transactions are referred to collectively as the

"2010 Restructuring" in these Notes to the Consolidated Financial Statements. In connection with the Debtors' emergence from bankruptcy, the provisions of the Plan were accounted for as of the Effective Date.

The 2010 Restructuring included the following key elements, among others:

- the issuance of $385.0 million aggregate principal amount of 11.5% First Lien Senior Secured Notes due 2017 (the "First Lien Notes") on December 1, 2010 under an indenture governing the First Lien Notes (the "First Lien Notes Indenture"). Under the provisions of the Plan, the proceeds from the First Lien Notes were held in AMO Escrow Corporation, a non-Debtor subsidiary of AMOI. Upon confirmation of the Plan by the Bankruptcy Court, the proceeds were available to effectuate the Plan and AMO Escrow Corporation merged with and into the Company and the Company assumed the obligations with respect to the First Lien Notes;

- the issuance of $80.0 million aggregate principal amount of Second Lien Notes under an indenture governing the Second Lien Notes (the "Second Lien Notes Indenture" and, together with the First Lien Notes Indenture, the "Indentures") and the exchange of $24.9 million aggregate principal amount of Senior PIK Notes for $24.9 million Second Lien Notes, for a total of $104.9 million aggregate principal amount of Second Lien Note; (the First Lien Notes and the Second Lien Notes are collectively referred to herein as the "New Notes");

- the Term Facility Lenders under the 2009 Credit Agreement received (i) cash representing 70% of the amount of their allowed claims and (ii) Second Lien Notes representing 30% of the amount of their allowed claims subject to an option to put the Second Lien Notes to the Backstop Parties (as defined below) and (iii) a 2% make-whole payment;

- the claims under the Revolving Credit Facility under the 2009 Credit Agreement were paid in full in cash;

- the Company entered into a revolving credit agreement (the "2010 Revolving Credit Agreement") on December 22, 2010. The 2010 Revolving Credit Agreement provides for a $40.0 million revolving credit facility and matures in December 2015, of which $10.0 million was drawn on December 22, 2010;

- the cash proceeds from the offering of the First Lien Notes, together with the Company's cash on hand and the funds provided by the Backstop Parties pursuant to the Backstop Commitment (as defined below), were used to pay off all existing indebtedness under the 2009 Credit Agreement and to pay fees and expenses related to the issuance of the New Notes, which were secured obligations of the Company;

- the holders of the Subordinated Notes received 98% of the shares of the Company's newly issued common stock, subject to dilution (i) for the Company's newly adopted equity incentive plan (discussed below) and (ii) for holders who are not Backstop Parties, for certain shares of common stock issued to the Backstop Parties in consideration for undertaking their Backstop Commitment (the "Backstop Shares");

- the holders of the 2011 Notes received approximately 2% of the Company's newly issued common stock, subject to dilution (i) for the Company's newly adopted equity incentive plan (discussed below) and (ii) for holders who are not Backstop Parties, for the Backstop Shares; and

- all pre-existing equity interests in AMI, including warrants, were cancelled.

Pursuant to a backstop commitment letter by and among AMI, AMOI, Avenue Capital Group ("Avenue") and Angelo, Gordon & Co., L.P. ("Angelo Gordon", and together with Avenue, the "Backstop Parties"), the Backstop Parties, severally and not jointly, committed to purchase at face amount their share of any Second Lien Notes that would otherwise be distributed to the Term Facility Lenders pursuant to the Plan (the "Backstop Commitment"). Under the Plan, the Term Facility Lenders had the option to elect to have the Backstop Parties purchase their share of the Second Lien Notes that would otherwise be distributed to the Term Facility Lenders pursuant to the Plan. Substantially all the Term Facility Lenders exercised this option right and the Backstop Parties purchased the portion of Second Lien Notes due to the Term Facility Lenders under the Plan.

The Company issued 10,000,000 shares of new common stock in connection with the consummation of the Plan. As discussed above, on December 22, 2010, the holders of the Subordinated Notes received 98% of the newly issued common stock and the holders of the 2011 Notes received approximately 2% of the Company's newly issued common stock. On the same day but prior to the issuance of shares, the Company amended and restated its certificate of incorporation to, among other things, increase the number of shares authorized to be issued from 11,000,000 to 15,000,000 (consisting of 14,000,000 shares of common stock and 1,000,000 shares of preferred stock of which no preferred stock has been issued or are outstanding) with the par value remaining the same at $0.0001.

See Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," for a summary of the Company's ownership structure.

Emergence Accounting

At the Effective Date, the Company determined it did not meet the requirements under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 852-10 ("ASC 852-10"), (previously SOP 90-7, "*Financial Reporting by Entities in Reorganization Under the Bankruptcy Code*") to adopt fresh start accounting because the holders of existing voting shares immediately before confirmation of the Plan received more than 50 percent of the voting shares of the emerging Company. Fresh start accounting would have required the Company to record assets and liabilities at fair value as of the Effective Date. Since fresh start accounting did not apply, assets and liabilities not subject to compromise continue to be reflected at historical cost.

In accordance with ASC 852-10, the Company has reported the cash payoff of the 2009 Credit Agreement as an extinguishment of debt. Under the 2010 Restructuring, the proceeds from the New Notes and the 2010 Revolving Credit Agreement were used to pay (i) the net carrying amount of the 2009 Credit Agreement, including a deferred consent fee and (ii) a 2% make-whole provision. As a result, the Company has reflected an $8.6 million loss on extinguishment of debt in the Consolidated Statement of Income (Loss) for the fiscal year ended March 31, 2011.

Similarly, the Company has accounted for the debt-for-equity exchange in accordance with ASC 852-10 as an extinguishment of debt. The holders of the Subordinated Notes and 2011 Notes, which also held the pre-existing equity interests in AMI, exchanged their notes for 10,000,000 shares of newly issued common stock. The fair value of the common stock issued totaled $235.8 million. As a result, the Company recognized a gain on extinguishment associated with this exchange of $587.0 million. As the exchange occurred with pre-existing shareholders, the extinguishment transaction has been accounted for as a capital transaction. Accordingly, the gain on this exchange has been reflected in additional paid-in capital in the Consolidated Balance Sheet as of March 31, 2011.

The gain on restructuring primarily consists of (i) $355.8 million of tendered Subordinated Notes (ii) $7.5 million of tendered 2011 Notes, (iii) $282.7 million of cancelled stock, and (iv) $176.1 million of forfeited future interest payments on the Old Notes, less (v) issuance of $235.8 million of equity.

As previously mentioned, the Company adopted a new equity incentive plan in connection with the Plan. See Note 19, "Stock Compensation," for a description of the equity incentive plan.

Reorganization Costs

The Company has incurred significant costs, primarily professional fees, associated with the reorganization. These costs were expensed as incurred. As of March 31, 2011 approximately $24.5 million has been incurred, including $8.1 million of deferred debt issuance costs on the Old Notes and the 2009 Credit Agreement. These costs are included in other expenses in the accompanying Consolidated Statement of Income (Loss) for the fiscal year ended March 31, 2011. The Company does not anticipate any additional costs.

2009 Restructuring

On January 30, 2009, AMOI successfully completed its cash tender offers and receipt of requisite consents in the related consent solicitations in respect of our then outstanding senior subordinated notes, consisting of (1) $414.5 million aggregate principal amount of 10 1/4% Series B Senior Subordinated Notes due 2009 (the "2009 Notes") and (2) $155.5 million aggregate principal amount of the 2011 Notes and, together with the 2009 Notes, the "Prior Notes"). $400.5 million of the 2009 Notes and $148.0 million of the 2011 Notes were validly tendered and accepted for payment and consents were delivered with respect to the Prior Notes.

On December 31, 2008, AMOI amended and restated AMOI's Credit Agreement dated as of January 30, 2006 (the "2006 Credit Agreement), and on January 30, 2009, concurrently with the consummation of the cash tender offers, the 2009 Credit Agreement became effective.

On January 29, 2009, AMOI amended and restated its certificate of incorporation to increase the number of shares authorized to be issued from 10,000 to 7,500,000 and changed the par value of such common stock from $0.20 to $0.0001. In addition, AMOI exchanged 5,994,411 shares of common stock for 7,508 shares common stock previously owned by AMI.

On January 30, 2009, AMOI issued (i) $21.2 million aggregate principal amount of the Senior PIK Notes and (ii) $299.7 million aggregate principal amount of the Subordinated Notes. Also on January 30, 2009, AMI sold 5,688,891 shares of common stock (valued at approximately $1.0 million) (together with the Old Notes, the "Securities") for an aggregate purchase price of $126.0 million, pursuant to a purchase agreement dated January 29, 2009, among AMI, AMOI, the other parties named therein and J.P. Morgan Securities Inc. The cash proceeds from the offering of the Securities (the "Offering"), together with cash on hand, were used to purchase the tendered portion of the Prior Notes in the tender offers and to pay approximately $35.0 million of fees and expenses related to the Offering and the tender offers and consent solicitations. In addition, on January 30, 2009, AMI issued 305,520 shares of common stock to AMI's equityholders prior to the financial restructuring (the "Prior Equityholders") in exchange for the common stock they owned prior to the restructuring.

As a result of the restructuring of AMOI's capital structure and the issuance of common stock by AMI to the bondholders who participated in the cash tender offers completed on January 30, 2009 and receipt of requisite consent solicitations (the "Tendering Bondholders"), the Tendering Bondholders acquired 94.9% of AMI's common stock on January 30, 2009. The Prior Equityholders retained 5.1% of AMI's common stock.

These transactions were accounted for as a troubled debt restructuring and are referred to collectively as the "2009 Restructuring" in these Notes to the Consolidated Financial Statements.

Revenue Recognition

The Company's revenues are primarily comprised of single copy, subscription and advertising. Single copy, subscription and advertising revenue and related expenses for the Company's publications are recognized on the on-sale date.

Revenues from single copy sales are recognized net of expected sales returns, after considering such factors as sales history and available market information. All of the Company's publications are sold with full return privileges. The Company's major U.S. and Canadian distributor provides the Company weekly reporting on the actual returns by publication and by issue of each publication. The Company also receives sales data from certain retailers that sell its publications. The Company utilizes these data sources as well as the Company's long-term history of sales data by publication to estimate the actual anticipated sale of the Company's publications and the Company's experience has demonstrated that the actual sale of each issue of each magazine can be reasonably estimated based on this information. The Company's in-house circulation department has developed financial models that the Company utilizes when projecting the anticipated sale of magazines. Revenues are also presented net of deferred rack cost amortization, terminal rack promotions and product placement costs ("retail display allowances and pockets") paid to the retailers and sales taxes.

Other revenues, primarily from marketing services performed for third parties by DSI, are recognized when the service is performed.

Wholesaler Concentrations

As of March 31, 2011, single copy revenue consisted of copies distributed to retailers primarily by three wholesalers, which the Company estimates represented 82% of the newsstand distribution market, as well as several smaller wholesalers who represented the remaining 18%. Operating revenue generated by these wholesalers is included in the Celebrity Publications, Tabloid Publications, Women's Health and Fitness Publications and Corporate/Other segments. In fiscal year 2011, two wholesalers each accounted for greater than 10% of the Company's total operating revenue and in the aggregate accounted for approximately 38% of the Company's total operating revenue. In fiscal year 2010, two wholesalers each accounted for greater than 10% of the Company's total operating revenue and in the aggregate accounted for approximately 45% of the Company's total operating revenue. In fiscal year 2009, three wholesalers each accounted for greater than 10% of the Company's total operating revenue and in the aggregate accounted for approximately 36% of the Company's total operating revenue. The Company has long-term service agreements with these wholesalers, which provide incentives to maintain certain levels of service. The Company's operating results could be materially affected by disruption of the distribution of its magazines through the wholesalers. See Note 12, "Commitments and Contingencies – Litigation," for a description of litigation filed by former wholesalers.

Barter Transactions

The Company trades advertisements in its publications in exchange for advertising and goods and services. Revenue and related expenses from barter transactions are recorded at fair value. Revenue from barter transactions is recognized in accordance with the Company's revenue recognition policies. Expense from barter transactions is recognized as incurred. Revenue and expense from barter transactions for the fiscal years 2011, 2010 and 2009 were not significant.

Editorial Costs

External editorial costs relating to photos, artwork and text are expensed as the issue relating to each specific cost is recognized as revenue. Internal editorial costs are expensed as incurred.

Product Placement Costs

Product placement costs include retail display allowance ("RDA"), which is based on a percentage of a publication's cover price and paid directly to retailers, and retail display pockets ("RDP"), which is a fixed per pocket fee paid directly to retailers. The Company pays either RDA or RDP to a particular retailer, but not both. Product placement costs are expensed and are recorded as a reduction to revenue as the issue relating to each specific cost is recognized as revenue.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand or deposited in demand deposit accounts with financial institutions and highly liquid investments with an original maturity of three months or less.

Trade Receivables and Allowance for Doubtful Accounts

Substantially all of the Company's trade receivables are from single copy distributors, subscriptions and advertising customers. The Company maintains allowances for doubtful accounts for estimated losses resulting from its customers not making required payments. The Company makes estimates of the collectibility of trade receivables. The Company critically reviews trade receivables and analyzes historical bad debts, past-due accounts, customer credit-worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined on the first-in, first-out (FIFO) method. The Company writes down inventory for estimated obsolescence and/or excess or damaged inventory. During fiscal year 2009, the Company wrote down $0.1 million of inventory. There were no such write-downs in fiscal year 2011 and 2010. This write down is included in production expense in the accompanying Consolidated Statements of Income (Loss). Inventories are comprised of the following at March 31 (in thousands):

	2011	2010
Raw materials — paper	$ 12,671	$ 9,785
Finished product — paper, production and distribution costs of future issues	4,248	3,663
Total inventory	$ 16,919	$ 13,448

Prepaid expenses and other current assets

Prepaid expenses and other current assets are comprised of the following at March 31 (in thousands):

	2011		2010	
Direct-response advertising costs	$	3,509	$	3,886
Other receivables		2,534		3,013
Prepaid insurance		1,512		1,628
Prepaid postage		425		396
Other prepaid expenses		5,884		5,353
Other current assets		2,552		5,956
Total prepaid expenses and other current assets	$	16,416	$	20,232

Direct-Response Advertising Costs

Direct-response advertising costs that are intended to solicit subscriptions are capitalized when they are expected to result in probable future benefits. These costs are amortized over the period during which future benefits are expected to be received, which is generally the related one-year subscription period. Amortization of these costs was $5.3 million, $6.3 million and $6.4 million for fiscal years 2011, 2010 and 2009, respectively, and is included in subscription costs, which are part of distribution, circulation and other costs of sales in the accompanying Consolidated Statements of Income (Loss).

The asset balance of the capitalized direct-response advertising costs is reviewed quarterly to ensure the amount is realizable. Any write-downs resulting from this review are expensed as subscription acquisition advertising costs in the current period. Capitalized direct-response advertising costs were $3.5 million and $3.9 million at March 31, 2011 and 2010, respectively, and are included in prepaid expenses and other current assets in the accompanying Consolidated Balance Sheets. There were no material write-downs of capitalized direct-response advertising costs in any of the three fiscal years in the period ended March 31, 2011.

Long-Lived Assets

The Company reviews long-lived assets for impairment whenever a significant event occurs or circumstances change, such as those affecting general market conditions or pertaining to a specific industry or an asset category, to indicate that the carrying amount of such assets may not be fully recoverable. When such factors, events or circumstances indicate that long-lived assets should be evaluated for possible impairment, the Company uses an estimate of cash flows (undiscounted and without interest charges) over the remaining lives of the assets to measure recoverability. If the estimated undiscounted cash flows are less than the carrying value of the asset, the loss is measured as the amount by which the carrying value of the asset exceeds fair value.

Property and Equipment

The Company uses the straight-line depreciation method for financial reporting. The estimated lives used in computing depreciation for financial reporting purposes are 1 to 5 years for leasehold improvements, and 3 to 10 years for all other depreciable fixed assets. Depreciation for leasehold improvements is provided using the straight-line method over the shorter of the lease term or the estimated useful lives of the respective assets. Maintenance and repair costs are charged to expense as incurred. Significant improvements and betterments are capitalized.

The Company expenses internal use software costs incurred in the preliminary project stage and thereafter capitalizes costs incurred in developing or obtaining internal use software and includes them in property and equipment, net. Certain costs, such as maintenance and training, are expensed as incurred. Capitalized costs are amortized over a period of not more than three years using the straight-line method. The Company capitalizes certain costs, which generally include hardware, software, and payroll-related costs for employees who are directly associated with and who devote time to the development of internal use computer software. Costs capitalized were $7.0 million and $2.5 million, net of depreciation, as of March 31, 2011 and 2010, respectively. The $4.5 million increase in capitalized costs is primarily due to non-recurring investments in fiscal year 2011 in connection with the implementation of the Company's new ERP system.

Deferred Debt Costs

Debt issuance costs are amortized under the effective-interest method over the terms of the related indebtedness which range from 4 to 7 years.

Deferred Rack Costs

Rack costs are capitalized and amortized as a reduction of circulation revenue in accordance with the terms of the relevant agreements (typically 36 months). The Company performs periodic and timely reviews to determine if impairment charges are required due to market conditions including store closings or store bankruptcies.

Other Long-Term Assets

Other long-term assets primarily consist of deposits on leased facilities, a deposit of $1.1 million with the Company's largest national distributor for operational purposes and a federal income tax receivable of $2.1 million.

Goodwill and Intangible Assets

The Company's reporting units and related indefinite-lived intangibles are tested annually on the first day of the fourth quarter of each fiscal year to determine whether their carrying value exceeds their fair value. Goodwill and other indefinite-lived intangible assets are also tested for impairment on an interim basis if an event occurs or circumstances change between annual tests that would indicate that impairment exists. Impairment losses, if any, are reflected in operating income or loss in the Consolidated Statements of Income (Loss). The Company's reporting units consist of each of its publications and other consolidated subsidiaries.

The Company reviews finite-lived intangible assets for impairment whenever an event occurs or circumstances change to indicate that the carrying amount of such assets may not be fully recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss is based on the fair value of the asset compared to its carrying value. Impairment losses, if any, are reflected in operating income or loss in the Consolidated Statements of Income (Loss).

In assessing goodwill and intangible assets for impairment, the Company makes estimates of fair value that are based on its projection of revenues, operating costs, and cash flows of each reporting unit considering historical and anticipated future results and general economic and market conditions, as well as the impact of planned business or operational strategies. The valuations employ a combination of present value techniques to measure fair value and consider market factors. Changes in the Company's judgments and projections could result in a significantly different estimate of the fair value of the reporting units and could result in an impairment of goodwill or other intangible assets. For a detailed description of impairment charges, see Note 2, "Goodwill and Other Identified Intangible Assets."

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities are comprised of the following at March 31 (in thousands):

	2011		2010	
Retail display pockets and allowances	$	5,474	$	6,536
Income and other taxes (1)		2,214		7,479
Personnel and related costs		6,302		5,948
Rack costs		3,318		3,971
Mr. Olympia, LLC (see Note 11)		3,900		4,200
Production costs		2,811		2,795
Other		7,708		7,626
Accrued expenses and other liabilities - current		31,727		38,555
Deferred revenue	$	1,438	$	2,000
Deferred consent fees (2)		-		6,825
Other		-		258
Accrued expenses and other liabilities - non-current		1,438		9,083
Total accrued expenses and other liabilities - current and non-current	$	33,165	$	47,638

(1) The Company has accrued $1.6 million and $2.6 million for contingent liabilities for non-income related taxes at March 31, 2011 and 2010, respectively.

(2) Deferred consent fees were incurred as part of the 2009 Restructuring and subsequently paid as part of the 2010 Restructuring, prorated for the interest incurred in fiscal year 2011.

Deferred Revenues

Deferred revenues are comprised of the following at March 31 (in thousands):

	2011		2010	
Subscriptions	$	35,363	$	35,723
Advertising		229		940
Other		166		266
Total deferred revenues	$	35,758	$	36,929

Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The asset and liability method of accounting for deferred income taxes requires a valuation against deferred tax assets, if based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The effect on any changes in deferred tax assets and liabilities as a result of a change in tax rates is recognized in income. All tax positions taken by the Company in its income tax returns that are recognized in the financial statements must satisfy a more-likely-than-not threshold.

The Company reports the penalties and tax-related interest expense as a component of income tax expense in its Consolidated Statement of Income (Loss). See Note 5, "Income Taxes."

Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of cumulative foreign currency translation adjustments.

Translation of Non-U.S. Currency Amounts

The net assets and operations of entities outside of the United States are translated into U.S. dollars. Assets and liabilities are translated at fiscal year-end exchange rates and income and expense items are translated at average exchange rates prevailing during the year. Translation adjustments are included in accumulated other comprehensive income. Gains and losses arising from intercompany foreign currency transactions that are of a long-term investment nature are reported in the same manner as translation adjustments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contingent Liabilities

The Company has certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues for contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. Reserves for contingent liabilities are reflected in the Company's Consolidated Financial Statements based on management's assessment, along with legal counsel, of the expected outcome of the contingencies. If the final outcome of the contingencies differs from that currently expected, it would result in a change to earnings in the period determined. See Note 12, "Commitments and Contingencies – Litigation," for a description of litigation.

Subsequent Events

The Company has evaluated all subsequent events through June 27, 2011, which is the date this Annual Report was available to be issued.

Recent Accounting Pronouncements

In January 2010, the FASB issued ASU No. 2010-06, "*Improving Disclosures about Fair Value Measurements*" ("ASU 2010-06"). ASU 2010-06 amends the Fair Value Measurements and Disclosures Topic to require additional disclosures regarding fair value measurements. The amended guidance requires entities to disclose additional information regarding assets and liabilities that are transferred between levels of the fair value hierarchy. Entities are also required to disclose information in the Level 3 rollforward about purchases, sales, issuances and settlements on a gross basis. In addition to these new disclosure requirements, ASU 2010-06 clarifies existing guidance pertaining to the level of disaggregation at which fair value disclosures should be made and the requirements to disclose information about the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. The guidance in ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the requirement to separately disclose purchases, sales, issuances and settlements in the Level 3 rollforward, which becomes effective for fiscal years (and for interim periods within those fiscal years) beginning after December 15, 2010. The Company's adoption of ASU 2010-06, effective January 1, 2010, did not have a material impact on its results of operations, financial position, cash flows and disclosures. The Company does not expect the deferred portion of the adoption of ASU 2010-06 to have a material impact on its results of operations, financial position, cash flows and disclosures.

In September 2010, the FASB published Concepts Statement (CON) No. 8 ("CON No. 8"), Conceptual Framework for Financial Reporting: Chapter 1, *The Objective of General Purpose Financial Reporting*, and Chapter 3, *Qualitative Characteristics of Useful Financial Information*. CON No. 8 replaces CON No. 1, *Objectives of Financial Reporting by Business Enterprises*, and CON No. 2, *Qualitative Characteristics of Accounting Information*. The Company's adoption of CON No. 8 did not have a material impact on its results of operations, financial position, cash flows and disclosures.

(2) Goodwill and Other Identified Intangible Assets

As of March 31, 2011 and 2010, the Company had goodwill with carrying values of $230.9 million. Other identified intangible assets not subject to amortization had a carrying value of $255.3 million as of March 31, 2011 and 2010, respectively, and consist of trade names with indefinite lives.

Identified intangible assets with finite lives subject to amortization consist of the following at March 31 (in thousands):

		2011			2010		
	Range of Lives	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Tradenames (a)	8 - 27	$ 10,610	$ (3,635)	$ 6,975	$ 10,610	$ (3,192)	$ 7,418
Subscriber lists (a)	3 - 15	32,682	(25,963)	6,719	32,682	(23,785)	8,897
		$ 43,292	$ (29,598)	$ 13,694	$ 43,292	$ (26,977)	$ 16,315

(a) During fiscal year 2010, the Company removed $5.8 million, $9.1 million, $27.7 million, $6.9 million and $7.7 million of fully amortized tradenames, covenants not to compete, non-subscriber lists, subscriber lists and advertising relationships, respectively, along with their respective accumulated amortization, from its books.

Amortization expense of intangible assets for fiscal years 2011, 2010 and 2009 was $2.6 million, $3.4 million and $6.6 million, respectively. Based on the carrying value of identified intangible assets recorded at March 31, 2011, and assuming no subsequent impairment of the underlying assets, the annual amortization expense is expected to be as follows (in thousands):

Fiscal Year	Amortization Expense
2012	$ 2,622
2013	2,622
2014	2,622
2015	624
2016	443
Thereafter	4,761
	$ 13,694

Impairment Charges

As a result of the Company's impairment testing, noncash impairment charges for fiscal years 2010 and 2009 by reportable segment are as follows (in thousands):

	Celebrity Publications	Tabloid Publications	Women's Health and Fitness Publications	Corporate/ Other	Total
Fiscal 2010 Impairments					
Tradenames	$ -	$ -	$ 3,032	$ -	$ 3,032
Goodwill	-	-	14,563	-	14,563
Provision for impairment of intangible assets and goodwill	$ -	$ -	$ 17,595	$ -	$ 17,595
Fiscal 2009 Impairments					
Tradenames	$ 42,193	$ 31,930	$ 13,019	$ 6,778	$ 93,920
Goodwill	15,182	51,317	47,021	695	114,215
Other Identified Intangibles	5,697	-	1,981	1,537	9,215
Provision for impairment of intangible assets and goodwill	$ 63,072	$ 83,247	$ 62,021	$ 9,010	$ 217,350

The Company did not record a non-cash impairment charge for fiscal year 2011.

The Company recorded the fiscal year 2010 non-cash impairment charges detailed above in the first fiscal quarter ended June 30, 2009. The noncash impairment charges were primarily the result of a change in management's expectations of long-term cash flows resulting from declining profitability in certain of the Company's reporting units.

The Company recorded the fiscal year 2009 non-cash impairment charges detailed above in the third fiscal quarter ended December 31, 2008, and adjusted the goodwill impairment for certain publications during the fourth fiscal quarter ended March 31, 2009, based upon finalizing its impairment test. These noncash impairment charges were recorded as a result of the continued decline in profitability in certain of the Company's reporting units during the fiscal quarters in which the impairment charges were recorded. The noncash impairment charges were primarily the result of a change in management's expectations of cash flows resulting from declining profitability in fiscal year 2009 as a result of the continued overall market weakness due to the current economic slowdown.

Impairment Charge Assumptions

The estimate of fair value of the Company's tradename and goodwill reporting units was based on the Company's projection of revenues, operating costs and cash flows considering historical and anticipated future results, general economic and market conditions, as well as the impact of planned business and operational strategies. The valuation employed a combination of present value techniques to measure fair value and considered market factors. The key assumptions used to determine the fair value of the Company's tradename and goodwill reporting units during the fiscal years 2011, 2010 and 2009 impairment tests were:

a) expected cash flow periods of five years;
b) terminal values based upon terminal growth rates ranging from:
    - 0% to 4% for fiscal year 2011, 2010 and 2009;
c) implied multiples used in the business enterprise value income and market approaches ranging from:
    - 4.3 to 10.5 for fiscal year 2011;
    - 4.1 to 9.5 for fiscal year 2010; and
    - 3.5 to 7.4 for fiscal year 2009;
d) discount rates ranging from 12.0% to 15.0%, which were based on the Company's best estimate of the weighted-average cost of capital adjusted for risks associated with the reporting units for each of fiscal years 2011, 2010 and 2009, respectively.

Management believes the rates used are consistent with the risks inherent in the Company's current business model and with industry discount rates. Changes in management's judgments and estimates could result in a significantly different estimate of the fair value of the reporting units and could result in a change in the impairment of tradenames and goodwill. A variance in the assumptions used could have had a significant impact on the amount of tradename and goodwill impairment charges recorded. For example:

a) a 100 basis point change in the discount rate would have caused an increase or decrease in the existing tradename impairment charges recognized (if any) of approximately $0.1 million, $2.7 million and $16.1 million in fiscal years 2011, 2010 and 2009, respectively;
b) a 100 basis point change in the discount rate would have changed the estimated fair value of tradenames in the Company's other reporting units and may have caused those reporting units to incur tradename impairment charges in each of fiscal years 2011, 2010 and 2009, respectively;
c) a 5% decrease in the enterprise value would not have caused goodwill impairment of any publications in fiscal year 2011, no other publications in fiscal year 2010, and one other publication in fiscal year 2009; and
d) a 5% increase in enterprise value would:
    - not have changed the Company's conclusion of no impairment in fiscal year 2011;
    - have reduced the goodwill impairment charge to the Women's Health and Fitness Publications segment by $2.8 million in fiscal year 2010; and
    - have caused no goodwill impairment charge to the Celebrity Publications segment and would have reduced the goodwill impairment charges in the other reportable segments by $12.4 million in fiscal year 2009.

The gross carrying amount and accumulated impairment losses of goodwill by reportable segment are as follows (in thousands):

		Celebrity Publications		Tabloid Publications		Women's Health and Fitness Publications		Corporate/ Other		Total
Balance as of March 31, 2009										
Goodwill	$	179,937	$	241,570	$	83,649	$	137,340	$	642,496
Accumulated impairment losses		(109,246)		(148,896)		(47,021)		(91,885)		(397,048)
Goodwill, net of impairment losses		70,691		92,674		36,628		45,455		245,448
Impairment charges in fiscal year 2010		-		-		(14,563)		-		(14,563)
Balance as of March 31, 2010										
Goodwill	$	179,937	$	241,570	$	83,649	$	137,340	$	642,496
Accumulated impairment losses		(109,246)		(148,896)		(61,584)		(91,885)		(411,611)
Goodwill, net of impairment losses		70,691		92,674		22,065		45,455		230,885
Impairment charges in fiscal year 2011		-		-		-		-		-
Balance as of March 31, 2011										
Goodwill	$	179,937	$	241,570	$	83,649	$	137,340	$	642,496
Accumulated impairment losses		(109,246)		(148,896)		(61,584)		(91,885)		(411,611)
Goodwill, net of impairment losses		70,691		92,674		22,065		45,455		230,885

(3) Discontinued Operations

During the second quarter of fiscal year 2008 the Company discontinued the publication of *Weekly World News* and subsequently sold it in fiscal year 2009. Operating results of this publication have been classified as discontinued operations for all periods presented. This publication was previously included in the Corporate/Other segment.

The following table sets forth total operating revenues, pre-tax income (loss) from discontinued operations, income taxes and income (loss) from discontinued operations for fiscal years 2011, 2010 and 2009, respectively (in thousands):

		2011		2010		2009	
Total operating revenues	$	-	$	-	$	-	
Pre-tax income (loss) from discontinued operations	$	-	$	-	$	500	
Income taxes		-		-		-	
Income (loss) from discontinued operations	$	-	$	-	$	500	(a)

(a) Represents a gain on the proceeds from the sale of *Weekly World News*.

(4) Fair Value of Financial Instruments

The fair value of the Company's financial instruments is estimated based on the most recent quoted market prices for the same or similar issues. The estimated fair value of the Company's financial instruments is as follows at March 31 (in thousands):

	2011			2010		
	Carrying Amount		Fair Value	Carrying Amount		Fair Value
First Lien Notes	$ 385,000		$ 410,988	$ -		$ -
Second Lien Notes	104,889		107,511	-		-
Term Facility	-	(a)	-	432,871		418,153
Revolving Credit Facility	-	(a)	-	21,000		19,163
2011 Notes	-	(a)	-	7,502	(b)	7,216
Senior Subordinated Notes	-	(a)	-	332,051	(c)	215,833
Senior PIK Notes	-	(a)	-	22,701	(c)	14,756

(a) Amounts have been retired as part of the 2010 Restructuring (See Note 1).
(b) Amount does not include the bond premium or bond discount.
(c) Amounts do not include future interest reflected in the carrying amount of our senior subordinated notes in the accompanying Consolidated Balance Sheets as of March 31, 2010.

FASB ASC Topic 820, "*Fair Value Measurements and Disclosures*" ("ASC 820"), (previously SFAS No. 157, "*Fair Value Measurements*"), established a three-tier fair value hierarchy, which prioritizes the use of inputs used in measuring fair value as follows:

Level 1 Observable inputs such as quoted prices in active markets for identical assets and liabilities;
Level 2 Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
Level 3 Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

As of March 31, 2011 and 2010, the Company did not have financial assets or liabilities that would require measurement on a recurring basis, based on the guidance in ASC 820. The carrying amount for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximates fair value, due to the short maturity of these items.

In addition to financial assets and liabilities that are recorded at fair value on a recurring basis, the Company is required to record non-financial assets and liabilities at fair value on a nonrecurring basis. During the fiscal year ended March 31, 2010, certain assets were recorded at fair value on a nonrecurring basis as a result of a noncash impairment charge relating to its goodwill and tradenames. In accordance with ASC 350 (previously SFAS No. 142), the Company recorded a provision for impairment of intangible assets and goodwill of approximately $17.6 million for the Women's Health and Fitness Publications segment during the fiscal year ended March 31, 2010. There were no such impairments during fiscal year 2011.

The following table reflects the fair values measurement of certain assets measured at fair value on a non-recurring basis (in thousands):

		Fair Value Measurements Using			
	March 31, 2010	Level 1	Level 2	Level 3	Impairment Recognized in Earnings
Goodwill	$ 230,885	$ -	$ -	$ 230,885	$ 14,563
Tradenames	255,320	-	-	255,320	3,032
					$ 17,595

In accordance with ASC 350, goodwill and tradenames with carrying amounts of $245.4 million and $258.4 million, respectively, were written down to their implied value of $230.9 million and $255.3 million, respectively, resulting in a noncash impairment charge of $17.6 million during the fiscal year ended March 31, 2010. For a detailed description of this impairment charge, including the methods used to determine the fair value of the Company's goodwill and other intangible assets, see Note 2, "Goodwill and Other Identified Intangible Assets."

(5) Income Taxes

The Company files a consolidated Federal income tax return. The (benefit) provision for income taxes from continuing operations consists of the following (in thousands):

	Fiscal Year Ended March 31,		
	2011	2010	2009
Current:			
Federal	$ (530)	$ (917)	$ (2,122)
State	(1,672)	559	(909)
Foreign	885	841	902
Total current provision (benefit)	(1,317)	483	(2,129)
Deferred:			
Federal	4,908	19,630	(28,808)
State	412	2,643	(2,402)
Foreign	-	-	-
Total deferred (benefit) provision	5,320	22,273	(31,210)
Provision (benefit) for income taxes	$ 4,003	$ 22,756	$ (33,339)

Income tax expense (benefit) attributable to income from continuing operations was $4,003, $22,756 and ($33,339) for the years ended March 31, 2011, 2010 and 2009, respectively, and differed from the amounts computed by applying the statutory U.S. federal income tax rate of 35% to pretax income from continuing operations as a result of the following:

	Fiscal Year Ended March 31,		
	2011	2010	2009
U.S. expected tax expense (benefit)	$ 14	$ 9,091	$ (75,831)
State income taxes, net of federal benefit	(1,105)	(393)	1,351
Meals and entertainment	129	278	398
Goodwill impairment	-	-	23,275
Valuation allowance on deferred tax assets	(118,174)	(21,417)	55,966
Debt restructuring	116,204	37,507	(38,481)
Other, net	6,935	(2,310)	(17)
	$ 4,003	$ 22,756	$ (33,339)

The tax effected net deferred tax assets and liabilities are comprised of the following at March 31 (in thousands):

	2011		2010	
Deferred Income Tax Assets - Current				
Reserves and accruals	$	2,861	$	3,239
Revenue recognition		1,421		1,307
Inventory		-		13
Senior subordinated notes		-		11,850
Other current deferred tax assets		1,339		692
Gross deferred income tax assets - current		5,621		17,101
Valuation allowance		(3,245)		(15,894)
Deferred income tax assets - current	$	2,376	$	1,207
Deferred Income Tax Liabilities - Current				
Circulation expenses	$	(1,589)	$	(2,653)
Other current deferred tax liabilities		(1,500)		(1,916)
Deferred income tax liabilities - current	$	(3,089)	$	(4,569)
Net deferred income tax liabilities - current	$	(713)	$	(3,362)
Deferred Income Tax Assets - Non-Current				
Net operating losses	$	16,059	$	21,248
Senior subordinated notes		2,674		98,257
Goodwill and other intangibles		3,058		3,620
Other non-current deferred tax assets		2,788		10,926
Gross deferred income tax assets - non-current		24,579		134,051
Valuation allowance		(14,437)		(119,963)
Deferred income tax assets - non-current	$	10,142	$	14,088
Deferred Income Tax Liabilities - Non-Current				
Goodwill and other intangibles	$	(95,530)	$	(91,940)
Circulation expenses		(3,726)		(3,497)
Property and equipment		(939)		(469)
Other non-current deferred tax liabilities		(651)		(917)
Deferred income tax liabilities - non-current	$	(100,846)	$	(96,823)
Net deferred income tax liabilities - non-current	$	(90,704)	$	(82,735)

The net deferred income tax liabilities – current of $0.7 million and $3.4 million as of March 31, 2011 and 2010, respectively, are included in accrued expenses and other liabilities in the accompanying Consolidated Balance Sheets. The net deferred income tax liabilities – non-current of $90.7 million and $82.7 million as of March 31, 2011 and 2010, respectively, are included in deferred income taxes in the accompanying Consolidated Balance Sheets.

At March 31, 2011 and 2010, the Company had gross U.S. federal and state net operating loss carryforwards as follows (in thousands):

	2011		2010	
Federal	$	38,357	$	52,141
State		52,401		57,490

The federal net operating loss carryforwards at March 31, 2011 expire beginning in 2028 through 2030. The state net operating loss carryforwards at March 31, 2011 expire beginning in 2012 through 2031.

As of March 31, 2011, the Company recognized $70.2 million of cancellation of indebtedness income. Pursuant to Internal Revenue Code §108, the discharge of indebtedness income was excluded from gross income and the amount excluded from income was applied to reduce net operating loss ("NOL") carryforwards. Additionally, as a result of the Restructuring, the Company reversed a deferred tax asset of $88.6 million associated with the Subordinated Notes. The Company previously recorded a full valuation allowance on the deferred tax assets associated with the Subordinated Notes and NOLs. In connection with the reversal of the deferred tax assets, the Company also reversed the associated valuation allowance resulting in no overall impact in the Company's effective tax rate.

The asset and liability method of accounting for deferred income taxes requires a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company's valuation allowance related to its deferred tax assets, which was $135.9 million at March 31, 2010, was decreased by $118.2 million to $17.7 million at March 31, 2011. At March 31, 2011, a valuation allowance has been recorded against the Company's net deferred tax assets, excluding the deferred tax liability for indefinite-lived intangibles. The Company's deferred tax liabilities related to indefinite-lived intangibles are not considered a future source of income to support the realization of deferred tax assets within the net operating loss carryforward period. The Company intends to maintain a valuation allowance until sufficient positive evidence exists to support its reversal.

As of March 31, 2011 and 2010, the Company's accrued liabilities for uncertain tax positions related to federal and state income taxes, including interest and penalties, amounted to $0.4 million and $1.2 million, respectively, and were included in accrued expenses in the accompanying Consolidated Balance Sheets.

The total amount of unrecognized tax benefits as of March 31, 2010 was $3.6 million. Approximately $3.6 million of this amount would, if recognized, have an effect on the effective income tax rate. In addition to the unrecognized tax benefits, the Company recognized no net interest expense and no penalty expense for fiscal year 2010 and had accrued interest and penalties of $0.9 million and $0.2 million, respectively, as of March 31, 2010.

The total amount of unrecognized tax benefits as of March 31, 2011 was $1.9 million. Approximately $1.9 million of this amount would, if recognized, have an effect on the effective income tax rate. In addition to the unrecognized tax benefits, the Company released interest of $0.5 million and penalties of $0.1 million for fiscal year 2011 and had accrued interest and penalties of $0.4 million and $0.1 million, respectively, as of March 31, 2011.

A reconciliation of the change in the unrecognized tax benefits from April 1, 2009 to March 31, 2011 is as follows (in thousands):

	Unrecognized Income Tax Benefits	
Balance at April 1, 2009	$	3,789
Increases for tax positions taken during a prior period		130
Decreases for tax positions taken during a prior period		(17)
Increases for tax positions taken during the current period		13
Decreases for tax positions taken during the current period		(344)
Decreases relating to settlements		(12)
Balance at March 31, 2010		3,559
Increases for tax positions taken during a prior period		-
Decreases for tax positions taken during a prior period		(1,396)
Increases for tax positions taken during the current period		42
Decreases for tax positions taken during the current period		-
Decreases relating to settlements		(285)
Balance at March 31, 2011	$	1,920

As a result of the Worker, Homeownership, and Business Assistance Act of 2009 amendment to §§ 172(b)(1)(H) and 810(b) of the IRC allowing taxpayers to elect to carry back an applicable net operating loss (NOL) for a period of 3, 4, or 5 years, to offset taxable income in those preceding taxable years, the Company will receive additional refunds of federal income taxes previously paid. The Company has a receivable of $2.1 million as of March 31, 2011 which is included in other long term assets in the accompanying Consolidated Balance Sheets. The refund application is currently under review by the Internal Revenue Service.

The Company has identified its "major" tax jurisdictions to include the U.S. government, and the states of California, Florida and New York. In April 2011, the Company received notice that the Internal Revenue Service would be examining its fiscal years ended 2003 through 2006 and 2008 in preparation for approval from the Joint Committee on Taxation with regards to the Company's carryback of its fiscal years 2004 and 2008 net operating losses to prior years. The Company's fiscal years ended 2008 through 2010 federal tax returns remain open by statute. The Company's major state tax jurisdictions subject to examination are the fiscal years ended 2007 through 2010.

While it is reasonably possible that the Company's unrecognized tax benefits could change, an estimate of such an increase or decrease is not possible.

(6) Credit Agreement

On December 31, 2008, the Company entered into the 2009 Credit Agreement, which replaced the 2006 Credit Agreement. The 2009 Credit Agreement became effective on January 30, 2009. The 2009 Credit Agreement included the $60.0 million Revolving Facility and a $450.0 million Term Facility. The 2009 Credit Agreement was terminated and discharged in full on the Effective Date. For a description of the Company's repayment of the 2009 Credit Agreement, see Note 1, "Description of Business, Basis of Presentation and Summary of Significant Accounting Policies," to these Consolidated Financial Statements.

During the fiscal year 2011, the Company borrowed, and subsequently paid, $10.0 million under the 2010 Revolving Credit Agreement. The 2010 Revolving Credit Agreement of $40.0 million had $36.3 million available to be borrowed, consisting of $40.0 million under the 2010 Revolving Credit Agreement less a $3.7 million outstanding letter of credit as of March 31, 2011. During the fiscal year 2011, prior to repayment, the Company made the required quarterly principal payments on its Term Facility under the 2009 Credit Agreement of $2.2 million and paid down $120.8 million and borrowed $102.0 million under its Revolving Facility under the 2009 Credit Agreement.

The 2010 Revolving Credit Agreement requires the Company to pay, from the Effective Date until the commitments expire under the 2010 Revolving Credit Agreement, a commitment fee ranging from 0.50% to 0.75% of the unused portion of the revolving commitment. The 2009 Credit Agreement required the Company to pay, from the effective date of the 2009 Credit Agreement until the termination of commitments under the Revolving Facility under the 2009 Credit Agreement, a commitment fee equal to 1.0% of the unused portion of such revolving commitments. Commitment fee payments under the 2010 Revolving Credit Agreement and the 2009 Credit Agreement during the fiscal year ended March 31, 2011, and under the 2009 Credit Agreement during the fiscal year ended March 31, 2010, were insignificant.

Under the 2010 Revolving Credit Agreement, the Company has the option to pay interest based on (i) a floating base rate option equal to the greatest of (x) the prime rate in effect on such day, (y) the federal funds effective rate in effect on such day plus ½ of 1%, and (z) one month LIBOR (but no less than 2%) plus 1%, or (ii) based on LIBOR, in each case plus a margin. Under the 2009 Credit Agreement, the Company had the option to pay interest based on a floating base rate option equal to the greater of the JPMorgan Chase Bank, N.A. ("JPMorgan") prime rate or the federal funds effective rate plus 0.5% ("base rate loans") (subject to a floor equal to 4.50%) or based on LIBOR Loans, in each case plus a margin. The margin on all base rate loans was 5.5% and the margin on all LIBOR Loans was 6.5%. The Company was required to repay $1.1 million of principal on the Term Facility on a quarterly basis.

The effective weighted-average interest rate under the 2010 Revolving Credit Agreement as of March 31, 2011 was 8.25%. The effective weighted-average interest rate under the 2009 Credit Agreement as of December 21, 2010, the date the 2009 Credit Agreement was terminated, was 10%. The effective weighted-average interest rate under the 2009 Credit Agreement for fiscal year 2010 was 10%.

The 2010 Revolving Credit Agreement includes certain representations and warranties, conditions precedent, affirmative covenants, negative covenants and events of default customary for agreements of this type. The negative covenants include a financial maintenance covenant comprised of a first lien leverage ratio. The 2010 Revolving Credit Agreement also contains certain covenants that, subject to certain exceptions, restrict paying dividends, incurring additional indebtedness, creating liens, making acquisitions or other investments, entering into certain mergers or consolidations and selling or otherwise disposing of assets. With respect to the dividend restrictions, the 2010 Revolving Credit Agreement includes a cap on the total amount of cash available for distribution to our common shareholders.

As of March 31, 2011, the Company is in compliance with the financial covenant under the 2010 Revolving Credit Agreement.

The indebtedness under the 2010 Revolving Credit Agreement is guaranteed by certain of the domestic subsidiaries of the Company and is secured by liens on substantially all of the assets of the Company and certain of its domestic subsidiaries. In addition, the Company's obligations are secured by a pledge of all the issued and outstanding shares of, or other equity interests in, certain of the Company's existing or subsequently acquired or organized domestic subsidiaries and a percentage of the capital stock of, or other equity interests in, certain of its existing or subsequently acquired or organized foreign subsidiaries. Due to the merger of AMI and AMOI, the borrower under the 2010 Revolving Credit Agreement is AMI. The equity interests of AMI have not been pledged to the lenders, unlike under the 2009 Credit Agreement, where AMOI was the borrower, and its equity interests were pledged to the lenders.

Although there can be no assurances, management of the Company anticipates that, based on current projections (including projected borrowings and repayments under the 2010 Revolving Credit Agreement), its operating results for fiscal year 2012 will be sufficient to satisfy the first lien leverage ratio financial covenant under the 2010 Revolving Credit Agreement. The Company's ability to satisfy such financial covenant is dependent on its business performing in accordance with its projections. If the performance of the Company's business deviates from its projections, the Company may not be able to satisfy such financial covenant. Its projections are subject to a number of factors, many of which are events beyond its control, which could cause its actual results to differ materially from its projections. If the Company does not comply with its financial covenant the Company will default under the 2010 Revolving Credit Agreement.

For a description of the Company's Plan and 2010 Restructuring, see Note 1, "Description of Business, Basis of Presentation and Summary of Significant Accounting Policies," to these Consolidated Financial Statements.

(7) Senior Subordinated Indebtedness

The Senior PIK Notes were unsecured senior obligations of AMOI and were effectively subordinated to all of AMOI's existing and future secured debt, including obligations under the 2009 Credit Agreement.

The Subordinated Notes were unsecured senior subordinated obligations of AMOI and were subordinated in right of payment to AMOI's existing and future senior debt, including obligations under the 2009 Credit Agreement and the Senior PIK Notes. As discussed in Note 1, "Description of Business, Basis of Presentation and Summary of Significant Accounting Policies," to these Consolidated Financial Statements, on December 22, 2010, holders of the Subordinated Notes received 98% of newly issued common stock (subject to dilution) and the holders of the Senior PIK Notes received Second Lien Notes. The holders of the 2011 Notes received approximately 2% of the Company's newly issued common stock.

Pursuant to the indenture governing the Subordinated Notes, beneficial owners of the Subordinated Notes, who together beneficially owned more than 75% in aggregate principal amount of the outstanding Subordinated Notes, consented, prior to the 2010 Restructuring, on behalf of all holders of the Subordinated Notes that the $23.7 million interest payment, including $16.6 million of cash interest due May 1, 2010, be deferred until June 21, 2010. Although interest with respect to the Subordinated Notes was payable at a rate of 10% per annum in cash and 4% per annum in the form of additional Subordinated Notes; in accordance with the terms of the indenture governing the Subordinated Notes, and at the request of the requisite holders of Subordinated Notes, the full amount of the May 1, 2010 interest payment was paid entirely in the form of additional Subordinated Notes on June 21, 2010. In addition, pursuant to the indenture governing the Subordinated Notes, the November 1, 2010 interest payment was deferred until January 3, 2011 and was ultimately waived as part of the 2010 Restructuring.

Under the indentures governing the 2011 Notes, after January 15, 2010, the 2011 Notes were redeemable at par, plus accrued and unpaid interest.

The Senior PIK Notes would have matured on May 1, 2013. Interest on the Senior PIK Notes accrued at the rate of 9% per annum based upon the outstanding principal amount. The 2009 Credit Agreement prohibited the payment of cash interest on the Senior PIK Notes.

The Subordinated Notes would have matured on November 1, 2013. Interest on the Subordinated Notes accrued at the rate of 14% per annum based upon the outstanding principal amount of the Subordinated Notes (with (i) 10% per annum payable in cash, (ii) 2% per annum payable, at the Company's option, either in cash or by the issuance of additional Subordinated Notes, and (iii) 2% per annum payable (x) in cash when the Company's Excess Cash Flow for the most recently completed fiscal year ended prior to an interest payment date was greater than $27.5 million and (y) at the Company's option, either in cash or by the issuance of additional Subordinated Notes when the Company's Excess Cash Flow for the most recently completed fiscal year ended prior to an interest payment date was less than or equal to $27.5 million).

The 2009 Credit Agreement did not permit the payment of cash interest on the Subordinated Notes (i) at a rate in excess of 10% per annum when the Company's Excess Cash Flow for the most recently completed fiscal year ended prior to an interest payment date was less than or equal to $27.5 million and (ii) at a rate in excess of 12% per annum when the Company's Excess Cash Flow for the most recently completed fiscal year ended prior to an interest payment date was greater than $27.5 million.

Interest with respect to (a) the Senior PIK Notes had been paid entirely by the issuance of additional Senior PIK Notes and (b) the Subordinated Notes had been paid at the rate of 14% per annum in the form of additional Subordinated Notes of $10.6 million on May 1, 2009 and $21.7 million on November 1, 2009.

Under the indentures for the Senior PIK Notes and the Subordinated Notes, the Company was permitted to redeem some or all of the Old Notes, at its option, at redemption prices set forth below.

Year	Percentage
November 1, 2009 to October 31, 2010	102.00%
November 1, 2010 to October 31, 2011	101.00%
November 1, 2011 and thereafter	100.00%

The indentures for the Senior PIK Notes and the Subordinated Notes contained a number of covenants that, among other things, limited the Company's ability and that of its restricted subsidiaries, subject to important exceptions and qualifications, to: borrow money; guarantee other indebtedness; use assets as security in other transactions; pay dividends on stock, redeem stock or redeem subordinated debt; make investments; enter into agreements that restrict the payment of dividends by subsidiaries; sell assets; enter into affiliate transactions; sell capital stock of subsidiaries; enter into new lines of business; and merge or consolidate. In addition, such indentures imposed certain requirements as to future subsidiary guarantors and contain certain customary events of default.

As of March 31, 2010, the Company's total principal amount of senior subordinated debt was approximately $362.3 million, consisting of $7.5 million principal amount of 2011 Notes, $22.7 million principal amount of Senior PIK Notes and $332.1 million principal amount of Subordinated Notes. The accompanying Consolidated Balance Sheet includes $198.4 million in future interest payments on the Old Notes reflected in the carrying amount of the Company's Senior subordinated notes in the Consolidated Balance Sheets.

For a description of the Company's Plan and 2010 Restructuring see Note 1, "Description of Business, Basis of Presentation and Summary of Significant Accounting Policies," to these Consolidated Financial Statements.

(7) Senior Secured Indebtedness

On December 1, 2010, AMO Escrow Corporation issued $385.0 million aggregate principal amount of First Lien Notes. On the Effective Date, AMO Escrow Corporation merged with and into the Company and the Company assumed the obligations with respect to the First Lien Notes. The First Lien Notes will mature on December 15, 2017. Interest on the First Lien Notes accrues at the rate of 11.5% per annum based upon the outstanding principal amount.

On the Effective Date, the Company issued $80.0 million aggregate principal amount of Second Lien Notes and exchanged $24.9 million aggregate principal amount Senior PIK Notes for $24.9 million aggregate principal amount Second Lien Notes. The Second Lien Notes will mature on June 15, 2018. Interest on the Second Lien Notes accrues at the rate of 13.5% per annum based upon the outstanding principal amount.

Interest on the New Notes is payable semi-annually on June 15 and December 15 of each year, commencing on June 15, 2011. Interest accrues from the most recent date to which interest has been paid or, if no interest has been paid, from the issue date of the New Notes. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

Under the First Lien Notes Indenture, the Company has the option to redeem the First Lien Notes as follows: (a) at any time, and from time to time, prior to December 15, 2013, the Company is permitted to redeem up to 35% of the original principal amount of the First Lien Notes (calculated after giving effect to any issuance of additional First Lien Notes) with the net cash proceeds of one or more equity offerings (as defined in the First Lien Notes Indenture) at a redemption price of 111.5% of the principal amount thereof plus accrued and unpaid interest and additional interest, if any, to the applicable redemption date; (b) at any time prior to December 15, 2013 the Company may redeem all or a part of the First Lien Notes, at a redemption price equal to 100% of the principal amount of the First Lien Notes redeemed plus an applicable premium (as defined in the First Lien Notes Indenture), and accrued and unpaid interest and additional interest thereon, if any, to the redemption date; (c) during any 12-month period prior to December 15, 2013, the Company is entitled to redeem up to 10% of the aggregate principal amount of the First Lien Notes at a redemption price equal to 103.0% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional interest thereon, if any, to the redemption date; (d) on or after December 15, 2013, the Company may redeem the First Lien Notes, in whole or in part, at the redemption prices (expressed as percentages of principal amount of the First Lien Notes to be redeemed) set forth below, plus accrued and unpaid interest and additional interest thereon, if any, to the redemption date, if redeemed during the 12-month period beginning on December 15 of each of the years indicated below:

Year	Percentage
2013	108.625%
2014	105.750%
2015	102.875%
2016 and thereafter	100.000%

Under the Second Lien Notes Indenture, the Company has the option to redeem the Second Lien Notes as follows: (a) at any time, and from time to time, prior to December 15, 2013, the Company is permitted to redeem up to 35% of the original principal amount of the Second Lien Notes (calculated after giving effect to any issuance of additional Second Lien Notes) with the net cash proceeds of one or more equity offerings (as defined in the Second Lien Notes Indenture) at a redemption price of 113.5% of the principal amount thereof plus accrued and unpaid interest and additional interest thereon, if any, to the applicable redemption date; (b) at any time prior to December 15, 2013, the Company may redeem all or a part of the Second Lien Notes, at a redemption price equal to 100% of the principal amount of the Second Lien Notes redeemed plus an applicable premium (as defined in the Second Lien Notes Indenture), and accrued and unpaid interest and additional interest thereon, if any, to the redemption date; (c) on or after December 15, 2013, the Company may redeem the Second Lien Notes, in whole or in part, at the redemption prices (expressed as percentages of principal amount of the Second Lien Notes to be redeemed) set forth below, plus accrued and unpaid interest and additional interest thereon, if any, to the redemption date, if redeemed during the 12-month period beginning on December 15 of each of the years indicated below:

Year	Percentage
2013	110.125%
2014	106.750%
2015	103.375%
2016 and thereafter	100.000%

The Indentures contain a number of covenants that, among other things, limit the Company's ability and that of its restricted subsidiaries, subject to important exceptions and qualifications, to: borrow money; guarantee other indebtedness; use assets as security in other transactions; pay dividends on stock, redeem stock or redeem subordinated debt; make investments; enter into agreements that restrict the payment of dividends by subsidiaries; sell assets; enter into affiliate transactions; sell capital stock of subsidiaries; enter into new lines of business; and merge or consolidate. With respect to the dividend restrictions, the Indentures include a cap on the total amount of cash available for distribution to our common shareholders. In addition, the Indentures impose certain requirements as to future subsidiary guarantors and contain certain customary events of default. Further, the First Lien Notes Indenture and the 2010 Revolving Credit Agreement contain a covenant that limits the Company's ability and that of its restricted subsidiaries, subject to important exceptions and qualifications, to redeem the Second Lien Notes.

As of March 31, 2011, the Company's total principal amount of senior secured debt was approximately $489.9 million, consisting of $385.0 million principal amount of First Lien Notes and $104.9 million principal amount of Second Lien Notes.

In April 2011, the Company redeemed $10.0 million aggregate principal amount of the First Lien Notes, which are reflected in the current portion of senior secured notes in the Consolidated Balance Sheet as of March 31, 2011, at a redemption price equal to 103.0% of the aggregate principal amount thereof, plus accrued and unpaid interest On May 25, 2011, pursuant to the terms of the First Lien Notes Indenture, the Company announced a plan to redeem, on June 30, 2011, an additional $10.0 million aggregate principal amount of the First Lien Notes at a redemption price equal to 103.0% of the aggregate principal amount thereof, plus accrued and unpaid interest. In light of the investment in Odyssey Magazine Publishing Group, LLC ("Odyssey"), the Company launched a consent solicitation to rescind the aforementioned redemption (the "Consent Solicitation") on June 16, 2011. Pursuant to the terms of the First Lien Notes Indenture, 100% of the holders of the First Lien

Notes must agree to the Consent Solicitation. If 100% of the holders of the First Lien Notes do not agree to the Consent Solicitation, the Company will have sufficient liquidity under its Revolving Credit Facility, combined with cash on hand to fund the $10.0 million aggregate principal amount of the First Lien Notes on June 30, 2011. For a description of the Company's investment in Odyssey see Note 11, "Investments in Joint Ventures," to these Consolidated Financial Statements.

(9) Deferred Debt Costs

Deferred debt costs, net are comprised of the following at March 31 (in thousands):

	2011	2010
2010 Revolving Credit Agreement	$ 1,898	$ -
First Lien Notes	10,999	-
Second Lien Notes	257	-
2009 Credit Agreement	-	14,936
Old Notes	-	406
Consent and waiver fees	-	156
Less - accumulated amortization	(347)	(4,560)
	$ 12,807	$ 10,938

In connection with the 2010 Restructuring, the Company deferred approximately $13.2 million of debt costs associated with the 2010 Revolving Credit Agreement and the New Notes. In connection with the amendment and restatement of the 2006 Credit Agreement in January 2009, the Company deferred approximately $14.1 million of debt costs associated with these obligations. In fiscal year 2010, the Company capitalized an additional $0.8 million in debt costs associated with the 2009 Credit Agreement. In May 2009 the Company retired the remaining aggregate principal amount of the 2009 Notes and the deferred debt costs associated with the notes were fully amortized and written-off.

(10) Related Party Transactions

In April 2003, AMI, THL Managers V, LLC, an affiliate of Thomas H. Lee Partners L.P. ("T.H. Lee"), and Evercore Advisors L.P., an affiliate of Evercore Partners LLP ("Evercore"), entered into a management agreement (the "Management Agreement") pursuant to which THL Managers V, LLC and Evercore Advisors L.P. provided certain management and advisory services to AMI and its subsidiaries for an annual fee of $1.0 million each. Management fees of $1.0 million were paid to each of Evercore and T.H. Lee in fiscal year 2006. Pursuant to certain of the supplemental indentures the Company entered into in fiscal year 2007, such fees for fiscal years 2007, 2008 and 2009 were accrued and payments for such fees were not made beginning in fiscal year 2007 or thereafter. As required by the 2009 Credit Agreement, the Management Agreement was terminated as of January 30, 2009 and unpaid management fees totaling $6.0 million were waived.

Prior to the 2009 Restructuring, certain affiliates of T.H. Lee owned 59.0% of the Class A units of EMP Group L.L.C. (the "LLC"), and certain affiliates of Evercore owned 21.8% of the Class A units of the LLC. At that time, the LLC owned 100% of the capital stock of AMI. Evercore and T.H. Lee and their affiliates beneficially owned approximately 10% and 62%, respectively, of Vertis, Inc. ("Vertis") until Vertis emerged from a pre-packaged bankruptcy on August 26, 2008. As of August 26, 2008, Vertis ceased to be a related party.

As a result of the 2009 Restructuring, Vertis again became a related party effective January 30, 2009 due to the new shareholders of AMI holding significant equity interests in Vertis following its emergence from bankruptcy. The 2010 Restructuring did not have an effect on Vertis being a related party.

Vertis performs significant portions of the Company's Tabloid Publications pre-press operations. Purchases of this service from Vertis totaled $2.6 million for fiscal years 2011 and 2010, respectively and $3.1 million for 2009. At March 31, 2011 and 2010, the Company had payables due to Vertis of $0.2 million and $0.3 million, respectively.

(11) Investments in Joint Ventures

Mr. Olympia, LLC

In April 2005, the Company entered into a limited liability company agreement (the "Olympia Agreement") to form a joint venture ("Mr. Olympia, LLC") to manage and promote the Mr. Olympia fitness events. At any time prior to the 10th anniversary of the execution date of the Olympia Agreement, the other limited liability company member may require the Company to purchase all of the limited liability company units ("Put Option") for a cash purchase price of $3.0 million. In the event that the other limited liability company member does not exercise the Put Option, for a period of 120 days following the 10th anniversary of the date of execution of the Olympia Agreement, the Company may require the other limited liability company member to sell all its limited liability company units ("Call Option") for a sale price of $3.0 million.

In April 2005, the other limited liability company member licensed certain trademarks related to the Mr. Olympia fitness events (collectively, the "Olympia Trademarks") to Mr. Olympia, LLC in exchange for the Company paying $3.0 million over a 10 year period. In the event that the Put Option or Call Option is exercised, the Olympia Trademarks will be transferred and owned by Mr. Olympia, LLC. Any remaining balance of the $3.0 million license fee will become due and payable upon such exercise. In the event that the Put Option or Call Option is not exercised, Mr. Olympia, LLC retains the right to the Olympia Trademarks in perpetuity once the $3.0 million license fee is paid.

Effective April 1, 2010, the Company adopted new accounting guidance that modified the consolidation model in previous guidance and expanded disclosures related to variable interest entities ("VIE"). An entity is considered to be a VIE when its total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support or its equity investors, as a group, lack the characteristics of having a controlling interest. A company is required to consolidate a VIE if it is determined to be the primary beneficiary as a result of having both the power to direct the most significant activities of the VIE and it has the obligation to absorb losses or receive benefits that are significant to the VIE. The Company has concluded that the LLC is a VIE and that it is the primary beneficiary because of the fact that (1) the other LLC member has the ability to exercise the Put Option, which if exercised, would cause the Company to absorb Mr. Olympia, LLC's potential losses and (2) the Company controls Mr. Olympia, LLC's most significant operating activities. The Company accounts for the limited liability company as a consolidated subsidiary. The Company has recorded the $3.0 million Put/Call Option and the $3.0 million Olympia Trademarks as an indefinite lived intangible asset in the accompanying Consolidated Balance Sheets as of March 31, 2011 and 2010. In addition, the Company has recorded $3.9 million of accrued expenses and other liabilities at March 31, 2011, which represents the remaining obligation for the Put/Call Option and the license fee associated with the Olympia Trademarks.

Radar Online, LLC

In October 2008, the Company entered into a limited liability company agreement (the "Radar Online Agreement") to form a joint venture ("Radar Online, LLC") to manage the RadarOnline website. The Company owns 50% of Radar Online, LLC and does not consolidate Radar Online, LLC in its Consolidated Financial Statements and therefore accounts for this joint venture using the equity method as the Company does not control its operating activities. The impact of Radar Online, LLC to the Company's Consolidated Financial Statements for fiscal year 2011 and 2010 is insignificant.

Odyssey Magazine Publishing Group, LLC

On June 22 2011, the Company entered into a limited liability company agreement to form a joint venture, Odyssey Magazine Publishing Group, LLC. Also on June 22, 2011, pursuant to an Asset Purchase Agreement, Odyssey acquired certain assets of *OK! Weekly* magazine from Northern & Shell North America Ltd. ("NSNA").

(12) Commitments and Contingencies

Litigation

On March 10, 2009, Anderson News, L.L.C. and Anderson Services, L.L.C., magazine wholesalers (collectively, "Anderson"), filed a lawsuit against the Company, Distribution Services, Inc., a subsidiary of the Company ("DSI"), and various magazine publishers, wholesalers and distributors in the Federal District Court for the Southern District of New York (the "Anderson Action"). Anderson's complaint alleged that the defendants violated Section 1 of the Sherman Act by engaging in a purported industry-wide conspiracy to boycott Anderson and drive it out of business. Plaintiffs also purported to assert claims for defamation, tortious interference with contract, and civil conspiracy. The complaint did not specify the amount of damages sought. On August 2, 2010, the District Court dismissed the action in its entirety with prejudice and without leave to replead and, on October 25, 2010, denied Anderson's motion for reconsideration of the dismissal decision. Anderson filed a notice of appeal to the United States Court of Appeals for the Second Circuit. The briefing of the appeal was completed on May 16, 2011. While it is not possible to predict with certainty the outcome of the appeal of the Anderson Action or to estimate the impact on the Company of a final judgment against the Company and DSI (if that were to occur), the Company and DSI will continue to vigorously defend the case.

In addition, because the focus of some of the Company's publications often involves celebrities and controversial subjects, the risk of defamation or invasion of privacy litigation exists. The Company's experience indicates that the claims for damages made in such lawsuits are usually inflated and the lawsuits are usually defensible and, in any event, any reasonably foreseeable material liability or settlement would likely be covered by insurance. The Company also periodically evaluates and assesses the risks and uncertainties associated with such litigation disregarding the existence of insurance that would cover liability for such litigation. At present, in the opinion of management, after consultation with outside legal counsel, the liability resulting from such litigation, even if insurance was not available, is not expected to have a material effect on the Company's Consolidated Financial Statements.

Printing Agreement

The Company has a printing agreement expiring in fiscal year 2018 with R.R. Donnelley & Sons Company ("RR Donnelley") to print *National Enquirer, Globe, Shape, Men's Fitness, Fit Pregnancy, Muscle & Fitness, Muscle & Fitness Hers, Flex, Natural Health, National Examiner, Sun* and *Country Weekly*. Additionally, the Company has printing agreements with Quad/Graphics, Inc. to print *Star* expiring in fiscal year 2018 and Trend Offset Printing, Inc. to print *Star* expiring in fiscal year 2012. These contracts require pricing adjustments based on the Consumer Price Index. Based on current pricing and production levels, these contracts are estimated to cost approximately $357.6 million over their remaining life as follows (in thousands):

Fiscal Year		
2012	$	49,786
2013		50,853
2014		51,942
2015		53,055
2016		54,192
Thereafter		97,757
	$	357,585

Pre-press Agreement

The Company has a pre-press agreement expiring in its fiscal year 2018 with RR Donnelley for *Shape*, *Men's Fitness*, *Muscle & Fitness Hers*, *Fit Pregnancy*, *Muscle & Fitness*, *Flex* and *Natural Health*. All other titles are under a pre-press agreement with Vertis, expiring in the Company's fiscal year 2013. Based on current pricing and production levels, these contracts, one of which requires pricing adjustments based on changes in the Consumer Price Index, are estimated to cost approximately $20.3 million over their remaining life. See Note 10, "Related Party Transactions," for a discussion of the Company's pre-press relationship with Vertis. Commitments under these agreements at March 31, 2011 are as follows (in thousands):

Fiscal Year		
2012	$	4,735
2013		3,026
2014		2,501
2015		2,570
2016		2,639
Thereafter		4,801
	$	20,272

Transportation Agreement

The Company has a transportation agreement expiring in fiscal year 2018 with RR Donnelley to transport *Star, National Enquirer, Globe, National Examiner, Sun* and *Country Weekly* to wholesalers within the continental United States and Canada. Commitments under this agreement at March 31, 2011 are as follows (in thousands):

Fiscal Year		
2012	$	7,180
2013		7,377
2014		7,578
2015		7,785
2016		7,997
Thereafter		14,546
	$	52,463

Subscription Agreement

The Company has a subscription agreement with CDS Global, Inc. expiring in the Company's fiscal year 2015 for subscription fulfillment services *for National Enquirer, Globe, Shape, Men's Fitness, Fit Pregnancy, Muscle & Fitness, Muscle & Fitness Hers, Flex, Natural Health, National Examiner and Sun.* Commitments under this agreement at March 31, 2011 are as follows (in thousands):

Fiscal Year		
2012	$	5,454
2013		5,574
2014		5,530
2015		4,113
2016		-
Thereafter		-
	$	20,671

Operating Leases

Minimum annual commitments under non-cancelable operating leases at March 31, 2011 are as follows (in thousands):

Fiscal Year		
2012	$	4,991
2013		1,310
2014		2,071
2015		1,858
2016		1,114
Thereafter		18,329
	$	29,673

Rent expenses under real property was $5.8 million, $5.7 million and $5.8 million for fiscal years 2011, 2010 and 2009, respectively, and are included in selling, general and administrative expense in the accompanying Consolidated Statements of Income (Loss).

Other Agreements

The Company has a consulting agreement expiring in fiscal year 2015 with an unrelated company to assist with the marketing of its brands. This contract is estimated to cost approximately $7.8 million over its remaining life.

Trademark License Agreement

As part of the acquisition of the Weider publications in January 2003, the Company entered into a trademark license agreement with Weider Health and Fitness that grants the Company the exclusive right to use the Weider trademarks on the cover and in the editorial content of *Shape*, *Muscle & Fitness*, *Muscle & Fitness Hers*, *Men's Fitness*, *Flex*, *Natural Health* and *Fit Pregnancy* and in any future healthy living or fitness-related publications in any media. The Company was also given the non-exclusive right to use the trade name Joe Weider on products and services other than publications. The Company pays Weider Health and Fitness $0.2 million per year pursuant to the trademark license agreement and has estimated that such payments will continue through 2017. The Company also has the right to use the Weider, Team Weider and Joe Weider trademarks in most other countries in the world.

(13) Selected Quarterly Financial Data (Unaudited)

Quarterly financial data for fiscal years 2011 and 2010 is as follows (in thousands):

	Operating Revenues	Gross Profit	Operating Income (Loss)	Net (Loss) Income
2011				
Q1 2011 (a)	$ 98,512	$ 43,785	$ 22,822	$ 7,397
Q2 2011 (a)	104,358	46,565	25,360	10,549
Q3 2011 (a)	94,063	40,127	16,887	(20,474)
Q4 2011	100,706	48,097	28,958	(1,435)
2010				
Q1 2010 (b)	$ 103,096	$ 41,700	$ 3,476 (c)	$ (8,279) (c)
Q2 2010 (b)	108,634	46,678	27,678	11,252
Q3 2010 (b)	94,853	38,530	19,399	(18,783)
Q4 2010	105,847	49,662	30,424	19,537

(a) Amounts as reported in the Company's fiscal quarters ended June 30, 2010 (Q1 fiscal year 2011), September 30, 2010 (Q2 fiscal year 2011), and December 31, 2010 (Q3 fiscal year 2011) Quarterly Reports.

(b) Amounts as reported in the Company's fiscal quarters ended June 30, 2009 (Q1 fiscal year 2010), September 30, 2009 (Q2 fiscal year 2010), and December 31, 2009 (Q3 fiscal year 2010) Quarterly Reports.

(c) Operating income and net loss for the first quarter of fiscal year 2010 include a provision for impairment of tradenames, goodwill and other identified intangibles of $17.6 million.

(14) Business Segment Information

The Company has aggregated its business into five reporting segments: Celebrity Publications, Tabloid Publications, Women's Health and Fitness Publications, Distribution Services and Corporate/Other. The aggregation of the Company's business is based upon the Company's publications having the following similarities: economic characteristics, types of products and services, types of production processes, type or class of customers, and method of distribution.

The Celebrity Publications segment aggregation includes *Star* and *Country Weekly*.

The Tabloid Publications segment aggregation includes *National Enquirer, Globe* and *National Examiner*.

The Women's Health and Fitness Publications segment aggregation includes *Shape* and *Fit Pregnancy*.

The Distribution Services segment is comprised of DSI, which arranges for the placement of the Company's publications and third-party publications with retailers and monitors through its regional managers and merchandising staff that the Company's publications and third-party publications are properly displayed in stores, primarily national and regional supermarket chains and major retail chains such as Walmart, Kroger Companies, Safeway, Super Valu/Albertsons, Stop & Shop/Giant Food, Publix, H.E. Butt, Food Lion/Sweetbay, Great A&P Tea Company and Winn Dixie. DSI also coordinates (also known as acting as a "category manager/front-end advisor") the racking of magazine fixtures for selected retailers. In addition, DSI provides marketing, merchandising and information gathering services to third parties including non-magazine clients.

The Corporate/Other segment aggregation includes the following publications: *Muscle & Fitness*, *Men's Fitness*, *Muscle & Fitness Hers*, *Flex*, *Natural Health*, and *Sun*. In addition, the Corporate/Other segment also includes publishing services, ancillary sales and corporate overhead. Ancillary sales primarily relate to licensing, syndication and new media. Corporate expenses not allocated to other segments include production, circulation, executive staff, information technology, accounting, legal, human resources and administration. While most of the publications aggregated in the Corporate/Other segment have certain similar products and services, production processes, type or class of customers, and method of distribution as some of the other publications which are aggregated into the other reporting segments (Celebrity Publications, Tabloid Publications and Women's Health and Fitness Publications), their economic characteristics are dissimilar to such other publications. Accordingly, the Company has aggregated those publications into the Corporate/Other reporting segment.

The Company's accounting policies are the same for all reportable segments.

Segment Data

The following table presents the results of and assets employed in the Company's five reporting segments for fiscal years 2011, 2010 and 2009, respectively. The information includes certain intersegment transactions and is, therefore, not necessarily indicative of the results had the operations existed as stand-alone businesses. Intersegment transactions represent intercompany services, which are billed at what management believes are prevailing market rates. These intersegment transactions, which represent transactions between operating units in different business segments, are eliminated in consolidation. The results of operations exclude the results of our discontinued operations for all periods presented. See Note 3, "Discontinued Operations," for a discussion regarding discontinued operations.

	Segment (in thousands)					(in thousands)	
	Celebrity Publications	Tabloid Publications	Women's Health and Fitness Publications	Distribution Services	Corporate/ Other (1)	Elimination Entries	Consolidated Total
Operating revenues							
Fiscal year ended 2011	$ 95,684	$ 125,497	$ 64,984	$ 28,190	$ 91,061	$ (7,777) (2)	$ 397,639
Fiscal year ended 2010	$ 102,172	$ 131,715	$ 63,753	$ 29,215	$ 93,762	$ (8,187) (2)	$ 412,430
Fiscal year ended 2009	$ 113,731	$ 134,064	$ 78,337	$ 32,931	$ 111,129	$ (8,543) (2)	$ 461,649
Operating income (loss)							
Fiscal year ended 2011	$ 28,373	$ 62,347	$ 15,427	$ 5,040	$ (17,160)	$ -	$ 94,027
Fiscal year ended 2010 (3)	$ 26,843	$ 63,323	$ (634)	$ 5,949	$ (14,504)	$ -	$ 80,977
Fiscal year ended 2009 (4)	$ (42,038)	$ (24,600)	$ (40,709)	$ 6,831	$ (26,515)	$ -	$ (127,031)
Depreciation and amortization							
Fiscal year ended 2011	$ 6	$ 2,622	$ -	$ 1,231	$ 2,475	$ -	$ 6,334
Fiscal year ended 2010	$ 18	$ 2,622	$ -	$ 865	$ 3,128	$ -	$ 6,633
Fiscal year ended 2009	$ 1,297	$ 2,622	$ -	$ 176	$ 5,478	$ -	$ 9,573
Amortization of deferred rack costs							
Fiscal year ended 2011	$ 2,283	$ 4,152	$ 463	$ -	$ 513	$ -	$ 7,411
Fiscal year ended 2010	$ 1,850	$ 2,962	$ 304	$ -	$ 776	$ -	$ 5,892
Fiscal year ended 2009	$ 3,072	$ 4,934	$ 452	$ -	$ 2,774	$ -	$ 11,232
Provision for impairment of intangible assets and goodwill							
Fiscal year ended 2011	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fiscal year ended 2010	$ -	$ -	$ 17,595	$ -	$ -	$ -	$ 17,595
Fiscal year ended 2009	$ 63,072	$ 83,247	$ 62,021	$ -	$ 9,010	$ -	$ 217,350
Total Assets							
At March 31, 2011	$ 112,549	$ 247,239	$ 75,915	$ 11,506	$ 190,312	$ -	$ 637,521
At March 31, 2010	$ 111,508	$ 249,588	$ 76,550	$ 15,645	$ 167,168	$ -	$ 620,459

(1) Included in the Corporate/Other segment are income tax expense (benefit) of $4.0 million, $22.8 million, and ($33.3) million; interest expense of $56.5 million, $50.6 million and $85.3 million; and amortization of deferred debt costs of $3.2 million, $3.9 million and $9.8 million for fiscal years 2011, 2010 and 2009, respectively.

(2) Substantially all the amount represents revenues from transactions with the Distribution Services segment.

(3) Operating income (loss) for fiscal year 2010 includes the provision for impairment of tradenames and other identified intangibles of $3.0 million for Women's Health and Fitness Publications and the provision for impairment of goodwill of $14.6 million for Women's Health and Fitness Publications.

(4) Operating income (loss) for fiscal year 2009 includes the provision for impairment of tradenames and other identified intangible assets of $47.9 million for Celebrity Publications, $31.9 million for Tabloid Publications, $15.0 million for Women's Health and Fitness Publications and $8.3 million for Corporate/Other and the provision for impairment of goodwill of $15.2 million for Celebrity Publications, $51.3 million for Tabloid Publications, $47.0 million for Women's Health and Fitness Publications and $0.7 million for Corporate/Other.

(15) Severance Charges

The Company incurred severance charges related to the closures, re-launch of publications and the implementation of certain management action plans for each of fiscal years 2011, 2010 and 2009. In connection with the implementation of a management action plan during the fourth fiscal quarter of fiscal year 2009 the Company terminated approximately 113 employees, resulting in severance charges of $2.1 million. Severance charges for fiscal years 2011, 2010 and 2009 were approximately $2.2 million, $1.0 million and $3.9 million, respectively. At March 31, 2011 and 2010, the Company had accrued severance charges of $0.9 million and $0.4 million, respectively.

(16) Benefit Plans

The Company maintains a 401(k) plan covering all eligible employees. Subject to certain dollar limits, eligible employees may contribute up to 20% of their pre-tax annual compensation to the plan. The Company may make discretionary contributions on an annual basis. During part of fiscal year 2009, the Company made matching contributions of 100% of the first 2% of participating employees' eligible contributions. Effective December 31, 2008, the Company suspended its matching contributions due to the current economic downturn. The Company's matching contributions were approximately $0.5 million in fiscal year 2009.

(17) *Men's Fitness* International Licensing

On September 19, 2009, the Company received $0.2 million from a licensee (the "Former Licensee") for the termination of its *Men's Fitness* license agreement in the United Kingdom and Ireland (the "Termination Agreement"). Simultaneously with the Termination Agreement, the Former Licensee also paid the Company $0.6 million to purchase the trademarks, domain names and the exclusive and sub-licensable right to publish *Men's Fitness* in the United Kingdom and Ireland, which amount has been reflected as gain on sale of assets in fiscal year ended March 31, 2010.

Under a separate agreement also entered into on September 19, 2009, the Company also received $2.0 million from the Former Licensee (the "Licensing Cooperation Agreement") to publish licensed editions of *Men's Fitness* in five new countries. The $2.0 million received from the Former Licensee is included in other non-current liabilities in the accompanying Consolidated Balance Sheets as of March 31, 2010. The Former Licensee may terminate the Licensing Cooperation Agreement upon one year's written notice if the Company fails to begin publishing *Men's Fitness* in its existing locations, which exclude the United Kingdom and Ireland, within the one-year period. The Company may terminate the Licensing Cooperation Agreement upon one year's written notice if the Former Licensee fails to begin publishing *Men's Fitness* in the new countries within the one-year period. During the fiscal year ended March 31, 2011, the Former Licensee signed a license agreement to publish *Men's Fitness* in Germany. Accordingly, the Company recognized $0.6 million of the $2.0 million revenue that was deferred. The balance of the non-current liability of $1.4 million is included in other non-current liabilities in the accompanying Consolidated Balance Sheets as of March 31, 2011.

(18) License and Publishing Services Agreements

Playboy

In November 2009, the Company entered into a publishing services agreement with Playboy Enterprises, Inc. ("Playboy"). Under this agreement, the Company assumed responsibility for *Playboy* magazine's advertising sales and marketing, circulation and production management, newsstand distribution and back office financial services as of January 2010. In consideration for these services, Playboy compensates the Company through services fees and commissions for advertising sales on print and digital revenues, in addition to certain cost savings and subscription revenue incentives. The Company also manages the annual Playboy Super Bowl event. The *Playboy* publishing services agreement contributed $4.6 million and $0.7 million in revenues and $2.1 million and $0.3 million to the Company's net income in fiscal year 2011 and 2010, respectively.

TV Guide Magazine

In February 2011, the Company entered into an advertising services agreement with TV Guide Magazine, LLC to sell direct response advertising and agreed upon selective general advertisers. In consideration the Company receives commissions on these advertising sales. The impact of *TV Guide* to the Company's Consolidated Financial Statements for fiscal year 2011 is insignificant.

Source Interlink Media

In April 2011, the Company entered into a licensing agreement with Source Interlink Media, LLC ("Source"). Under this agreement, the Company licensed from Source the right to use certain trademarks, copyrights, and domain names of *Soap Opera Digest, Soap Opera Weekly, Soap Opera Weekly Special Interest Publications* and *Pixie*. In consideration for the licensing rights, the Company will make payments to Source based on annual profit of these trademarks. There was no impact of this agreement to the Company's Consolidated Financial Statements for fiscal year 2011.

(19) Stock Compensation

On December 22, 2010, as part of the Plan, the Company adopted its Equity Incentive Plan (the "Incentive Plan"). Under the terms of the Incentive Plan, the Compensation Committee of the Board of Directors has the ability to grant stock options, stock appreciation rights, restricted stock, restricted stock units, stock bonus awards and performance compensation awards to incentivize and retain directors, officers, employees, consultants and advisors. The Compensation Committee is authorized to issue up to 1.1 million shares of the Company's common stock under the Incentive Plan. As of March 31, 2011, the Compensation Committee has granted 1.1 million shares of common stock through the issuance of restricted stock to certain key officers and employees and there are no additional shares of the Company's common stock available for grant under the Incentive Plan.

The Compensation Committee granted 0.7 million shares of restricted stock to key officers and employees in December 2010 in connection with the Plan, and in February 2011 the Compensation Committee granted an additional 0.4 million shares of restricted stock to certain other officers and employees. The fair value of restricted stock is measured based upon the estimated fair value of the Company's common stock as of the date of grant. The shares issued to holders of restricted stock awards will fully vest upon the earlier to occur of a change in control or an initial public offering, each as defined under the Incentive Plan. The weighted average grant date fair value of the restricted stock was $23.58. Because the shares do not vest until the occurrence of a change in control or an initial public offering, the Company has not recognized compensation cost for the restricted stock in its Consolidated Statement of Income (Loss). Upon a change in control or other "liquidity event", as specified in the applicable restricted stock agreements, the shares issued to holders of restricted stock awards will fully vest. However, the shares under Mr. Pecker's restricted stock awards will immediately vest upon termination of employment by the Company without "cause," including an election by the Company not to extend further the term of Mr. Pecker's employment, or a voluntary resignation with "good reason."

The Company's previous equity incentive plans were terminated by the Bankruptcy Court in accordance with the terms of the Plan. Share-based payment arrangements previously issued and outstanding under the terms of these plans were cancelled. All previous equity was cancelled as part of the Plan. All these awards were previously expensed over their respective vesting terms.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Item omitted as permitted pursuant to the terms of Section 4.03 of each of the Indentures.

Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The following table sets forth the directors and executive officers of the Company as of May 31, 2011. All officers serve at the pleasure of the Board of Directors.

Name	Age	Position(s)	Director or Officer Since
David J. Pecker (2)	59	Chairman, Chief Executive Officer, President and Director	May 1999
Philip L. Maslowe (1)	64	Director	January 2009
Charles C. Koones	48	Director	January 2009
Lawrence S. Kramer (1) (2)	61	Director	March 2009
Susan Tolson	49	Director	December 2010
Michael Elkins (2)	43	Director	December 2010
David Licht (1)	36	Director	December 2010
Daniel Flores	41	Director	December 2010
Gavin Baiera	35	Director	December 2010
Christopher Polimeni	45	Executive Vice President, Chief Financial Officer and Treasurer	September 2008
Kevin Hyson	61	Executive Vice President and Chief Marketing Officer	May 1999
David Leckey	58	Executive Vice President, Consumer Marketing	February 2006
John Swider	51	Executive Vice President, Operations of American Media, Inc. President/CEO of Distribution Services, Inc.	May 2006
Jeffrey Laymon	52	Senior Vice President, Chief Accounting Officer and Controller	March 2010

(1) Member of the Audit Committee of the Board of Directors.
(2) Member of the Compensation Committee of the Board of Directors.

David J. Pecker became Chairman, Chief Executive Officer, President and a Director on May 7, 1999. Prior to that, Mr. Pecker had been the Chief Executive Officer since 1992, and President since 1991, of Hachette. Prior to 1991, he was Executive Vice President/Publishing and Chief Operating and Chief Financial Officer of Hachette. Mr. Pecker has 30 years of publishing industry experience, having worked as the Director of Financial Reporting at CBS, Inc. Magazine Group and as the Vice President and Controller of Diamandis Communications Inc. Mr. Pecker currently serves as a director of the Madison Square Boys and Girls Club of New York., Mr. Pecker was appointed to the Board of Trustees of Pace University in February 2009. Mr. Pecker holds a B.B.A. from Pace University, received an honorary doctorate degree in Commercial Science from Pace University in 1998, and is Founder, past President and a current director of the Federal Drug Enforcement Foundation. Mr. Pecker was appointed as a director due to his extensive experience in the publishing industry.

Philip L. Maslowe became a Director in January 2009. Mr. Maslowe has served on the board of directors for NextMedia Group, Inc., an out-of-home media company that owns and operates radio and outdoor advertising properties throughout the United States, since May 2010. Mr. Maslowe has served on the board of directors and chairman of the audit committee for United Site Services, Inc., a leading national provider of portable restrooms, temporary fence, storage, erosion control and power sweeping, since January 2010. Mr. Maslowe has served on the board of directors and as the chairman of the audit committee for Delek US Holdings, Inc., a diversified energy business, since May 2006, and has served on the board of directors and audit committee, as well as chairman of the human resources committee, of NorthWestern Corporation, a publicly traded provider of electricity and natural gas, since December 2004. From 2008 to 2009, Mr. Maslowe served as a member of the board of directors and audit committee, as well as a member of the special committee to sell the company, of Hilex Poly Co., LLC, a leading manufacturer of plastic bag and film products. From March 2006 to February 2007, Mr. Maslowe served on the board of managers of Gate Gourmet Group Holding, LLC, a private company providing catering services to airlines. From 2002 to 2004, Mr. Maslowe served as a member of the board of directors and audit committee, as well as chairman of the corporate governance committee, of Mariner Health Care, Inc., a publicly-traded provider of post-acute health care services, and as chairman of the board of directors, chairman of the audit committee, and chairman or member of the compensation committee of AMF Bowling Worldwide, Inc., a company that operates bowling centers and holds an interest in a business that manufactures and sells bowling equipment. From 2000 to 2001, Mr. Maslowe served as a member of the board of directors and audit committee of Bruno's Supermarkets, Inc., a supermarket chain in Alabama, Georgia, Florida and Mississippi. From 1997 to 2002, Mr. Maslowe served as executive vice president and chief financial officer of The Wackenhut Corporation, a provider of diversified outsourcing services for security, staffing and privatized prisons. Mr. Maslowe holds a B.B.A. from Loyola University of Chicago and received a Master of Management degree from Northwestern University and is a CPA. Mr. Maslowe was appointed as a director due to his directorship experience in the media industry.

Charles C. Koones became a Director in January 2009. He resigned from our Board of Directors on the Effective Date in connection with our emergence from bankruptcy. Mr. Koone's was reappointed as a Director in May 2011. Mr. Koones is CEO of Moon Tide Media, LLC and a principal of Rockmore Media, a Los Angeles-based media advisor. Previously, Mr. Koones was President of the RBI Entertainment Group and President and Publisher of *Variety* magazine. Mr. Koones serves as a board member of TheWrap, Inc. (Los Angeles), The New Visions Foundation (Los Angeles), Inner-City Arts and the President's Council of the University of Richmond. Mr. Koones holds a B.A. from the University of Richmond. Mr. Koones was appointed as a director due to his publishing and management experience in the publishing industry.

Lawrence S. Kramer became a Director in March 2009. Mr. Kramer is a media consultant and an adjunct professor of Media Management at Syracuse University. He was Senior Adviser at Polaris Venture Partners, a national venture capital firm from January 2008 until January 2010. From March 2005 to November 2006, he was President of CBS Digital Media and continued to act as an adviser to CBS until April 2008. From 1997 until its sale to Dow Jones in January 2005, he was Chairman, Chief Executive Officer and Founder of MarketWatch, Inc. He currently sits on the Board of Directors of Discovery Communications, Freedom Communications, BlackArrow, Inc. and Harvard Business School Publishing and serves on the Advisory Boards to the Newhouse School of Communications at Syracuse University, Minyanville, Crossboarders, Newser.com, Wall Street Cheat Sheet and Jib Jab Media Inc. From September 2007 until July 2009, he served as a member of the Board of Directors of Xinhua Finance Media, and from May 2005 until April 2011 he served as a member of the Board of Directors of Answers.com. He was a founding Board member and former Chairman of The Online Publishers Association. Mr. Kramer received his B.S. from Syracuse University and his M.B.A. from Harvard University. Mr. Kramer was appointed as a director due to his management experience in the media industry.

Susan Tolson became a Director in December 2010. From 1990 to June 2010, Ms. Tolson worked as an Analyst and Portfolio Manager at Capital Research Company, a subsidiary of The Capital Group Companies, Inc., (the "Capital Research and Management") one of the world's largest investment management organizations. At Capital Research, she served as a Senior Vice President, specializing in the high-yield bond market. Prior to joining Capital Research, Ms. Tolson spent two years with Aetna Investment Management Company, making private investments in media and entertainment companies. Ms. Tolson serves as board member and audit committee member of the American Cinémathèque, board member and member of the Business Affairs Committee of The American University of Paris and board member of the Fulbright Commission. Ms. Tolson also Chairs the investment committee of the American School of Paris. Ms. Tolson holds a B.A., cum laude, in economics from Smith College and an M.B.A from Harvard University Graduate School of Business Administration. Ms. Tolson was appointed as a director due to her analytical and investment experience in the media and entertainment industries.

Michael Elkins became a Director in December 2010. Mr. Elkins joined Avenue in 2004 and is currently a Portfolio Manager of the Avenue U.S. Funds. In such capacity, Mr. Elkins is responsible for assisting with the direction of the investment activities of the Avenue U.S. Strategy. Prior to joining Avenue, Mr. Elkins was a Portfolio Manager and Trader with ABP Investments US, Inc. ("ABP"). While at ABP, he was responsible for actively managing the firm's U.S. high-yield and distressed investment strategy. Prior to ABP, Mr. Elkins served as a Portfolio Manager and Trader for UBK Asset Management, after joining the company as a High Yield Credit Analyst. Previously, Mr. Elkins was a Credit Analyst for both Oppenheimer & Co., Inc. and Smith Barney, Inc. Mr. Elkins has served on the board of directors of Vertis Communications since October 2008, Media Holdco Parent, Inc. and Media Holdco LP Partners, Inc. since January 2009, Milacron LLC since April 2009, and Magnachip Semiconductor LLC since November 2009. Mr. Elkins serves on the board of directors of each of these companies in connection with a reorganization or refinancing involving affiliates of Avenue. Mr. Elkins holds a B.A.

from George Washington University and an M.B.A from Emory University. Mr. Elkins was appointed as a director due to his experience in managing high-yield and distressed investments.

David Licht became a Director in December 2010. Mr. Licht joined Avenue in 2007 and is currently a Senior Vice President of the Avenue U.S. Funds. In such capacity, Mr. Licht focuses on distressed debt and undervalued securities of U.S. companies. Prior to joining Avenue, Mr. Licht was a Senior Portfolio Manager at ABP. While at ABP, he was responsible for managing and overseeing the firm's high-yield, distressed debt and bank debt portfolios. Prior to joining ABP in 2001, Mr. Licht was an Associate at Donaldson, Lufkin & Jenrette Securities Corporation in its Leveraged Finance Division. Previously, Mr. Licht worked for Arthur Andersen LLP, where he received his CPA. Mr. Licht holds a B.B.A. from the University of Michigan Business School. Mr. Licht currently serves on the board of directors of Trump Entertainment Resorts, Inc., where he was appointed pursuant to its July 16, 2010, plan of reorganization. Mr. Licht was appointed as a director due to his experience in managing high-yield and distressed debt.

Daniel Flores became a Director in December 2010. Mr. Flores joined Avenue in 2008 and is currently a Senior Vice President. In such capacity, Mr. Flores focuses on distressed debt opportunities and restructuring transactions for Avenue's U.S. Strategy. Prior to joining Avenue, Mr. Flores was a Vice President in the Restructuring and Finance Group at Lehman Brothers. Prior to joining Lehman Brothers in 2002, he was a Co-Founder and Director of MENU Pte Ltd, and an Analyst in Merrill Lynch's Global Power Group in New York and Singapore. Mr. Flores has served on the board of directors of Vertis, Inc. since December 2009 and Milacron LLC since August 2009. Mr. Flores serves on the board of directors of each of these private companies in connection with a reorganization or refinancing involving affiliates of Avenue. Mr. Flores has a BA from Duke University and an MBA from Columbia Business School. Mr. Flores was appointed as a director due to his experience in managing distressed debt and restructuring transactions.

Gavin Baiera became a Director in December 2010. Mr. Baiera joined Angelo Gordon in 2008 and is currently a Managing Director. In such capacity, Mr. Baiera is responsible for investing in distressed securities. Prior to joining Angelo Gordon, Mr. Baiera was the Co-Head of the Strategic Finance Group at Morgan Stanley, where he was responsible for all origination, underwriting and distribution of restructuring transactions. Prior to joining Morgan Stanley in 2005, Mr. Baiera was at General Electric Capital Corporation, concentrating on underwriting and investing in performing and distressed transactions. Mr. Baiera began his career at General Electric Capital Corporation as a part of its financial management program, and holds a B.A. from Fairfield University and an M.B.A. from the University of Southern California. Mr. Baiera was appointed as a director due to his experience in managing distressed securities and restructuring transactions.

Christopher Polimeni is Executive Vice President, Chief Financial Officer and Treasurer. Prior to being appointed Chief Financial Officer of the Company in March 2010, Mr. Polimeni served as Executive Vice President, Chief Accounting Officer and Treasurer from July 2009, Senior Vice President, Chief Accounting Officer and Treasurer from January 2009 and Senior Vice President of Finance and Treasurer of the Company from September 2008 and as Senior Vice President of Process Improvement from the time he joined the Company in February 2007 until September 2008. Prior to joining the Company, he formed his own consulting firm in 2003 and provided services in areas such as Securities and Exchange Commission ("SEC") reporting, mergers and acquisitions, internal control evaluations, Chapter 11 reorganizations and technology strategic planning and implementation. From 1994 to 2003, Mr. Polimeni served as Vice President of Finance and Corporate Controller of GE Supply Logistics, LLC (formerly Questron Technology, Inc.), the leading provider of inventory logistics management services. He practiced as a certified public accountant between 1987 and 1994. Mr. Polimeni has a B.B.A. in Accounting and Business Computer Information Systems from Hofstra University.

Kevin Hyson is Executive Vice President and Chief Marketing Officer. Mr. Hyson joined the Company as a Senior Vice President and was promoted to Executive Vice President in 2001. Prior to joining the Company, Mr. Hyson was President of Hylen Sharp Inc., a Greenwich, Connecticut-based marketing firm whose clients included Hachette, JVC and Sony.

David Leckey became Executive Vice President, Consumer Marketing in February 2006. From 2001 to 2006, Mr. Leckey was Senior Vice President, Consumer Marketing at Hachette, where he spent 28 years. Prior to that, he was at Hearst Publications. Mr. Leckey has served on the Board of Directors of the Audit Bureau of Circulations since 1988, where he is Chairman of the Magazine Committee, which addresses issues confronting the media industry, especially those concerning circulation reporting and measurement standards. He was the 2002 recipient of the Lee C. Williams Lifetime Achievement Award by the Fulfillment Management Association. Mr. Leckey has a B.A. from Marietta College.

John Swider is the Executive Vice President, Operations of American Media, Inc. and President/CEO of Distribution Services, Inc. Prior to being appointed Chief Executive Officer and President, DSI in October 2010, Mr. Swider served as Executive Vice President, Operations from November 1999 to October 2010. Prior to joining the Company in November 1999, Mr. Swider was an Executive Vice President for Globe Communications Corp. His current responsibilities include production, manufacturing, newsstand circulation, corporate library/archives, customer service and the minimag division. Mr. Swider holds a B.A. in Education from Wake Forest University.

Jeffrey Laymon is Senior Vice President, Chief Accounting Officer and Controller. Prior to being appointed Chief Accounting Officer in March 2010, Mr. Laymon served as Vice President, Internal Audit from May 2007, when he joined the Company, to January 2009 and was Vice President, Controller from January 2009. Prior to joining the Company, Mr. Laymon served as Vice President – Accounting at First Data Corporation, a provider of electronic payment processing solutions, from 1995 to 2006, and from 1984 to 1993, Mr. Laymon was Director of International Finance at Gulf + Western Corporation, a conglomerate corporation with a diversified business. Mr. Laymon has a B.A. in Accounting from Wake Forest University.

In connection with the 2010 Restructuring, we issued an aggregate of 3,914,527 shares of AMI's common stock to several investment funds managed by Avenue (collectively, the "Avenue Stockholders"), an aggregate of 2,018,155 shares of AMI's common stock to several investment funds and separately managed accounts managed by Angelo Gordon (collectively, the "Angelo Gordon Stockholders") and an aggregate of 1,773,198 shares of AMI's common stock to American High-Income Trust and certain related funds and other entities managed by Capital Research, Capital Guardian Trust Company and Capital International, Inc. (collectively, the "Capital Research Stockholders"), representing 35.2%, 18.2% and 16% of the issued and outstanding shares of AMI's common stock, respectively. On the Effective Date, we entered into a Stockholders' Agreement in connection with the Plan. Under the Stockholders' Agreement, the Board of Directors of the Company is composed of 9 members, 1 of whom is the chief executive officer of the Company and the remaining 8 of whom are designated pursuant to the following designation rights: (1) the Avenue Stockholders have the right to designate 4 directors; provided that one such individual (x) shall not be affiliated with the Avenue Stockholders, and (y) shall be acceptable to the Capital Research Stockholders and the Angelo Gordon Stockholders so long as each such stockholder has a total ownership percentage of at least 10%, (2) the Angelo Gordon Stockholders will have the right to designate 2 directors, and (3) the Capital Research Stockholders will have the right, but not the obligation, to designate two directors; provided however, (a) if the Avenue Stockholders have a total ownership percentage of less than 20% then the number of directors the Avenue Stockholders are entitled to designate shall be reduced by 2, (b) if the total ownership percentage of the Avenue Stockholders, the Angelo Gordon Stockholders or the Capital Research Stockholders is less than 10%, but more than 5%, then such stockholders shall be entitled to designate 1 director and (c) if the total ownership percentage of the Avenue Stockholders, the Angelo Gordon Stockholders and the Capital Research Stockholders is less than 5%, then such stockholders shall no longer be entitled to designate directors. If any of the Avenue Stockholders, the Angelo Gordon Stockholders or the Capital Research Stockholders loses the right to designate a director, such vacancy will be filled by majority requisite consent of the Avenue Stockholders, the Angelo Gordon Stockholders and the Capital Research Stockholders who are holders of at least 5% of the total ownership percentage, subject to certain exceptions.

The following directors resigned from our Board of Directors on the Effective Date in connection with our emergence from bankruptcy: James N. Chapman, Charles C. Koones and Marc Nuccitelli. Mr. Koone's was reappointed as a director in May 2011. Pursuant to the Stockholders' Agreement, on the Effective Date, (i) the Angelo Gordon Stockholders designated Philip Maslowe and Gavin Baiera as directors, (ii) the Avenue Stockholders designated Michael Elkins, David Licht, Daniel Flores and Lawrence Kramer as directors and (iii) the Capital Research Stockholders designated Susan Tolson and Charles C. Koones as directors.

Audit Committee Financial Expert

Our Board of Directors has determined that Philip Maslowe, a member of the Audit Committee, is an audit committee financial expert as defined by the SEC for purposes of this Item 10. The Company's securities are not publicly traded. Accordingly, we are not required to comply with the independence standards of any national securities exchange as to our Board of Directors. However, if we applied the definition of "independent director" under NASDAQ Marketplace Rules, Mr. Maslowe would be deemed independent. The other members of the Audit Committee are Lawrence Kramer and David Licht.

Code of Ethics

We have adopted an amended and restated code of ethics and corporate conduct for our principal executive officer and senior financial officers, including our principal financial officer and principal accounting officer. The full text of this amended and restated code of ethics and corporate conduct has been posted on our website at www.americanmediainc.com. There has not been any amendment to, or waiver of, this code of ethics and corporate conduct since it was adopted.

Item 11. *Executive Compensation*

COMPENSATION DISCUSSION AND ANALYSIS

In this section, we will give an overview and analysis of our compensation program and policies, the material compensation decisions we have made under those programs and policies, and the material factors that we considered in making those decisions. Following this "Compensation Discussion and Analysis," you will find a series of tables containing specific information about the compensation earned by or paid to the following individuals, whom we refer to as our named executive officers, in our fiscal year ended March 31, 2011:

Name	Position
David J. Pecker	Chairman, Chief Executive Officer and President
Christopher Polimeni	Executive Vice President, Chief Financial Officer and Treasurer
Jeffrey Laymon	Senior Vice President, Chief Accounting Officer and Controller
David Leckey	Executive Vice President, Consumer Marketing
Kevin Hyson	Executive Vice President, Chief Marketing Officer

The discussion below is intended to help you understand the detailed information provided in those tables and put that information into the context of our entire compensation program.

Compensation Philosophy and Objectives

Our goal in compensating executive officers is to attract, retain and motivate key executives of superior ability who are crucial to our future success. We believe that compensation paid to executive officers should be aligned with our performance, and that compensation should be structured to ensure that a significant portion of an executive's compensation package is directly related to achievement of financial and operational goals and other factors that affect performance.

Our compensation decisions with respect to executive officer salaries and incentive compensation opportunities are influenced by (a) the executive's level of responsibility and function within the Company, (b) the performance and profitability of the Company, and (c) our assessment of the competitive marketplace. Our philosophy is to focus on the total compensation package through a mix of base salary, an annual cash incentive payment or discretionary bonus, and long-term equity incentives in the form of restricted stock awards.

Overview of Executive Compensation Components

The Company's executive compensation program consists of the following elements:

Element of Compensation	Objectives of the Element of Compensation	What the Element of Compensation Is Designed to Reward
Base Salary	Base salary is intended to provide periodic cash compensation to employees.	Base salary is intended to reward the executive's core competence as measured by the executive's skills, experience and contributions to the Company.
Emergence Bonus Plan	The one-time cash payments made under the Emergence Bonus Plan were paid to key employees upon the Company's emergence from bankruptcy.	The Emergence Bonus Plan cash bonus payments were intended to reward loyalty and efforts of key employees during the 2010 Restructuring.

Annual Discretionary Bonus	Executives are eligible to receive either an annual discretionary bonus or an annual cash incentive. The annual discretionary bonus gives the Company the flexibility to take into account different quantitative and qualitative measures over the fiscal year in determining the size of an eligible executive's bonus.	Annual discretionary bonuses are intended to reward individual performance and contributions toward Company performance.
Annual Cash Incentive	The annual cash incentive payments create an incentive to meet annual goals that lead to our long-term success.	Annual cash incentive pay is intended to reward contributions toward the achievement by the Company or a subsidiary thereof of specified financial targets.
Restricted Stock Awards	Many executives have received grants of restricted stock awards under the American Media, Inc. Equity Incentive Plan (the "Equity Incentive Plan"). Shares fully vest upon a "liquidity event," as defined in the Equity Incentive Plan. Restricted stock awards are intended to give the officers a stake in the Company's long-term profitability.	Restricted stock awards are intended to reward loyalty of executives through the specified liquidity event.
Welfare Benefits Executives participate in employee benefit plans generally available to our employees, including medical, health, life insurance and disability plans.	These benefits are part of our broad-based total compensation program.	Welfare benefits are intended to reward all regular, full-time employees for their service to the Company.
Additional Benefits and Perquisites Certain executives have additional benefits and perquisites pursuant to their employment agreements. • Tax/financial advice • Club dues • Monthly living allowance • Car service • Reimbursement of airfare for spouse • Reimbursement of gifts to clients and employees • Cellular telephone expenses • Paid time off • Tax gross-up	These additional benefits and perquisites are intended to encourage and assist our key employees in their efforts to expand the business.	Additional benefits and perquisites are intended to reward executives who are required to travel or engage in social activities as part of their work for the Company.

Change in Control and Termination Benefits • Severance payments • Our CEO will receive continued welfare benefits after termination of employment. • Our CEO will receive a gross-up payment to the extent any payment would be considered an "excess parachute payment" subject to excise tax under IRC Section 4999.	Severance and change in control benefits are intended to provide continuity of management by encouraging our executives to remain with us in the event of a change in control.	Severance and change in control benefits are intended to reward the loyalty of employees through the date of termination or change in control.

The use of these elements of compensation enables us to reinforce our pay for performance philosophy, as well as strengthen our ability to attract and retain highly qualified executives. We believe that this combination of compensation elements provides an appropriate mix of fixed and variable pay, balances short-term operational performance with long-term value, and encourages executive recruitment and retention.

Determination of Appropriate Pay Levels

Pay Philosophy and Competitive Standing

In general, we seek to provide competitive pay while securing long-term loyalty by entering into employment agreements with our executive officers. Compensation of the executives is fixed by the terms of the employment agreements, which are the product of arm's-length negotiations. Factors we take into account in these negotiations include an executive's experience and seniority, past compensation, relative compensation of other executives, and the desired mix of compensation elements. Although we do not formally survey the compensation practices of other companies, we believe that we provide competitive pay, taking into account total compensation, including salaries, annual bonuses, annual incentive payments and long-term incentives. For the cash component of our executive's compensation, we provide a base salary, which is typically fixed in the employment agreement, and either an annual fixed or discretionary bonus or an annual opportunity to receive incentive pay. Incentive pay targets are set by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") at the beginning of the fiscal year. Targets are often based on budgeted "EBITDA," which for fiscal year 2011 was calculated as net loss plus interest expense, provision for income taxes, depreciation and amortization, amortization of deferred debt costs, loss on extinguishment of debt, amortization of deferred rack costs and amortization of short-term racks, plus costs related to closures and re-launch of publications, restructuring costs and severance, and other. The Compensation Committee, in its discretion, may set alternative targets in any year for some or all of the executives. The amount of incentive pay may fluctuate from year-to-year. For the long-term incentive component of our executives' pay, we provide restricted stock awards in the Company, which give the holder an interest in certain proceeds upon a change in control or other liquidity event of the Company, as provided in the Equity Incentive Plan.

Base Salary

Base salary levels are generally the product of arm's length negotiation, taking into account the executive's experience and seniority, the desired mix of the executive's elements of compensation, prior performance with the Company, if applicable, and the Company's compensation budget. The Compensation Committee reviews salary levels at the end of the term of each executive's employment agreement. In fiscal year 2011, the Company extended the terms of the employment agreements for Mssrs. Pecker, Polimeni, Laymon, Leckey and Hyson. As part of these negotiations, the Board of Directors increased Mr. Pecker's salary from $1,500,000 to $1,750,000 owing to his particularly strong performance and his willingness to forego pay increases in previous years. The Compensation Committee, in its discretion, preserved the salary of each of Mssrs. Polimeni, Laymon, Leckey and Hyson during the extended employment term of each such executive at the same level that he was being paid at the end of his prior term of employment.

Emergence Bonus Plan Awards

The Emergence Bonus Plan ("EBP") was adopted in connection with the 2010 Restructuring and was intended to motivate certain key employees of the Company who were critical to the 2010 Restructuring. The aggregate payment under the EBP was $2,255,000. The bondholders' committee in effect during the 2010 Restructuring awarded a cash bonus under the EBP of $1,225,000 to Mr. Pecker and $700,000 to Mr. Polimeni. Other key employees who were critical to the 2010 Restructuring were awarded bonuses from the balance of the EBP at Mr. Pecker's discretion. Of the other named executive officers, Mr. Laymon received $100,000 under the EBP.

Annual Bonuses and Incentive Payments
Mr. Pecker and the other named executive officers have the opportunity to receive discretionary annual bonuses or annual cash incentive payments. Incentive payments provide our executive officers with an opportunity to earn annual cash payments based on certain pre-established performance goals. In determining discretionary bonus amounts and incentive plan targets, the Compensation Committee may consider a combination of factors, including Company EBITDA and individual performance. Incentive pay is intended to reward excellent performance; therefore, attainment of the performance goals is substantially uncertain at the time the goals are established. Mr. Pecker may earn incentive compensation in excess of the targeted amount if financial results are greater than budgeted. Annual incentive payment opportunities vary from executive to executive as a percentage of total compensation. Mr. Pecker and the Compensation Committee may elect to pay discretionary bonuses even if targets are not achieved.

Mr. Pecker. For fiscal year 2011, Mr. Pecker was entitled to receive a bonus of $750,000 if the Company achieved budgeted EBITDA of $116,000,000. If the Company's actual fiscal year 2011 EBITDA were to exceed budgeted EBITDA by 5.0% or more, the Company was also to pay Mr. Pecker an amount equal to (i) the target bonus, multiplied by (ii) the percentage obtained by dividing (a) the amount by which the Company's fiscal year 2011 EBITDA exceeded the Company's budgeted EBITDA by (b) the Company's budgeted EBITDA. As the Company achieved, but did not substantially exceed, budgeted EBITDA, the Board of Directors of the Company awarded Mr. Pecker a cash incentive payment of $750,000 calculated with reference to the EBITDA targets specified in his bonus agreement for fiscal year 2011. As described in more detail below, Mr. Pecker, in his discretion, distributed $232,000 of his bonus to certain named executive officers and staff members of the Company in recognition of their strong job performance.

Mr. Polimeni. For fiscal year 2011, Mr. Polimeni was eligible to earn a discretionary annual bonus of up to $175,000 based on the financial performance of the Company, as measured by budgeted EBITDA of $116,000,000, and Mr. Polimeni's job performance, at the discretion of Mr. Pecker and the Compensation Committee. Although the Company achieved budgeted EBITDA, the Compensation Committee in its discretion did not grant a bonus to Mr. Polimeni for fiscal year 2011. However, Mr. Pecker distributed $50,000 of his fiscal year 2011 bonus to Mr. Polimeni in recognition of the Company's financial performance and Mr. Polimeni's job performance.

Mr. Laymon. For fiscal year 2011, Mr. Laymon was eligible to earn a discretionary annual bonus of up to $125,000 based on the financial performance of the Company, as measured by budgeted EBITDA of $116,000,000, and Mr. Laymon's job performance, at the discretion of Mr. Pecker and the Compensation Committee. Even though the Compensation Committee did not award a bonus to Mr. Laymon, Mr. Pecker distributed $50,000 of his fiscal year 2011 bonus to Mr. Laymon. Additionally, the Compensation Committee granted a cash incentive payment of $100,000 for fiscal year 2011 for the implementation of the ERP system.

Mr. Leckey. For fiscal year 2011, Mr. Leckey was eligible to earn a discretionary annual bonus at the discretion and recommendation of Mr. Pecker to the Compensation Committee. Even though the Compensation Committee did not award a bonus to Mr. Leckey, Mr. Pecker distributed $50,000 of his fiscal year 2011 bonus to Mr. Leckey.

Mr. Hyson. For fiscal year 2011, Mr. Hyson was eligible to earn a discretionary annual bonus of up to $175,000 at the discretion and recommendation of Mr. Pecker to the Compensation Committee. Even though the Compensation Committee did not award a bonus to Mr. Hyson, Mr. Pecker distributed $50,000 of his fiscal year 2011 bonus to Mr. Hyson.

For additional information about the annual incentive bonuses, please refer to the table entitled "Fiscal Year 2011 Grants of Plan-Based Awards", which shows the threshold, target and maximum incentive pay amounts payable under each named executive officer's plan for fiscal year 2011 for those named executive officers who were eligible to receive annual incentive bonuses in fiscal year 2011.

Restricted Stock Awards
On December 22, 2010, as part of the Plan, the Company adopted the Equity Incentive Plan, which set aside 1,111,111 shares of common stock of the Company for stock bonus awards, stock options, stock appreciation rights, restricted stock, restricted stock units and performance compensation awards to eligible employees, officer and directors of the Company, as well as eligible consultants and advisors to the Company. Each of the named executive officers received restricted stock awards in the Company upon emergence from bankruptcy, in the following amounts: Mr. Pecker (555,555 restricted shares), Mr. Polimeni (111,111 restricted shares), Mr. Laymon (83,333 restricted shares), Mr. Leckey (41,889 restricted shares) and Mr. Hyson (041,889 restricted shares). Mr. Hyson received another 1,661 shares of restricted stock on June 10, 2011. Upon a change in control or other "liquidity event", as defined in the applicable restricted stock agreements, the shares issued to holders of restricted stock awards will fully vest. However, the shares under Mr. Pecker's restricted stock awards will immediately vest upon termination of employment by the Company without "cause," including an election by the Company not to extend further the term of Mr. Pecker's employment, or a voluntary resignation with "good reason."

Employment Agreements

Mr. Pecker. In March 2009, the Company entered into an employment agreement with Mr. Pecker. In July 2010, this employment agreement was amended. The initial term of Mr. Pecker's amended agreement commenced on January 30, 2009 and ended on January 30, 2011 (the "Initial Term"). After the Initial Term, the term of Mr. Pecker's employment agreement was extended for a period commencing on January 31, 2011 and ending on March 31, 2013 (the "Extended Term"). After the Extended Term, Mr. Pecker's agreement will be automatically renewed for an unlimited number of one-year periods (the "Subsequent Term"), unless either party provides 60 days' prior written notice before the beginning of the subsequent term. Under his employment agreement, Mr. Pecker is entitled to receive: (i) annual base salary of $1,500,000 during the Initial Term; (ii) annual base salary of $1,750,000 during the Extended Term, provided, however, during the last twelve months of the Extended Term, the annual base salary shall be $2,000,000 if certain targets communicated in writing to Mr. Pecker (including the Board-approved EBITDA budget) are achieved during the Company's fiscal year 2012; (iii) during any Subsequent Term, a base salary equal to the base salary paid to Mr. Pecker during the last twelve months of the Extended Term; (iv) for the Company's fiscal year 2011, a bonus of $750,000 if the Company achieves the budgeted EBITDA of $116,000,000 for the fiscal year ended March 31, 2011, plus, if the Company exceeds the budgeted EBITDA of $116,000,000 for fiscal year 2011, an amount equal to (a) the target bonus, multiplied by (b) the percentage obtained by dividing the amount by which the Company's fiscal year 2011 EBITDA exceeds the Company's budgeted EBITDA by the Company's budgeted EBITDA; (v) an initial award under the Equity Incentive Plan that is no less than the initial award to any other eligible person; (vi) coverage under employee benefit plans, including health insurance and short-term and long-term disability insurance, maintained by the Company on the same basis as generally made available to other senior executives; (vii) six weeks of annual paid vacation; and (vii) reimbursements for certain business travel expenses for the executive and his wife, up to 17 round-trip flights per year for Mr. Pecker's spouse between New York and Florida, certain cellular telephone expenses, car and driver expenses, country club dues and membership fees, certain tax and investment management services, reasonable gifts to clients and Company employees, and a "tax gross-up" payment for such items, if necessary.

Mr. Polimeni. The Company entered into an employment agreement with Mr. Polimeni in March 2010, which was amended in January 2011. The term of Mr. Polimeni's agreement commenced on March 8, 2010 and was amended to extend the term through March 31, 2012. Under his employment agreement, as amended, Mr. Polimeni is entitled to receive: (i) annual base salary of $335,000; (ii) an annual discretionary bonus of up to $175,000, effective for the fiscal year ending March 31, 2011, based on the financial performance of the Company, as measured by budgeted EBITDA, and Mr. Polimeni's job performance, at the discretion of Mr. Pecker and the Compensation Committee; and (iii) certain other customary employment benefits.

Mr. Laymon. The Company entered into an employment agreement with Mr. Laymon in March 2010, which was amended in January 2011. The term of Mr. Laymon's agreement commenced on March 16, 2010 and was amended on January 17, 2011 to extend the term through March 31, 2012. Under his employment agreement, as amended, Mr. Laymon is entitled to receive: (i) annual base salary of $275,000; (ii) an annual discretionary bonus of up to $125,000 based on the financial performance of the Company, as measured by budgeted EBITDA, and Mr. Laymon's job performance, at the discretion of Mr. Pecker and the Compensation Committee; and (iii) certain other customary employment benefits.

Mr. Leckey. The Company entered into an employment agreement with Mr. Leckey in March 2009, which was most recently amended in January 2011. The term of Mr. Leckey's agreement commenced on March 22, 2009 and was amended to extend the term through March 31, 2012. Under his employment agreement, as amended, Mr. Leckey is entitled to receive: (i) annual base salary of $350,000; (ii) an annual discretionary bonus for the fiscal year ending March 31, 2011 at the discretion and recommendation of Mr. Pecker to the Compensation Committee; (iii) an annual discretionary bonus of up to $100,000, effective for the fiscal year ending March 31, 2012, at the discretion and recommendation of Mr. Pecker to the Compensation Committee; and (iv) 30 days of paid time off per fiscal year; and (v) certain other customary employment benefits.

Mr. Hyson. The Company entered into an employment agreement with Mr. Hyson in November 2004, which was most recently amended in January 2011. The term of Mr. Hyson's agreement commenced on November 1, 2004 and was amended to extend the term through March 31, 2012. Under his employment agreement, as amended, Mr. Hyson is entitled to receive: (i) annual base salary of $325,000; (ii) a monthly living allowance of $1,000; (iii) an annual discretionary bonus of up to $175,000, effective for the fiscal year ending March 31, 2010, at the discretion and recommendation of Mr. Pecker to the Compensation Committee; (iv) 20 days of paid time off per fiscal year; and (v) certain other customary employment benefits.

Factors Considered in Decisions to Increase or Decrease Compensation Materially
Individual performance, retention, and internal pay equity have been the primary factors considered in any decision to adjust compensation materially. We do not apportion any particular percentage of an executive's total compensation to base salary, annual discretionary bonus or incentive pay or long-term incentive compensation. In allocating various forms of compensation, we refer to the terms of executives' employment agreements, the Company's compensation budget, the likelihood that incentive pay targets will be met, and the individuals' equity holdings in the Company.

Timing of Compensation Decisions
The Compensation Committee sets targets for annual incentive awards at the beginning of each fiscal year. Bonuses and annual incentive awards are typically paid within 60 days after the close of the Company's fiscal year or, if later, after the Company's Annual Report or other similar report for such fiscal year has been posted or filed. Base salary increases are typically reviewed when an executive officer's employment agreement is due to expire and requires renewal.

Role of Executive Officers in Determining Compensation
Our Chairman, Chief Executive Officer and President, with input from our Executive Vice President, Human Resources/Administration, recommends to the Compensation Committee base salary, target annual incentive pay levels, actual annual incentive payments, discretionary annual bonuses and long-term incentive grants for our senior officer group (other than himself). Mr. Pecker makes these recommendations to the Compensation Committee based on qualitative judgments regarding individual performance. Mr. Pecker is not involved with any aspect of determining his own compensation. Mr. Pecker's compensation is determined by the full Board of Directors of the Company or the Compensation Committee of the Board of Directors alone.

Risk Management
Our Compensation Committee and management have considered whether our compensation programs for employees create incentives for excessive or unreasonable risks that could have a material adverse effect on us. Our Compensation Committee believes that our compensation plans are consistent with practices for our industry and that risks arising from our compensation policies and practices are not reasonably likely to have a material adverse effect on us. That portion of compensation that is paid in the form of equity in the Company is limited to restricted shares that vest only upon a change in control or other "liquidity event," as specified in the applicable stock agreements. The awards are structured to encourage long-term investment in the Company and provide little incentive for short-term manipulation of share value. Similarly, cash incentive bonuses are based upon fundamental financial measures, such as Company EBITDA, rather than stock value.

SUMMARY COMPENSATION TABLE

The table below shows the compensation of the named executive officers of the Company for fiscal year 2011. The named executive officers are the individuals who served as the Company's Principal Executive Officer or the Principal Financial Officer at anytime during fiscal year 2011, and the three other most highly-compensated executive officers who were serving as executive officers at the end of such fiscal years, ranked by their total compensation in the table below.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)[1]	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)[2]	Total ($)
David J. Pecker Chairman, Chief Executive Officer and President	2011	1,541,096	1,225,000	6,666,660	518,000	60,122[3]	10,010,878
Christopher Polimeni Executive Vice President, Chief Financial Officer and Treasurer	2011	335,000	750,000	1,333,332	0	n/a	2,418,332
Jeffrey Laymon Senior Vice President, Chief Accounting Officer and Controller	2011	275,000	150,000	999,996	0	n/a	1,424,996
David Leckey Executive Vice President, Consumer Marketing	2011	350,000	50,000	502,668	0	n/a	902,668
Kevin Hyson Executive Vice President/Chief Marketing Officer	2011	325,000	50,000	502,668	0	12,000[4]	889,668

[1]The restricted stock awards listed in this column are granted under the Equity Incentive Plan. These shares vest only upon a liquidity event. "Liquidity event" is defined in the applicable restricted stock agreements as the earlier to occur of a change in control or an initial public offering. The grant date fair value of the shares is deemed to be $12.00 per share for this table, taking into account the absence of a public market for the shares. See Note 19, "Stock Compensation", in the Consolidated Financial Statements in Item 8 herein for a discussion of the methodology used to value the restricted stock awards.

[2]The Company permits certain executive officers to charter aircraft for business-related travel. Where a seat would otherwise be unoccupied by employees traveling for business, the Company may permit a spouse or other family member to accompany an executive traveling for business. There is very little incremental cost, if any, to the Company for permitting a spouse or other family member to accompany an executive under these circumstances. All other compensation not exceeding $10,000 is excluded from this table and is represented by the symbol "n/a."

[3]This amount includes the following perquisites: reimbursement for tax services of $30,000 and a gross-up payment of $19,546 to cover income taxes for such reimbursement, reimbursement of country club dues of $5,298 with a gross-up payment of $3,452 to cover income taxes for such reimbursement; and reimbursement for personal air travel by the executive's spouse of $1,826.

[4]This amount includes a monthly living allowance of $1,000.

FISCAL YEAR 2011 GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			All Other Stock Awards: Number of Shares of Stock (#)[2]	Grant Date Fair Value of Stock Awards ($)
		Threshold ($)	Target ($)	Maximum ($)		
David J. Pecker[3]	3/31/2011	750,000	750,000	N/A[6]		
	2/21/2011				97,222	1,166,664
	12/22/2010				458,333	5,499,996
Christopher Polimeni[4]	3/31/2011	0	175,000	175,000		
	2/21/2011				48,556	582,672
	12/22/2010				62,555	750,660
Jeffrey Laymon[5]	3/31/2011	0	125,000	125,000		
	2/21/2011				56,444	677,328
	12/22/2010				26,889	322,668
David Leckey	2/21/2011				15,000	180,000
	12/22/2010				26,889	322,668
Kevin Hyson	2/21/2011				15,000	180,000
	12/22/2010				26,889	322,668

[1]Payments are made pursuant to the terms set forth in each named executive officer's employment agreement. Targets, where applicable, are set by the Company at the beginning of the fiscal year.

[2]Restricted shares were granted under the Equity Incentive Plan. These shares vest only upon a liquidity event. "Liquidity event" is defined in the applicable restricted stock agreements as the earlier to occur of a change in control or an initial public offering. The grant date fair value of the shares is deemed to be $12.00 per share for this table, taking into account the absence of a public market for the shares. See Note 19, "Stock Compensation," in the Consolidated Financial Statements in Item 8 herein for a discussion of the methodology used to value the restricted stock awards.

[3]Mr. Pecker was eligible to receive a cash incentive payment in fiscal year 2011 of $750,000 if a budgeted EBITDA target was met.

[4]Mr. Polimeni was eligible to receive a discretionary annual bonus between $0 and $175,000, based on the financial performance of the Company, as measured by budgeted EBITDA, and Mr. Polimeni's job performance, at the discretion of Mr. Pecker and the Compensation Committee.

[5]Mr. Laymon was eligible to receive a discretionary annual bonus between $0 and $125,000, based on the financial performance of the Company, as measured by budgeted EBITDA, and Mr. Laymon's job performance, at the discretion of Mr. Pecker and the Compensation Committee.

[6]If the Company had exceeded the budgeted EBITDA of $116,000,000 for fiscal year 2011 by 5.0% or more, Mr. Pecker would have been eligible for an additional bonus equal to (a) the target bonus, multiplied by (b) the percentage obtained by dividing the amount by which the Company's fiscal year 2011 EBITDA exceeds the Company's budgeted EBITDA by the Company's budgeted EBITDA.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2011

Name	Stock Awards	
	Number of Shares That Have Not Vested (#)	Market Value of Shares That Have Not Vested ($)[1]
David J. Pecker	555,555	6,666,660
Christopher Polimeni	111,111	1,333,332
Jeffrey Laymon	83,333	999,996
David Leckey	41,889	502,668
Kevin Hyson	41,889	502,668

[1]The Company's common stock is not publicly traded. The "market value" of the Company's stock at the end of the fiscal year 2011 is deemed to be $12.00 per share for this table, taking into account the absence of a public market for the shares. The shares in this column are restricted shares awarded under the Equity Incentive Plan. The shares vest upon a liquidity event. "Liquidity event" is defined in the applicable restricted stock agreements as the earlier to occur of a change in control or an initial public offering.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

In negotiating employment agreements with its executives, the Company typically promises severance pay in a multiple of the executive's base salary. These payments are intended to offset the risks the executives assume in leaving their prior employers and forgoing other employment opportunities. In addition, we offer a change-in-control benefit to Mr. Pecker to provide continuity of management in the event of an actual change of control. Furthermore, the restricted stock awards granted to our named executive officers will fully vest upon a liquidity event-, such as a change in control.

Mr. Pecker. Upon termination of employment by the Company without "cause," including an election by the Company not to extend further the term of Mr. Pecker's employment, or a voluntary resignation with "good reason," Mr. Pecker is entitled to receive: (i) base salary and health, life insurance and disability benefits continuing until the later of 12 months following the date of his termination and the scheduled expiration of his employment term, provided if such termination is within 12 months following a change in control, base salary and health, life insurance and disability benefits will continue until 24 months following the date of termination; (ii) immediate vesting of any non-vested plan benefits, including equity-based compensation; (iii) reimbursement for any unreimbursed business expenses; (iv) outplacement services for 12 months; (v) a prorated portion of the discretionary annual bonus for the fiscal year in which the termination occurs and any earned but unpaid annual bonus for the prior fiscal year, as determined by the Company; (vi) any employee benefits to which Mr. Pecker may be entitled as provided under the terms of the applicable plans; and (vii) in the event of a change of control as described in IRC Section 280G(b)(2)(A)(i), a gross-up payment, if any payment upon termination is considered an "excess parachute payment" subject to excise tax under IRC Section 4999, sufficient to make him whole after the payment of such tax, up to a maximum of $4,800,000. Assuming a termination date of March 31, 2011, Mr. Pecker would receive $3,500,000 in severance, $12,240 in health, life insurance and disability benefits, $30,000 in outplacement services and $6,666,660 in accelerated vesting of his restricted shares, based upon a value of $12 per share, taking into account the absence of a public market for the shares.

Upon termination of employment because of "disability" or death, Mr. Pecker is entitled to receive base salary through the date of termination; a prorated portion of any earned but unpaid discretionary annual bonus for the fiscal year in which the termination occurs and any earned but unpaid annual bonus for the prior fiscal year; and any employee benefits to which Mr. Pecker may be entitled as provided under the terms of the applicable plans. Upon termination of employment for "cause" or resignation without "good reason", Mr. Pecker is to receive base salary through the date of termination.

If Mr. Pecker elects not to extend further the term of his employment, he is entitled to receive base salary through the date of termination, a prorated portion of any earned but unpaid discretionary annual bonus for the fiscal year in which the termination occurs, and any employee benefits to which Mr. Pecker may be entitled as provided under the terms of the applicable plans.

Mr. Pecker's agreement defines "disability" as physical or mental incapacity such that he is unable for a period of 180 consecutive days or for an aggregate of 270 days in any 720-consecutive-day period to perform his duties. "Cause" is defined to include the conviction of or a guilty or *nolo contendere* plea to any felony; willful or gross misconduct in the performance of his duties that materially adversely affects the Company or that the executive intended would materially adversely affect the Company; or that the executive knew or should have known would have that effect; fraud, embezzlement or any other illegal conduct with respect to the Company; willful refusal or failure to substantially perform his duties to the Company; or material breach of the employment agreement. "Good reason" is defined to include the assignment of duties materially inconsistent with the executive's position, authority, duties or responsibilities; any material reduction in base salary or reduction in employee benefits; geographic relocation; removal from the Board of Directors; and certain other grounds specified in the agreement.

Mr. Polimeni. Upon termination of employment by the Company, Mr. Polimeni is entitled to receive: (i) base salary through the date of termination; (ii) any annual incentive payment earned but unpaid as of the date of termination for any previously completed fiscal year; (iii) reimbursement for any unreimbursed business expenses; (iv) unsubsidized health and welfare benefits, retirement benefits and fringe benefits as provided under the terms of the applicable plans; and (v) if the termination is not for "cause," expiration of the employment term or resignation by Mr. Polimeni, severance pay in an amount equal to nine month's base salary payable in eighteen equal bi-weekly installments.

Mr. Polimeni's agreement defines "cause" to include the continued failure or refusal to substantially perform his duties; dishonesty in the performance of his duties; any act constituting moral turpitude or a felony; willful malfeasance or willful misconduct in connection with his duties or any act or omission that is materially injurious to the financial condition or business reputation of the Company; unsatisfactory job performance; or material breach of any provision of his agreement. Assuming a termination date of March 31, 2011, Mr. Polimeni would receive $251,250 in severance.

Mr. Laymon. Upon termination of employment by the Company, Mr. Laymon is entitled to receive: (i) base salary through the date of termination; (ii) any annual incentive payment earned but unpaid as of the date of termination for any previously completed fiscal year; (iii) reimbursement for any unreimbursed business expenses; (iv) unsubsidized health and welfare benefits, retirement benefits and fringe benefits as provided under the terms of the applicable plans; and (v) if the termination is not for "cause," expiration of the employment term or resignation by Mr. Laymon, severance pay in an amount equal to nine month's base salary payable in eighteen equal bi-weekly installments.

Mr. Laymon's agreement defines "cause" to include the continued failure or refusal to substantially perform his duties; dishonesty in the performance of his duties; any act constituting moral turpitude or a felony; willful malfeasance or willful misconduct in connection with his duties or any act or omission that is materially injurious to the financial condition or business reputation of the Company; unsatisfactory job performance; or breach of any provision of his agreement. Assuming a termination date of March 31, 2011, Mr. Laymon would receive $206,250 in severance.

Mr. Leckey. Upon termination of employment by the Company, Mr. Leckey is entitled to receive: (i) base salary through the date of termination; (ii) any annual bonus earned but unpaid as of the date of termination for any previously completed fiscal year and a prorated portion of the current fiscal year annual bonus, if any, up to the date of termination of employment; (iii) reimbursement for any unreimbursed business expenses; (iv) unsubsidized health and welfare benefits, retirement benefits and fringe benefits as provided under the terms of the applicable plans; and (v) if the termination is not for "cause," expiration of the employment term or resignation by Mr. Leckey, severance pay in an amount equal to four month's base salary payable in four equal monthly installments.

Mr. Leckey's agreement defines "cause" to include the continued failure or refusal to substantially perform his duties; dishonesty in the performance of his duties; any act constituting moral turpitude or a felony; willful malfeasance or willful misconduct in connection with his duties or any or omission that is materially injurious to the financial condition or business reputation of the Company; act or breach of any provision of his agreement. Assuming a termination date of March 31, 2011, Mr. Leckey would receive $116,667 in severance.

Mr. Hyson. Upon termination of employment by the Company, Mr. Hyson is entitled to receive: (i) base salary through the date of termination; (ii) any annual bonus earned but unpaid as of the date of termination for any previously completed fiscal year and a prorated portion of the current fiscal year annual bonus, if any, up to the date of termination of employment; (iii) reimbursement for any unreimbursed business expenses; (iv) unsubsidized health and welfare benefits, retirement benefits and fringe benefits as provided under the terms of the applicable plans; and (v) if the termination is not for "cause," expiration of the employment term or resignation by Mr. Hyson, severance pay in an amount equal to the lesser of six months base salary or the base salary payable for the remainder of the employment term payable in six equal monthly installments.
Mr. Hyson's agreement defines "cause" to include the continued failure or refusal to substantially perform his duties; dishonesty in the performance of his duties; any act constituting moral turpitude or a felony; willful malfeasance or willful misconduct in connection with his duties or any act or omission that is materially injurious to the financial condition or business reputation of the Company; unsatisfactory job performance; or breach of any provision of his agreement. Assuming a termination date of March 31, 2011, Mr. Leckey would receive a maximum of $162,500 in severance.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Our Compensation Committee on March 31, 2011 was comprised of Messrs. Pecker, Kramer and Elkins. Prior to the 2010 Restructuring, our Compensation Committee was comprised of Messrs. Pecker, Kramer, Chapman and Nuccitelli. The Compensation Committee of our Board of Directors determines compensation policies applicable to our executive officers. Mr. Pecker is an executive officer of the Company. Mr. Elkins is Portfolio Manager at Avenue Capital. Information about Avenue Capital is provided under Item 13, "Certain Relationships and Related Transactions, and Director Independence."

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors of the Company oversees the compensation programs of the Company on behalf of the Board. In fulfilling its oversight responsibilities, the Compensation Committee reviewed and discussed with management of the Company the Compensation Discussion and Analysis included in this Annual Report.

In reliance on the review and discussions referred to above, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Annual Report.

David J. Pecker
Lawrence Kramer
Michael Elkins

Members of the Compensation Committee

This Compensation Committee Report shall not be deemed to be incorporated by reference by any general statement incorporating by reference this Annual Report into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under such acts.

FISCAL YEAR 2011 DIRECTOR COMPENSATION[1]

Under the Company's standard director compensation arrangement, the Company pays non-employee directors an annual cash retainer of $65,000. The following members of the Board of Directors receive additional annual cash retainers: the Chair of the Audit Committee receives an additional $10,000; the Chair of the Compensation Committee receives an additional $7,500; and the Chair of the Nominating Committee receives an additional $5,000. Upon certain terminations of the service of certain non-employee directors from the Board of Directors, such directors shall be entitled to receive a lump sum cash payment in an amount equal to $35,000 for each year and partial year during which such director served on the Board of Directors, payable within 30 days following the date of termination. All cash compensation is paid in quarterly installments at the end of each fiscal quarter. Notwithstanding the Company's standard compensation arrangement, non-employee directors of the Company who are affiliated with Angelo Gordon, Avenue Capital or Capital Research Group and Management do not receive any compensation from the Company for serving on the Board of Directors.

Name[1]	Fees Earned or Paid in Cash ($)	Total ($)
Gavin Baiera[2]	$0	$0
James N. Chapman[3,7,8]	$137,000	$137,000
Cathryn C. Cranston[3,6,8,10]	$74,000	$74,000
Michael Elkins[2]	$0	$0
Daniel Flores[2]	$0	$0
Charles Koones[3,7,8,10]	$139,000	$139,000
Lawrence S. Kramer[3,5,8,9]	$129,500	$129,500
David Licht[2]	$0	$0
Philip L. Maslowe[3,4,8,9]	$127,000	$127,000
Marc Nuccitelli[3,7,8]	$137,000	$137,000
Susan Tolson[3]	$16,500	$16,500

[1] Mr. Pecker is the only director of the Company who is also an executive officer. Mr. Pecker did not receive any additional compensation for service as a member of the Board of Directors.
[2] Certain non-employee directors of the Company are affiliated with Angelo Gordon, Avenue Capital or Capital Research and Management. None of such non-employee directors individually receive any compensation from the Company for serving on the Board of Directors.
[3] Annual cash compensation of $65,000 paid quarterly. This amount is prorated based on partial year of board service.
[4] Annual retainer for Chair of Audit Committee of $10,000 paid quarterly.
[5] Annual retainer for Chair of Compensation Committee of $7,500 paid quarterly.
[6] Annual retainer for Chair of Nominating Committee of $5,000 paid quarterly.
[7] Severance of $35,000 per full or partial year of board service.
[8] Extra fees were paid for additional board meetings in fiscal year 2011.
[9] Extra fees were earned for assistance with the 2010 Restructuring.
[10] Mr. Koones who resigned was subsequently reappointed to replace Ms. Cranston who is a deceased member of the Board of Directors

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The following table presents, as of May 31, 2011, information relating to the beneficial ownership of the common stock of the Company, held by persons who are known to the Company to be the beneficial owners of more than 5% thereof, by each director of the Company, by each executive officer of the Company named in the Summary Compensation Table and by all of the executive officers and directors of the Company as a group.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent
Avenue Capital Management II, L.P.(1)..................	3,914,527	35.2%
Angelo, Gordon & Co., L.P.(2)	2,018,155	18.2%
The Capital Group Companies.(3)........................	1,773,198	16.0%
Oppenheimer Funds.(4)....................................	1,069,690	9.6%
David J. Pecker (5)..	555,555	5.0%
Christopher Polimeni (5)....................................	111,111	1.0%
Jeffrey Laymon (5)..	83,333	*
David Leckey (5)...	41,889	*
Keven Hyson (5)..	41,889	*
All executive officers and directors as a group.......	54,578	*

* Does not exceed one percent.

(1) Reflects the 3,914,527 shares of common stock held of record by several investment funds managed by Avenue Capital Management II, LP. Marc Lasry is the managing member of Avenue Capital Management II GenPar, L.L.C., the general partner of Avenue Capital Management II, L.P. Each of Avenue Capital Management II, L.P. and Mr. Lasry expressly disclaims beneficial ownership of the shares held by the investment funds. The address of Avenue Capital Management II, L.P. is 535 Madison Avenue, 14th Floor, New York, NY 10022. The information relating to such person is based on information provided to us by such person.

(2) Reflects the 2,018,155 shares of common stock held of record by several investment funds and separately managed accounts managed by Angelo Gordon. In such capacity, AngeloGordon may be deemed to have sole voting and sole dispositive power over the shares owned by the investment funds and separately managed accounts. John M. Angelo and Michael L. Gordon are the principal executive officers of Angelo, Gordon, and in such capacity may also be deemed to have shared voting and shared dispositive power over these shares. Each of Angelo, Gordon and Messrs. Angelo and Gordon expressly disclaims beneficial ownership of the shares held by the investment funds and separately managed accounts. The address of Angelo, Gordon & Co., L.P. is 245 Park Avenue, New York, New York 10167. The information relating to such person is based on information provided to us by such person.

(3) Reflects the 1,773,198 shares of common stock held of record by funds or accounts managed by subsidiaries of The Capital Group Companies, Inc. Capital Research and Management Company serves as the investment adviser for American High-Income Trust; The Bond Fund of America; American Funds Insurance Series, Bond Fund; and American Funds Insurance Series, High-Income Bond Fund which collectively hold 1,713,607 shares. In its capacity as investment adviser, Capital Research and Management Company has voting and investment power with respect to the shares held of record by the funds. Capital Research and Management Company may be deemed to be the beneficial owner of all of the shares held by the funds. Capital Research and Management Company, however, expressly disclaims that it is, in fact, the beneficial owner of such shares. The remaining shares of 59,591 are held by two accounts managed by affiliates of Capital Research and Management Company. Capital Research and Management Company is an investment adviser registered under the Investment Advisers Act of 1940. The address of the funds is 333 South Hope Street, Los Angeles, CA 90071. The information relating to such person is based on information provided to us by such person.

(4) Reflects the 1,069,690 shares of common stock held of record by Oppenheimer for its own account. Oppenheimer has sole voting and sole dispositive power over the shares it owns. The address of Oppenheimer is 6801 Tucson Way, Centennial, Colorado 80112. The information relating to such person is based on information provided to us by such person.

All shares held Mr. Polimeni, Mr. Laymon, Mr. Leckey and Mr. Hyson are restricted stock and vest upon the occurrence of a change of control or other "liquidity event" with respect to the Company, as specified in the applicable restricted stock agreements. However, the shares under Mr. Pecker's restricted stock awards will immediately vest upon termination of employment by the Company without "cause," including an election by the Company not to extend further the term of Mr. Pecker's employment, or a voluntary resignation with "good reason." Mr. Hyson received another 1,661 shares of restricted stock on June 10, 2011, which is excluded from the table above.

Unless otherwise indicated, beneficial owners listed above may be contacted at the Company's corporate address at 1000 American Media Way, Boca Raton, FL 33464. Under the rules of the Securities Exchange Act of 1934, as amended, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be the beneficial owner of any securities of which that person has the right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which that person has no beneficial interest.

For a discussion of our Equity Incentive Plan, see Note 19, "Stock Compensation," in the Notes to our Consolidated Financial Statements included in Item 8 herein.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

Restructuring Support Agreement

On October 30, 2010, the RSA Committee, the members of which collectively hold through one or more of their affiliates and consolidated funds, approximately 78% in principal amount of the Existing Subordinated Notes, approximately 89% in principal amount of the Existing PIK Notes and approximately 35% in principal amount of the 2009 Term Facility, executed the Restructuring Support Agreement. Pursuant to the Restructuring Support Agreement, members of the RSA Committee agreed to support the comprehensive financial restructuring and to vote in favor of the Plan.

Backstop Agreement

On October 30, 2010, AMI, AMO and the Backstop Parties, which consisted of affiliates of Avenue and Angelo Gordon, entered into the Backstop Agreement. Under the Plan, certain holders of 2009 Term Facility debt had a Put Right with respect to any Plan second lien notes they received pursuant to the Plan. Pursuant to the Backstop Agreement, the Backstop Parties had, severally and not jointly, committed to purchase, at face amount, their share of any Plan second lien notes that would otherwise be distributed to the 2009 Term Facility Lenders pursuant to the Plan. Holders of the 2009 Term Facility debt were able to elect to have the Backstop Parties purchase their share of the Plan second lien notes; provided that in no event could more than $115 million of Plan second lien notes (other than on account of the Existing PIK Notes) be issued. The Backstop Parties consummated the purchase of the Plan second lien notes on the Plan Effective Date.

Pursuant to and in accordance with the terms of the Backstop Agreement, in consideration for undertaking their commitments under the Backstop Agreement, on the Plan Effective Date, the Backstop Parties received the Backstop Shares and were reimbursed in cash for their related fees, costs and expenses, including reasonable attorneys' fees. The Backstop Parties were entitled to a fully earned and nonrefundable fee payable in fully-paid and non-assessable New AMI Common Stock issued pursuant to the Plan representing 5% (the "*Backstop Percentage Interest*") of the New AMI Common Stock to be issued and outstanding on the Plan Effective Date, which 5% was calculated after giving effect to the issuance of New AMI Common Stock under the Plan and without dilution in respect of the Additional Shares (collectively, the "*Initial Shares*"); provided that, if the Backstop Parties were not required to purchase (or elect to receive) a portion of the Plan second lien notes pursuant to the terms of the Backstop Agreement, then the Backstop Percentage Interest would have been reduced to 3.5%, which 3.5% would have been calculated after giving effect to the issuance of New AMI Common Stock under the Plan and without dilution in respect of the Additional Shares. In addition, on the Plan Effective Date, each Backstop Party was entitled to such fully-paid and non-assessable shares of New AMI Common Stock (collectively, the "*Additional Shares*" and, together with the Initial Shares, the "*Backstop Shares*") as were required so that its Initial Percentage Ownership (as defined below) was not diluted by the issuance of the Initial Shares. The "*Initial Percentage Ownership*" means, with respect to any Backstop Party, the fraction, expressed as a percentage, the numerator of which is the total number of shares of New AMI Common Stock held by such Backstop Party and the denominator of which is the total number of shares of New AMI Common

Stock issued and outstanding held by all stockholders of the reorganized Company, in each case, immediately after the Plan Effective Date but excluding the issuance of any Initial Shares or Additional Shares. The issuance of Backstop Shares to the Backstop Parties were subject to dilution by the Equity Incentive Plan.

In addition, the Backstop Parties received from the Company a cash fee equal to 5% of the aggregate principal amount of Plan second lien notes issued or put to the Backstop Parties under the Plan (other than on account of the Existing PIK Notes).

The Backstop Agreement also provided for the execution of a registration rights agreement, on commercially reasonable terms to be mutually agreed upon, to be entered into between the Company and the Backstop Parties.

Stockholders Agreement

General. Upon the Plan Effective Date, AMI entered into the Stockholders Agreement, containing certain customary rights and obligations, including director designation rights, right of first offer, registration rights, drag rights, tag rights, minority transfer rights and rights to receive certain information concerning AMI and its subsidiaries at a party's option.

All stockholders of the Company (including the Committee Holders) are parties to the Stockholders Agreement. The "*Committee Holders*" means: (a) the Avenue Stockholders, (b) the Angelo Gordon Stockholders, (c) the Capital Research Stockholders and (d) the Credit Suisse Stockholders (defined in the Stockholders Agreement as Credit Suisse Securities (USA) LLC and its affiliates, in each case, only with respect to each such person for so long as such person owns stockholder shares and has not received such stockholder shares in violation of the terms of the Stockholders Agreement).

Drag Right. The Stockholders Agreement provides that if the Angelo Gordon Stockholders, the Avenue Stockholders and the Capital Research Stockholders (or in the alternative, the consent of (i) any two of the Angelo Gordon Stockholders, the Avenue Stockholders and the Capital Research Stockholders and (ii) holders of at least 67% of the Total Ownership Percentage) propose to consummate a transaction constituting a Sale of the Company (as defined in the Stockholders Agreement), all other parties to the Stockholders Agreement shall be subject to certain customary drag provisions.

Tag Right. The Stockholders Agreement provides that the Committee Holders have the right to participate in any sale transaction involving more than 5% of the outstanding equity interests in AMI by any other party to the Stockholders Agreement (other than a sale to an affiliate of the transferor who agrees to become party to the Stockholders Agreement and to be bound thereby to the same extent as the transferor) on a pro rata basis, on the same price and the same terms as the transferor proposed to accept.

Right of First Offer. The Stockholders Agreement provides that the Committee Holders have a pro rata right of first offer on any sale of equity interests by any other party to the Stockholders Agreement to an unaffiliated third-party.

Minority Transfer Rights. The Stockholders Agreement provides that in the event that any person (collectively with its affiliates) upon a proposed transfer of equity interests from a stockholder of the Company would control 50% or more of the combined voting power of the outstanding equity interests of AMI (such party, a "*Majority Owner*") each of the other parties to the Stockholders Agreement has the option to require the Majority Owner to purchase all of their equity interests of AMI at a price equal to the greater of (x) the price paid by the Majority Owner in connection with the Majority Owner's purchase of equity interests of AMI sufficient to give such Majority Owner control of 50% or more of the combined voting power of the outstanding equity interests of AMI and (y) the fair market value of such equity interests at such time. The proposed transfer to the Majority Owner cannot be consummated unless the Majority Owner purchases all of the shares of the stockholders of the Company.

Consent Rights. The Stockholders Agreement prohibits AMI from issuing any additional equity securities to an existing stockholder, subject to certain exceptions, without first obtaining the consent of each of the Angelo Gordon Stockholders, the Avenue Stockholders and the Capital Research Stockholders, provided that (i) the consent of any of the Angelo Gordon Stockholders, the Avenue Stockholders or the Capital Research Stockholders shall not be required if such Stockholder does not own at least 10.0% of the Total Ownership Percentage and (ii) such consent shall not be required if a supermajority of the Board of Directors determines, in the exercise of its business judgment, that the failure to make such issuance will have a material adverse effect on the Company; provided further, however, that the issuance of equity to fund an acquisition or investment shall not be considered a material adverse effect.

Redemption Rights. The Stockholders Agreement requires AMI, if AMI determines not to issue a dividend of 75% of its free cash flow, to use at least 75% of its free cash flow to redeem, to the extent permitted by applicable law and not prohibited by the terms of indebtedness of AMI or its subsidiaries, on a *pro rata* basis, a portion of the then outstanding shares of AMI Common Stock utilizing at least 75% of its free cash flow, unless a supermajority of AMI's board of directors determines (as evidenced, subject to adjustment, by a resolution approved by not less than 66% of the then current members of the board of directors), in the exercise of its business judgment, such redemption would reasonably be likely to have a material and adverse effect on AMI.

Affiliate Transactions. The Stockholders Agreement provides that transactions involving (a) AMI or any of its subsidiaries and (b) any stockholder, Committee Holder, director or any member of management or any of their respective affiliates, will require the approval of a majority of the disinterested directors of the AMI board and Committee Holders constituting a Majority Requisite Consent (or if not obtained, an Alternative Majority Consent), subject to certain exceptions.

Information Rights. The Stockholders Agreement provides that the Committee Holders have the right up to four times per year to inspect the properties, books and other records of AMI and its subsidiaries at reasonable times and upon reasonable notice and subject to certain limitations. In addition, each of the aforementioned parties to the Stockholders Agreement, subject to certain limitations, is entitled to have access to the same financial information as the holders of the second lien notes. All such information shall be subject to a customary confidentiality obligation.

Appointment of Directors. The Stockholders Agreement provides that boards of directors of AMO and AMI shall be composed of nine members. The Stockholders Agreement provides that eight of such directors shall be designated by the Committee Holders and the other shall be the chief executive officer of AMO and AMI. Under the terms of the Stockholders Agreement, the Committee Holders have the following designation rights: (a) the Avenue Stockholders will have the right to designate four directors; provided that one such individual shall be acceptable to the Capital Research Stockholders and the Angelo Gordon Stockholders and so long as each stockholder has a Total Ownership Percentage of at least 10%, (b) the Angelo Gordon Stockholders will have the right to designate two directors, and (c) the Capital Research Stockholders will have the right, but not the obligation, to designate two directors; provided, however, (i) if the Avenue Stockholders have a Total Ownership Percentage of less than 20%, then the number of directors to which the Avenue Stockholders are entitled to designate shall be reduced to two and (ii) if the Total Ownership Percentage of the Avenue Stockholders, the Angelo Gordon Stockholders or the Capital Research Stockholders is less than 10%, but more than 5%, then such stockholder shall be entitled to designate one director, and (iii) if the Total Ownership Percentage of the Avenue Stockholders, the Angelo Gordon Stockholders, and the Capital Reserve Stockholders is less than 5%, then such stockholder shall no longer be entitled to designate directors. If any Committee Holder loses the right to designate a director, such vacancy shall be filled by Committee Holders constituting a Majority Requisite Consent, subject to certain exceptions. The parties to the Stockholders Agreement are obligated to vote for the directors designated in accordance with the foregoing terms.

Registration Rights. The Stockholders Agreement provides for certain customary registration rights, including but not limited to, the Angelo Gordon Stockholders, the Avenue Stockholders and the Capital Research Stockholders, having up to 5 demand rights to require AMI to use commercially reasonable efforts to register their common stock on Form S-1 with the SEC for resale, subject to certain exceptions. Thereafter, any stockholder holding at least 1% of the outstanding shares of AMI registrable pursuant to the Stockholders Agreement has unlimited demand rights to require AMI to use commercially reasonable efforts to register its common stock on Form S-3 with the SEC for resale, subject to certain exceptions and all stockholders party to the Stockholders Agreement have piggyback registration rights.

Furthermore, shares of common stock subject to the Stockholders Agreement shall also be restricted by the terms and conditions of the Stockholders Agreement which, among other transfer restrictions, prohibit any transfer or series of related transfers that results in a "change of control" (as such term is defined under the indenture governing the first lien notes).

Warrant Agreement

On January 30, 2009, AMI, American Stock Transfer & Trust Company, LLC, as Warrant Agent, Prior Equityholders, and a representative designated by and on behalf of the Prior Equityholders entered into a Warrant Agreement (the "*Warrant Agreement*"). Under the Warrant Agreement, each of the following related persons received a warrant representing his *pro rata* percentage as follows: (a) certain affiliates of T.H. Lee received their combined *pro rata* percentage of 58.982%; (b) certain affiliates of Evercore received their combined *pro rata* percentage of 21.815%; and (c) David Pecker, Chairman, Chief Executive Officer and Director of AMI and AMO, received his *pro rata* percentage of 4.950%. Pursuant to the Plan, the existing warrants were cancelled and are of no further force and effect after the Plan Effective Date.

See Item 1, "Business," for a summary of the 2010 Restructuring.

Other Relationships

Vertis performs significant portions of the Company's Tabloid Publications pre-press operations. Prior to the 2009 Restructuring, certain affiliates of Thomas H. Lee Partners L.P. ("T.H. Lee") owned 59.0% of the Class A units of the LLC, and certain affiliates of Evercore Partners LLP ("Evercore") owned 21.8% of the Class A units of EMP Group L.L.C. ("LLC"). Evercore and T.H. Lee and their affiliates beneficially owned approximately 10% and 62%, respectively, of Vertis until Vertis emerged from a pre-packaged bankruptcy on August 26, 2008. As of August 26, 2008, Vertis ceased to be a related party.

As a result of the 2009 Restructuring, Vertis again became a related party effective January 30, 2009 due to the new shareholders of AMI holding significant equity interest in Vertis following its emergence from bankruptcy. The 2010 Restructuring did not have an effect on Vertis being a related party.

Payments to Vertis for these services totaled $2.6 million for fiscal years 2011 and 2010, respectively, and $3.1 million for 2009. At March 31, 2011 and 2010, the Company had payables due to Vertis of $0.2 million and $0.3 million, respectively.

In October 2008, we entered into a limited liability company agreement (the "Radar Online Agreement") to form a joint venture ("Radar Online, LLC") to manage the RadarOnline.com website. We own 50% of Radar Online, LLC and do not consolidate Radar Online, LLC in our Consolidated Financial Statements and therefore account for this joint venture using the equity method.. The impact of Radar Online, LLC on our Consolidated Financial Statements for fiscal year 2011 is insignificant. Radar Online, LLC management fees receivable totaled $1.2 million and $0.7 million as of March 31, 2011 and 2010, respectively. The management fees are fully reserved for as of March 31, 2011 due to Radar Online, LLC inability to pay the management fees at this time and revenues has not been recognized in fiscal year 2011 related to those management fees.

The Charter of the Audit Committee requires the Audit Committee to review and approve all proposed transactions or dealings with related persons, and to discuss such transactions and their appropriate disclosure in our financial statements with management and the Company's independent registered public accounting firm.

Director Independence

The Company's securities are not publicly traded. Accordingly, we are not required to comply with the independence standards of any national securities exchange as to our Board of Directors. However, if we applied the definition of "independent director" under NASDAQ Marketplace Rules, Mr. Koones, Mr. Kramer, Mr. Maslowe and Ms. Tolson would be deemed independent. Mr. Baiera and Mr. Flores would not be considered independent under NASDAQ Marketplace Rules. Mr. Pecker and Mr. Elkins, who serve on the Compensation Committee of the Board of Directors, and Mr. Licht, who serves on the Audit Committee of the Board of Directors, would not be considered independent under NASDAQ Marketplace Rules. James N. Chapman and Marc Nuccitelli, who resigned from our Board of Directors on the Effective Date in connection with our emergence from bankruptcy would be considered independent under NASDAQ Marketplace Rules.

Item 14. ***Principal Accountant Fees and Services***

The following table sets forth fees for professional services provided by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, "Deloitte & Touche"), the Company's current independent auditor, for the audit of the Company's financial statements for fiscal years 2011 and 2010 and fees billed for audit related services, tax services, and all other services rendered by Deloitte & Touche during fiscal years 2011 and 2010:

	2011	2010
Audit Fees (1)	$ 734,619	$ 824,413
Tax Fees (2,3)	196,384	76,701
All Other Fees (4)	1,166,725	69,250
Total Fees	$ 2,097,728	$ 970,364

(1) Represents aggregate fees for professional services provided in connection with the audit of our annual financial statements, reviews of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.

(2) Represents aggregate fees for professional services provided in connection with tax compliance, tax return review and tax advice related to an Internal Revenue Service examination and a voluntary disclosure extension.

(3) Includes tax related services in connection with the review of the Company's amended federal tax returns for fiscal years 2003-2006.

(4) Includes fees in connection with the 2010 Restructuring.

All audit-related services, tax services and other services were pre-approved by our Audit Committee, which concluded that the provision of such services by Deloitte & Touche was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. The Audit Committee's pre-approval policy is to review Deloitte & Touche audit, audit-related services, tax services and other services and pre-approve such services specifically described to the Audit Committee. The policy authorizes the Audit Committee to delegate to one or more designated members of the Audit Committee pre-approval authority with respect to any such pre-approval reported to the Audit Committee at its next regularly scheduled meeting. The Audit Committee did not approve any services pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X promulgated by the SEC.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

The following documents are filed with, or incorporated by reference in, and as part of, this Annual Report on Form 10-K.

(a) 1. All Financial Statements and Supplemental Information - See the Index to Consolidated Financial Statements

2. Financial Statement Schedules – Schedule II – Valuation and Qualifying Accounts

3. Exhibits (Including Those Incorporated by Reference) – See paragraph (b) below

(b) Exhibits

Number	Exhibit Description
2.1	Debtors' Amended Joint Prepackaged Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, filed December 15, 2010. (1)
3.1	Second Amended and Restated Certificate of Incorporation of American Media, Inc. (1)
3.2	Second Amended and Restated By-Laws of American Media, Inc. (1)
4.1	Stockholders Agreement, dated as of December 22, 2010, among American Media, Inc. and its stockholders signatory thereto. (1)
4.2	Indenture, dated as of December 1, 2010, between AMO Escrow Corporation and Wilmington Trust FSB, as trustee and collateral agent, relating to AMO Escrow Corporation's 11½% First Lien Senior Secured Notes due 2017. (1)
4.3	First Supplemental Indenture, dated December 22, 2010, among American Media, Inc., the guarantors listed on the signature pages thereto and Wilmington Trust FSB, as trustee and collateral agent. (1)
4.4	Indenture, dated as of December 22, 2010, among American Media, Inc., the guarantors listed on the signature pages thereto and Wilmington Trust FSB, as trustee and collateral agent, relating to American Media, Inc.'s 13½% Second Lien Senior Secured Notes due 2018. (1)
10.1	Revolving Credit Agreement, dated as of December 22, 2010, among American Media, Inc., as borrower, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Deutsche Bank Securities Inc., as syndication agent, J.P. Morgan Securities LLC, as co-lead arranger and sole bookrunner, Deutsche Bank Securities Inc. and Credit Suisse Securities (USA) LLC, as co-lead arrangers, and Credit Suisse Securities (USA) LLC, as documentation agent. (1)
10.2	Guarantee and Collateral Agreement, dated as of December 22, 2010, among American Media, Inc., the subsidiaries of American Media, Inc. identified therein, and JPMorgan Chase Bank, N.A., as administrative agent. (1)
10.3	Collateral Agreement, dated as of December 22, 2010, among American Media, Inc., the subsidiaries of American Media, Inc. identified therein, and Wilmington Trust FSB, as collateral agent, relating to American Media, Inc.'s 11½% First Lien Senior Secured Notes due 2017. (1)
10.4	Collateral Agreement, dated as of December 22, 2010, among American Media, Inc., the subsidiaries of American Media, Inc. identified therein, and Wilmington Trust FSB, as collateral agent, relating to American Media, Inc.'s 13½% Second Lien Senior Secured Notes due 2018. (1)
10.5	Registration Rights Agreement, dated as of December 1, 2010, by and between AMO Escrow Corporation and J.P. Morgan Securities LLC, as representative of the several initial purchasers listed on Schedule 1 thereto. (1)
10.6	Registration Rights Agreement Joinder, dated as of December 22, 2010, by American Media, Inc. and the subsidiaries of American Media, Inc. listed on the signature pages thereto. (1)

10.7 Registration Rights Agreement, dated as of December 22, 2010, by and among American Media, Inc., the subsidiaries of American Media, Inc. listed on the signature pages thereto, and the parties identified as Holders therein. (1)

10.8 First Lien Intercreditor Agreement, dated as of December 22, 2010, among American Media, Inc., the subsidiaries of American Media, Inc. listed on the signature pages thereto, JPMorgan Chase Bank, N.A., as Agent and Credit Agreement Collateral Agent, and Wilmington Trust FSB, as Senior Secured Notes Trustee and Senior Secured Notes Collateral Agent. (1)

10.9 Junior Lien Intercreditor Agreement, dated as of December 22, 2010, among American Media, Inc., the subsidiaries of American Media, Inc. listed on the signature pages thereto, JPMorgan Chase Bank, N.A., as Agent and Revolving Credit Collateral Agent, and Wilmington Trust FSB, as First Lien Trustee, First Lien Collateral Agent, Second Lien Trustee and Second Lien Collateral Agent. (1)

10.10 American Media, Inc. Equity Incentive Plan. (1)

10.11 Form of Restricted Stock Agreement for American Media, Inc. Equity Incentive Plan. (1)

10.12 American Media, Inc. Non-Employee Director Separation Pay Plan. (1)

10.13 American Media, Inc. Emergence Bonus Plan. (1)

10.14 Amended and Restated Employment Agreement of David J. Pecker dated March 9, 2009.+

10.15 Agreement dated June 11, 2002, by and between American Media, Inc. and R.R. Donnelley & Sons Company. (3)

10.16 Contract Change No. 1 made as of November 10, 2004 and entered into on November 18, 2004, by and between American Media, Inc. and R.R. Donnelley & Sons Company. (2)

10.17 Contract Change No. 2 made as of April 18, 2006 and entered into on April 22, 2006, by and between American Media, Inc. and R.R. Donnelley & Sons Company.**

10.18 Contract Change No. 3 made as of October 9, 2008 and entered into on October 15, 2008, by and between American Media, Inc. and R.R. Donnelley & Sons Company.**

10.19 Contract Change No. 4 made as of November 11, 2008 and entered into on November 11, 2008, by and between American Media, Inc. and R.R. Donnelley & Sons Company.**

10.20 Contract Change No. 5 made as of October 1, 2009 and entered into on October 15, 2009, by and between American Media, Inc. and R.R. Donnelley & Sons Company. **

10.21 Contract Change No. 6 made as of October 21, 2009 and entered into on November 13, 2009, by and between American Media, Inc. and R.R. Donnelley & Sons Company.**

10.22 Contract Change No. 7 made as of March 21, 2011 and entered into on April 20, 2011, by and between American Media, Inc. and R.R. Donnelley & Sons Company.**

10.23 Printing Agreement dated as of December 2, 2004, between AMI and Quad/Graphics, Inc. (2)

10.24 Amendment 1 made as of April 30, 2010, between AMI and Quad/Graphics, Inc. [withheld due to confidentiality requirements].

10.25 Amendment 1 to Employment Agreement of David J. Pecker dated July 9, 2010.+

10.26 Employment Agreement of Christopher Polimeni dated March 8, 2010.+

10.27 Amendment 1 to Employment Agreement of Christopher Polimeni dated January 17, 2011.+

10.28	Employment Agreement of Jeffrey Laymon dated March 16, 2010.+
10.29	Amendment 1 to Employment Agreement of Jeffrey Laymon dated March 16, 2010.+
10.30	Employment Agreement of Kevin Hyson dated November 1, 2004.+
10.31	Amendment 1 to Employment Agreement of Kevin Hyson dated September 12, 2006.+
10.32	Amendment 2 to Employment Agreement of Kevin Hyson dated December 15, 2007.+
10.33	Amendment 3 to Employment Agreement of Kevin Hyson dated September 20, 2008.+
10.34	Amendment 4 to Employment Agreement of Kevin Hyson dated March 19, 2009.+
10.35	Amendment 5 to Employment Agreement of Kevin Hyson dated October 18, 2009.+
10.36	Amendment 6 to Employment Agreement of Kevin Hyson dated January 17, 2011.+
10.37	Employment Agreement of David Leckey dated March 22, 2009.+
10.38	Amendment 1 to Employment Agreement of David Leckey dated October 18, 2009.+
10.39	Amendment 2 to Employment Agreement of David Leckey dated January 17, 2011.+
21	Subsidiaries of American Media, Inc. +

+ Filed herewith.

** Portions of the above exhibits have been omitted for confidentiality purposes.

(1) Incorporated by reference to our Quarterly Report posted on our website February 25, 2011.

(2) Incorporated by reference to our December 27, 2004 Form 10-Q for the third quarter of fiscal year 2004 filed February 9, 2005 (portions omitted for confidentiality purposes).

Schedule II – Valuation and Qualifying Accounts (Unaudited)

All other financial statements and schedules have been omitted because the information required to be submitted has been included in the Consolidated Financial Statements and related notes or because they are either not applicable or not required under the rules of Regulation S-X.

The table below summarizes the activity in the valuation accounts for the periods indicated (in thousands):

	Balance, Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions, Write-Offs, Net	Balance, End of Period
Trade Accounts Receivable Allowance for Doubtful Accounts					
For the fiscal year ended March 31, 2011	$ 5,860	$ 951	$ -	$ (2,516)	$ 4,295
For the fiscal year ended March 31, 2010	$ 7,550	$ 1,714	$ -	$ (3,404)	$ 5,860
For the fiscal year ended March 31, 2009	$ 7,521	$ 2,249	$ 69	$ (2,289)	$ 7,550
Deferred Income Taxes Valuation Allowance					
For the fiscal year ended March 31, 2011	$ 135,856	$ (118,174)	$ -	$ -	$ 17,682
For the fiscal year ended March 31, 2010	$ 158,121	$ (22,265)	$ -	$ -	$ 135,856
For the fiscal year ended March 31, 2009	$ 98,862	$ 59,259	$ -	$ -	$ 158,121
Inventory Obsolescence Allowance for Excess and Obsolete Inventory					
For the fiscal year ended March 31, 2011	$ 551	$ 24	$ -	$ -	$ 575
For the fiscal year ended March 31, 2010	$ 857	$ -	$ (293)	$ (13)	$ 551
For the fiscal year ended March 31, 2009	$ 765	$ 94	$ -	$ (2)	$ 857

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EXHIBIT
Hybrid v Hylete
Opp. No. 91213057
Hybrid 7

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EXHIBIT

Hybrid v Hylete

Opp. No. 91213057

Hybrid 8

From: Tuthill, Matt <mtuthill@muscleandfitness.com>
Sent: Wednesday, February 26, 2014 11:01 AM
To: Robert Orlando <conanrules1@gmail.com>
Subject: Logo Question

Hey Rob,

I follow Zach Even-Esh on Instagram and he posted this photo the other day, saying he was training with guys from a company called Hylete:

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Hybrid 9

●●●●● Verizon 10:53 AM 100%

PHOTO

60 likes

zevenesh Doin some work with @trainhylete #undergroundstrengthcoach #crossfit

I wanted to ask you if you had licensed out the original Hybrid Athletics logo or sold it, because this thing looks almost identical. If not, I definitely thought you should know. Hope all is well.

Matt Tuthill, C.S.C.S.
Senior Editor, Muscle&Fitness
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New York, NY 10004