

IMPACT OF SOX ON THE PUBLISHING INDUSTRY
Adverse Section 404 Reports
For Companies with Years Ended in 2006
As of July 6, 2007

The following is a copy of the four adverse reports that were issued from companies in the Publishing industry with years ended in 2006. These were all of the accelerated filers in the Publishing industry with adverse Sarbanes-Oxley Section 404 management self assessments. This information was gathered using the online research tool called Audit Analytics an Ives Group, Inc company.

The following is a summary of the **material internal control weaknesses** reported in the four adverse Section 404 Self Assessments:

Internal Controls - Accounting documentation, policy and/or procedures	4
Internal Controls - Accounting personnel resources, competency/training	2
Internal Controls - Information technology, software, security & access issues	2
Internal Controls - Material and/or numerous auditor /YE adjustments	2
Internal Controls - Journal entry control issues	1
Internal Controls - Non-routine transaction control issues	1
Internal Controls - Restatement or nonreliance of company filings	1
Internal Controls - Segregations of duties/ design of controls (personnel)	1
Internal Controls - Untimely or inadequate account reconciliations	1

The following is a summary of the **material accounting weaknesses** reported in the four adverse Section 404 Self Assessments. Section 404 is not just about internal control issues, but also about misapplication of financial accounting and reporting issues:

Accounting - Tax expense/benefit/deferral/other (FAS 109) issues	2
Accounting - Acquisition, merger, disposal or reorganization issues	1
Accounting - Liabilities, payables, reserves and accrual est failures	1
Accounting - Revenue recognition issues	1



NEW YORK TIMES CO

10-K 2006 Management - Internal Control Assessment

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002, management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2006. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Management identified a material weakness in the Company's internal control over financial reporting with respect to accounting for pension and postretirement liabilities. Specifically, the Company did not design control procedures to appropriately consider the multi-employer versus single-employer status of collectively-bargained pension and benefit plans, leading to inappropriate accounting for certain plan liabilities in accordance with GAAP. Based on management's assessment and the criteria discussed above, and solely because of this material weakness, management believes that the Company did not maintain effective internal control over financial reporting as of December 31, 2006.



The Company's independent registered public accounting firm, Deloitte & Touche LLP, has audited management's assessment of the Company's internal control over financial reporting as of December 31, 2006, and its report is included in Item 8 of this Annual Report on Form 10-K.

PRIMEDIA INC

10-K 2006 Management - Internal Control Assessment

Management's Report on Internal Control over Financial Reporting

Management of PRIMEDIA Inc. and subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934. Management, as required by Section 404 of the Sarbanes-Oxley Act of 2002, conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on its evaluation, management identified a material weakness in the operation of the Company's internal controls limited to the accounting for income taxes related to discontinued operations as of December 31, 2006. A material weakness is a control deficiency (within the meaning of Public Company Accounting Oversight Board Auditing Standard No. 2), or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by employees in the normal course of their work.

Over the past few years the Company has outsourced preparation of the calculation of its quarterly tax provisions, including tax calculations related to discontinued operations, and its tax compliance to an external expert. In order to remediate previously identified significant deficiencies related to accounting for income taxes, the Company requested that its external expert add more technical resources to its team. Additionally, during 2006 the Company hired an internal resource, experienced in accounting for income taxes, and assigned another internal financial manager to oversee the work being done by the Company's external expert.

Separately, in 2006, another tax firm was engaged to review all prior years federal income tax returns for the purpose of determining tax bases in assets and appropriate federal tax net operating losses.

There were three primary tax issues related to discontinued operations that led management to conclude that a material weakness existed.

The first arose because the Company failed to record deferred income tax benefits after it became apparent that certain taxable temporary differences would reverse as a result of the classification of businesses as discontinued operations. As a result, the Company adjusted its financial statements (i) to record a reduction of its deferred tax liability of approximately \$16.7 million as of December 31, 2006 and (ii) to record a reduction to accumulated deficit of approximately \$7.5 million as of January 1, 2006. The net impact of these adjustments was to record a non-cash increase to income from discontinued operations of approximately \$9.2 million for the year ended December 31, 2006. In the past, the Company's practice was to record these adjustments at the time of sale of businesses as opposed to when such

One West Boylston Street
Worcester, MA 01605
508.853.6404 (T)
508.770.1120 (F)

businesses were classified as discontinued operations.

The second item related to the Company's treatment of a worthless stock deduction related to a previously divested group. The Company's external expert and internal team failed to consider this item in its original 2005 income tax calculations. The net impact of this oversight resulted in the recording of a cumulative effect adjustment of approximately \$4.2 million to reduce the accumulated deficit as of January 1, 2006. This error was identified as a result of a 2006 project to compute the amount of net tax operating losses which would be available after the dispositions of certain businesses in 2005.

The final item related to the incorrect allocation to various state jurisdictions, of the gain arising out of the sale of the Company's Crafts Group during 2006. The allocation error resulted in a reduction of income from discontinued operations of approximately \$4.9 million for the year ended December 31, 2006.

Management has concluded that the principal factors contributing to the material weakness in accounting for income taxes in our discontinued operations were; (a) inadequate consideration of the provisions of SFAS No. 109 by tax personnel of our external expert resulting in errors in the accounting for income taxes and (b) insufficient or ineffective review practices by our internal personnel. This material weakness resulted in accounting errors which were corrected prior to the issuance of the consolidated financial statements for the year ended December 31, 2006. Management has not identified any other material weaknesses in its internal control over financial reporting.

Because of the material weakness described above, management concluded that, as of December 31, 2006, the Company did not maintain effective internal control over financial reporting based on the criteria established in Internal Control-Integrated Framework issued by COSO. Deloitte & Touche LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements has also audited management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2006. The attestation report of Deloitte & Touche LLP follows this report.

SUN-TIMES MEDIA GROUP INC

10-K 2006 Management - Internal Control Assessment

(b) Management's Report on Internal Control over Financial Reporting

Internal control over financial reporting is the process designed by, or under the supervision of, the CEO and CFO, and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that: 1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; 2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and 3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. A material weakness is defined within the

Public Company Accounting Oversight Board's Auditing Standard No. 2 as a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. As of December 31, 2006, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting using the criteria in Internal Control — Integrated Framework, established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management has concluded that internal control over financial reporting was ineffective as of December 31, 2006, as a result of the following material weaknesses: Ineffective Control Environment: The Company's control environment did not sufficiently promote effective internal control over financial reporting throughout the organization. Specifically, the following deficiencies in the control environment were identified as of December 31, 2006: • The Company lacked formal training programs, formal job descriptions or policy and procedure manuals to clearly communicate management's and employees' roles and responsibilities in the Company's internal control over financial reporting. • The controls related to the review of journal entries and account reconciliations were not operating effectively. Specifically, there were inconsistencies in the supporting documentation, and the retention thereof, related to journal entries and account reconciliations and in some cases the supporting documentation was not sufficient to evidence the adequacy and/or timeliness of the review. • There were no formal written or consistent policies and procedures and an ineffective assignment of authority and responsibility for the initiation and processing of transactions in key areas. Although certain procedures and controls were established, compliance was not effectively monitored, and neither employees nor management demonstrated an understanding of the purpose or importance of the controls. • The Company did not have formal code of conduct training programs or ethics training programs in place. • The material weakness in information technology ("IT") general controls, described below, weakened the Company's control environment and also results in a material weakness due to a design deficiency in controls relying on information, including reports, obtained from the Company's information systems.

IT General Controls: The Company's IT general controls over program development, program changes, computer operations, and access to programs and data were ineffectively designed as of December 31, 2006. Numerous and pervasive deficiencies were identified related to the absence of segregation of duties, an inadequate IT staff to support multiple and incompatible applications and inappropriate access to application source code, data and functions. In addition, complete, formal written policies and procedures and consistent practices, as well as formal documentation demonstrating the performance of key controls, did not exist for most areas within the aforementioned IT general controls. These IT general controls deficiencies affected the control environment and the operation of key accounting and financial reporting processes. Income Taxes: The Company lacked controls over accounting for uncertain tax positions and foreign deferred income taxes as there was an absence of appropriate documentation or institutional knowledge of numerous complex historical transactions. These material weaknesses resulted in more than a remote likelihood that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected. KPMG LLP, the Company's independent registered public accounting firm, has issued an auditors' report on management's assessment of the Company's internal control over financial reporting.

INVESTTOOLS INC

10-K 2006 Management - Internal Control Assessment

One West Boylston Street
Worcester, MA 01605
508.853.6404 (T)
508.770.1120 (F)

b) Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f). Management conducted an evaluation of the effectiveness of the internal control over financial reporting as of December 31, 2006, using the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. As a result of management's assessment, management identified the following material weakness in internal control over financial reporting as of December 31, 2006:

Revenue recognition systems and processes. Information systems associated with accounting for revenue were inadequate to appropriately identify specific customer transactions and facilitate the recognition of revenue in accordance with Generally Accepted Accounting Principles. Accordingly, data from the information systems related to revenue had to be adjusted using spreadsheet-based analyses. The internal controls surrounding these manual processes did not operate effectively. Specifically, the company did not have effective review and monitoring controls in place to identify errors in the manual processes. As a result, material misstatements were identified in the company's revenue for each quarter during the year ended December 31, 2006 and accordingly the Company has restated its unaudited financial information for the three months ended March 31, 2006, the three and six months ended June 30, 2006, and the three and nine months ended September 30, 2006 within this Annual Report on Form 10-K. Additionally, material misstatements were identified in the Company's revenue for the quarter and year ended December 31, 2006, which were corrected prior to the issuance of the consolidated financial statements.

Because of the material weakness described above, management concluded that our internal control over financial reporting was not effective as of December 31, 2006.

The Company's independent registered public accounting firm, KPMG LLP, has issued an audit report on management's assessment of our internal control over financial reporting. Their report is included in Item 9A(d).