

UNITED STATES BANKRUPTCY COURT District of Delaware PROOF OF CLAIM

Name of Debtor: Anderson News, LLC Case Number: 09-10695 (CSS)

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor (the person or other entity to whom the debtor owes money or property): Heinrich Bauer Verlag Beteiligungs GmbH
Name and address where notices should be sent: Loeb & Loeb LLP [SEE ATTACHMENT FOR ADDITIONAL NOTICE INFORMATION]
Telephone number: (212) 407-4000
Attn: P. Gregory Schwed Daniel B. Besikof
Check this box to indicate that this claim amends a previously filed claim.
Court Claim Number: (If known)
Filed on:

Name and address where payment should be sent (if different from above): SEE ATTACHMENT
Telephone number:
RECEIVED JUN 10 2010 BMC GROUP
Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
Check this box if you are the debtor or trustee in this case.

1. Amount of Claim as of Date Case Filed: \$Not less than \$16,679,263 -- SEE ATTACHMENT
If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.
If all or part of your claim is entitled to priority, complete item 5.
Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.

2. Basis for Claim: SEE ATTACHMENT (See instruction #2 on reverse side.)

3. Last four digits of any number by which creditor identifies debtor:
3a. Debtor may have scheduled account as: (See instruction #3a on reverse side.)

4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information.
Nature of property or right of setoff: Real Estate Motor Vehicle Other
Describe: Potential liability relating to antitrust claims of Debtor.
Value of Property: \$ Unknown Annual Interest Rate %
Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ Basis for perfection:
Amount of Secured Claim: \$ Amount Unsecured: \$

5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim.
Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).
Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. §507 (a)(4).
Contributions to an employee benefit plan - 11 U.S.C. §507 (a)(5).
Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. §507 (a)(7).
Taxes or penalties owed to governmental units - 11 U.S.C. §507 (a)(8).
Other - Specify applicable paragraph of 11 U.S.C. §507 (a)().
Amount entitled to priority: \$
*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.
7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.)
DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.
Anderson News LLC
If the documents are not available, please explain:
Date: June 9, 2010
Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.
Rich Teehan Senior Vice President - Finance/Administration
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UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

----- X
In re : Chapter 11
ANDERSON NEWS, LLC, :
Debtor. : Case No. 09-10695 (CSS)
:
----- X

**ATTACHMENT TO PROOF OF CLAIM OF
HEINRICH BAUER VERLAG BETEILIGUNGS GmbH**

1. As discussed below, Heinrich Bauer Verlag Beteiligungs GmbH (“**Bauer GmbH**”) files this proof of claim (this “**Proof of Claim**”) as a protective proof of claim in connection with a claim it asserts is held by the Bauer American Entities (as defined below) against Anderson News, LLC (the “**Debtor**”) in the aggregate liquidated principal amount, as of March 2, 2009 (the “**Petition Date**”), of \$16,679,263 (the “**Aggregate Debtor Indebtedness**”), plus all applicable interest and attorneys fees allowable by law (the “**Bauer Claim Amount**”).

2. **Bases for Claim.** The bases for the claims set forth herein are, *inter alia*, as follows:

(a) Bauer GmbH (together with its affiliates and subsidiaries, “**Bauer**”) owns a magazine publishing operation in the United States, publishing popular newsstand magazines such as “In Touch.” Bauer GmbH operates in the U.S. through four U.S.-based subsidiaries, Bauer Magazine L.P., Bauer Publishing Co. L.P., Heinrich Bauer North America, Inc., and Heinrich Bauer Publishing L.P. (collectively, the “**Bauer American Entities**”).

(b) The Bauer American Entities distributed Bauer magazines through a national distributor, Kable Distribution Services, Inc. (“**Kable**”), pursuant to the terms of that certain

Distribution Agreement dated as of January 3, 2006 (the “**Distribution Agreement**”) between Bauer GmbH and Kable. Kable, in turn, distributed the Bauer magazines to the Debtor.

Although Bauer had no formal contractual relationship with the Debtor, the Debtor acknowledged on its original filed debt schedules a \$16,666,718 Bauer Magazine payable as a line item, separate from the other debt owing to Kable for non-Bauer magazines that Kable distributes.

(c) Under the Distribution Agreement, Bauer GmbH bore the risk of any bad debt associated with the Debtor’s bankruptcy. Accordingly, upon the Debtor’s bankruptcy filing, Bauer GmbH and Kable agreed upon the net amount of Bauer-related bad debt owing from the Debtor, and that amount (the amount of the Aggregate Debtor Indebtedness) was then set off from amounts that Kable would otherwise have owed to Bauer for the purchase of magazines.

(d) Upon the effectuation of the foregoing setoff, Bauer GmbH stepped into the shoes of Kable and became the creditor of the Debtor for the Aggregate Debtor Indebtedness under black letter principles of subrogation.

(e) For internal corporate purposes, Bauer used the four Bauer American Entities to deal with Kable, and made appropriate intercompany adjustments (the “**Intercompany Adjustments**”). After giving effect to the Intercompany Adjustments, the Debtors became obligated to the Bauer American Entities, rather than to Bauer GmbH.

(f) Even though the Debtor knew that Bauer was supplying it with millions of dollars of magazines for which it never paid, the Debtor nevertheless challenged Bauer’s status as a creditor. Bauer’s negotiations with the Debtor to avoid litigation on this issue were unsuccessful. The Debtor then moved to expunge all of Bauer’s pleadings on the grounds that Bauer lacked standing to appear because it was not a creditor. [ECF No. 116.]

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(g) Bauer perceived this motion by the Debtor as nothing more than an attempt to silence an active creditor that was vigorously protecting its rights in the bankruptcy. (Bauer was one of the magazine creditors that successfully opposed the Debtor's motion to dismiss the case. More recently Bauer, along with Kable, successfully moved for the appointment of an examiner to investigate, among other things, the Debtor's hundreds of millions of dollars of prepetition transfers to insiders.)

(h) To cut short any additional wasted time on this frivolous motion by the Debtor, Bauer and Kable decided simply to enter into an agreement ratifying what had already occurred by operation of law and formally assigning Kable's claim in respect of the Aggregate Debtor Indebtedness to Bauer GmbH. Such documentation was also useful for internal corporate housekeeping.

(i) Accordingly, Bauer GmbH and Kable formalized the actual alignment of the legal and beneficial interests through an Assignment Agreement dated as of November 9, 2009 (the "**Assignment Agreement**"). The Assignment Agreement provides for the assignment to Bauer GmbH all of Kable's right, title and interest in and to its Bauer-related Debtor receivables, including the Aggregate Debtor Indebtedness, and simultaneously assigns those rights, in various amounts, to the Bauer American Entities (the "**Affiliate Assignments**").

(j) In addition, Bauer and Kable arranged to have a "release of liens" letter executed by Bank of America, Kable's financier (the "**BofA Release**"). This release of liens further showed that the Bauer American Entities have the full and unencumbered right to prosecute the aforementioned claims against the Debtor.

(k) By virtue of the above-described subrogation rights and related intercompany adjustments, the Assignment Agreement and the BofA Release, Bauer GmbH asserts that the

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Debtor is obligated to the Bauer American Entities in the aggregate amount of the Bauer Claim Amount. Each of the Bauer American Entities has filed a separate proof of claim in respect of the portion of the Bauer Claim Amount that is owed to it. Bauer GmbH files this Proof of Claim as a protective proof of claim to protect Bauer from the waiver of this claim in the event the Intercompany Adjustments or the Affiliate Assignments are not recognized. In such an event, the Debtor would be obligated to GmbH for the entire Bauer Claim Amount.

3. **Supporting Documentation.** The documents upon which this Proof of Claim is based include, without limitation, the following documents (collectively, the “**Supporting Documents**”): (i) the Distribution Agreement, (ii) the Assignment Agreement, (iii) the BofA Release and (iv) certain other documents, including invoices, canceled checks, correspondence and other, similar supporting documentation (the “**Other Documents**”).

(a) The Supporting documents are voluminous and contain confidential and proprietary commercial information. In addition, a redacted copy of the Distribution Agreement, the Assignment Agreement, the BofA Release and certain of the Other Documents were filed as exhibits to the Declaration of Gregory A. Welch in Support of Bauer’s Response to Debtor’s (1) Motion to Strike Bauer’s Pleadings and (2) Motion to Approve Antitrust Discovery Schedule dated November 16, 2009. [ECF No. 131.] Finally, the vast majority of the Supporting Documents are in the possession of the Debtor. Based on the foregoing, the Supporting Documents have not been attached to this Proof of Claim. Copies of the Supporting Documents will be made available to appropriate parties in interest upon written request to Daniel B. Besikof, Esq., Loeb & Loeb LLP, 345 Park Avenue, New York, New York 10154.

4. **Notices.** All notices to Bauer GmbH concerning this Proof of Claim should

be sent to:

Heinrich Bauer Verlag Beteiligungs GmbH
270 Sylvan Avenue
Englewood Cliffs, New Jersey 07632
Attention: Gregory A. Welch, Esq.

Copies of all notices to Bauer GmbH concerning this Proof of Claim should be sent to:

Loeb & Loeb LLP
345 Park Avenue
New York, New York 10154
Attention: P. Gregory Schwed, Esq.
Daniel B. Besikof, Esq.

5. **Payment.** Payment of the claims set forth in this Proof of Claim should be sent to Bauer GmbH at the address specified in paragraph 4 above.

6. **Security for Claim.** The Debtor has commenced an action against Bauer GmbH and/or other Bauer affiliates and others alleging anti-trust violations (the “**Antitrust Action**”). To the extent Bauer GmbH is determined to be or otherwise becomes obligated to the Debtor in respect of or in connection with the Antitrust Action, any similar or related allegations or otherwise (any such obligations, “**Bauer GmbH Obligations**”), Bauer GmbH asserts the right to setoff the amount of the claims asserted herein against any Bauer GmbH Obligations.

Accordingly, this claim is a secured claim to the extent of any Bauer GmbH Obligations.

7. **Miscellaneous.** No judgment has been rendered on the claims asserted in this Proof of Claim. To the knowledge of Bauer GmbH, the amount of all payments made or credits earned prior to the Petition Date has been credited and deducted for the purpose of making this Proof of Claim, including all credits allegedly earned by the Debtor relating to its return of Bauer magazines. Bauer GmbH reserves the right, under appropriate circumstances, to reverse such credits and assert the larger amount owed by the Debtor prior to the application of such credits.

8. Reservation of Rights/Amendments.

(a) This Proof of Claim is filed under compulsion of the order establishing the bar date and related procedures in the Debtor's chapter 11 case and is filed to protect Bauer GmbH from the forfeiture of its claims against the Debtor.

(b) The execution and filing of this Proof of Claim is not: (i) a waiver by Bauer GmbH of the right to assert any and all other claims of whatever kind or nature that it has, or may have, that come to Bauer GmbH's attention or arise after the filing of this Proof of Claim (and the filing of this Proof of Claim shall not be deemed a waiver of any such claims or rights); (ii) a waiver of Bauer GmbH's rights to seek treatment of the claims set forth herein as priority, administrative expense or secured claims, or to assert any rights of setoff relating thereto; (iii) a consent or submission by Bauer GmbH to the jurisdiction of this Court with respect to any proceeding commenced in this case against or otherwise involving Bauer GmbH; (iv) a waiver of the right to move to withdraw the reference with respect to the subject matter of the claim set forth herein, any objection or other proceedings commenced with respect thereto or any other proceeding commenced in this case against or otherwise involving Bauer GmbH; (v) an election of remedy which waives or otherwise affects any other remedy; or (vi) a waiver of or limitation on any rights or remedies of Bauer GmbH, at law or in equity (including any setoff rights, lien rights, rights of recoupment or any other rights that Bauer GmbH may have against any of the Debtor or any other entity).

(c) Bauer GmbH expressly reserves its rights (i) to file any other proofs of claim with respect to the claims set forth herein or otherwise (which proof of claim, if so filed, shall not be deemed to supersede this Proof of Claim unless otherwise expressly provided), including to seek priority or administrative expense treatment for the claims set forth herein, (ii) to amend or

supplement this Proof of Claim in any respect, including the filing of additional proofs of claim for claims not covered by this Proof of Claim, and (iii) to file a separate request for payment of any administrative expenses for claims asserted or not asserted in this Proof of Claim.



DANIEL B. BESIKOF
Attorney At Law

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dbesikof@loeb.com

Via Federal Express

June 10, 2010

BMC Group, Inc.
Attn: Anderson News, LLC Claims Processing
600 1st Avenue
Suite 300
Seattle, Washington 98104

Re: In re Anderson News, LLC – Case No. 09-10695

To Whom It May Concern:

Enclosed are one original and one copy of the proofs of claim of (i) Heinrich Bauer Verlag Beteiligungs GmbH, (ii) Bauer Publishing Company LP, (iii) Heinrich Bauer Publishing L.P., (iv) Bauer Magazine L.P. and (v) Heinrich Bauer North America, Inc. against the above-referenced debtor, Anderson News, LLC (the "Debtor").

Please accept each of the original proofs of claim for filing in the Debtor's chapter 11 case, "file stamp" the copies and return the copies to me in the enclosed self-addressed stamped envelope.

Should you have any questions, please do not hesitate to contact the undersigned.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Daniel B. Besikof".

Daniel B. Besikof
Attorney At Law

Enclosures