

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): American Media, Inc.		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.
Name and address where notices should be sent: Karen B. Dine, Esq. Pillsbury Winthrop Shaw Pittman LLP 1540 Broadway, New York, NY 10036 Telephone number: (212) 858-1791 karen.dine@pillsburylaw.com		Court Claim Number: _____ (If known) Filed on: _____
Name and address where payment should be sent (if different from above): Michael Antonello General Counsel American Media, Inc. 1000 American Media Way Boca Raton, FL 33431 Telephone number: (561) 989-1047		<input checked="" type="checkbox"/> 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. (See attached) <input type="checkbox"/> 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 \$5,597,725.80 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. <input checked="" type="checkbox"/> 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.		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. <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> 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). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. §507 (a)(5). <input type="checkbox"/> 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). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. §507 (a)(8). <input type="checkbox"/> 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.
2. Basis for Claim: (See attached) _____ (See instruction #2 on reverse side.)		
3. Last four digits of any number by which creditor identifies debtor: <u>None</u> 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: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: _____ Value of Property: \$ _____ Annual Interest Rate: % _____ (Not applicable) 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: \$ _____		
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: 6/10/10	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. David Olson David Olson, Corporate Secretary 1 Park Ave., New York, NY 10016 (212) 545-4800	

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INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, there may be exceptions to these general rules.

Items to be completed in Proof of Claim form

Court, Name of Debtor, and Case Number:

Fill in the federal judicial district where the bankruptcy case was filed (for example, Central District of California), the bankruptcy debtor's name, and the bankruptcy case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is located at the top of the notice.

Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the Bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on the delivery of health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if the trustee or another party in interest files an objection to your claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:

Use this space to report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

4. Secured Claim:

Check the appropriate box and provide the requested information if the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See DEFINITIONS, below.) State the type and the value of property that secures the claim, attach copies of lien documentation, and state annual interest rate and the amount past due on the claim as of the date of the bankruptcy filing.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a).

If any portion of your claim falls in one or more of the listed categories, check the appropriate box(es) and state the amount entitled to priority. (See DEFINITIONS, below.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:

Attach to this proof of claim form redacted copies documenting the existence of the debt and of any lien securing the debt. You may also attach a summary. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary. FRBP 3001(c) and (d). If the claim is based on the delivery of health care goods or services, see instruction 2. Do not send original documents, as attachments may be destroyed after scanning.

Date and Signature:

The person filing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2), authorizes courts to establish local rules specifying what constitutes a signature. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. Attach a complete copy of any power of attorney. Criminal penalties apply for making a false statement on a proof of claim.

DEFINITIONS

Debtor

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

Creditor

A creditor is a person, corporation, or other entity owed a debt by the debtor that arose on or before the date of the bankruptcy filing. See 11 U.S.C. §101 (10)

Claim

A claim is the creditor's right to receive payment on a debt owed by the debtor that arose on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

Proof of Claim

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

Secured Claim Under 11 U.S.C. §506(a)

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car.

A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien. A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

Unsecured Claim

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

Claim Entitled to Priority Under 11 U.S.C. §507(a)

Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

Redacted

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor should redact and use only the last four digits of any social-security, individual's tax-identification, or financial-account number, all but the initials of a minor's name and only the year of any person's date of birth.

Evidence of Perfection

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

INFORMATION

Acknowledgment of Filing of Claim

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system (www.pacer.nps.uscourts.gov) for a small fee to view your filed proof of claim.

Offers to Purchase a Claim

Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 et seq.), and any applicable orders of the bankruptcy court.

Mail to:

United States Bankruptcy Court
Attn: Claims
824 Market Street, 3rd Floor
Wilmington, DE 19801

**ATTACHMENT TO PROOF OF CLAIM
OF AMERICAN MEDIA, INC.**

1. This proof of claim (the "Proof of Claim") is asserted by American Media, Inc. ("AMI") against Anderson News, LLC ("Anderson News" or "Debtor") in the amount of not less than \$5,597,725.80 for the breach of that certain Wholesaler Service Agreement,¹ dated as of January 23, 2001, as amended (the "Wholesaler Agreement"), and for other damages to AMI caused by Anderson News or the Debtor. In further support of its Proof of Claim, AMI respectfully states as follows:

Background

2. Under the Wholesaler Agreement, AMI sold certain weekly and monthly magazines, such as Star, Shape, Men's Fitness and National Enquirer, to Anderson News, a leading magazine and book distributor. All sales were subsequently invoiced by Curtis Circulation Company, LLC ("Curtis"), which was responsible for the billing and collections with respect to AMI's sales to Anderson News.¹ The Wholesaler Agreement provided the price Anderson News agreed to pay for AMI's magazines, the rebate Anderson News would receive for the magazines that were not sold by retailers, and other detailed pricing information.

3. In January 2009, Anderson News announced that it would unilaterally impose a surcharge, effective February 1, 2009, of seven cents per magazine it received from AMI and other magazine publishers. Anderson News also announced at that time that it was imposing a requirement that AMI and other magazine publishers pay certain inventory costs. These announcements violated the express terms of the Wholesaler Agreement. AMI did not agree to pay the new surcharge and continued to do business with Anderson News under the terms of the

¹ As a result, certain amounts due to AMI were listed as payable to Secured Creditors Holding Unsecured Nonpriority Claims [Dkt. No. 271].

Wholesaler Agreement, including delivering 223,144 magazines to Anderson News between February 4, 2009 and February 6, 2009. Anderson News, however, abruptly ceased operations, informed its employees not to report to work, and stopped the sale of magazines and newspapers, including the magazines delivered by AMI. These actions breached the Wholesaler Agreement and caused significant damage to AMI.

AMI's Damages

4. AMI suffered significant losses due to Anderson News's breach of the Wholesaler Agreement and other improper actions. *First*, AMI delivered certain magazines to Anderson News that Anderson News sold to retailers. Anderson News was invoiced by Curtis for these magazines, but the invoices were never paid. AMI suffered a loss as the result of Anderson News's non-payment to Curtis of not less than \$3,233,959 on account of these magazines. A schedule of AMI accounts representing shipments to Anderson News and the corresponding AMI obligation due to Anderson News's breach is attached hereto as Exhibit A, an unredacted copy of which will be provided to Anderson News upon request, pursuant to a mutually agreeable confidentiality agreement.

5. *Second*, AMI suffered losses with respect to significant quantities of magazines that were delivered to Anderson News during the days prior to the company's announcement in early February 2009 that it had ceased operations. While AMI was able to retrieve many of these magazines, it suffered losses of not less than \$47,443.85 associated with their recovery and redelivery efforts, including legal fees and other costs. In addition, AMI suffered losses of not less than \$29,366 associated with the magazines AMI was unable to recover. A schedule of such losses is attached hereto as Exhibit B, an unredacted copy of which will be provided to Anderson News upon request, pursuant to a mutually agreeable confidentiality agreement.

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6. *Finally*, AMI lost significant magazine sales as a result of Anderson News's breach of the Wholesaler Agreement and termination of its business activities. Anderson News distributed a significant portion of AMI's magazine inventory and finding replacement wholesalers proved costly. AMI's relationships with its readers were damaged and some readers ceased buying magazines from AMI. During the approximately six weeks in which AMI rebuilt its distribution network, AMI suffered a net loss in sales of not less than \$1,859,269. In addition, during this time, AMI was forced to print additional copies of its magazines to ensure retail delivery, which resulted in a loss to AMI of not less than \$427,688. A schedule of such losses is attached hereto as Exhibit C, an unredacted copy of which will be provided to Anderson News upon request, pursuant to a mutually agreeable confidentiality agreement.

7. After the six-week disruption caused by Anderson News's breach of the Wholesaler Agreement and other improper actions, AMI's circulation was less than it would have otherwise been and its distribution costs were higher than they would have otherwise been. AMI has not yet calculated these losses, but believes them to be substantial. AMI expressly reserves its right to amend this Proof of Claim to reflect these additional losses.

8. In sum, AMI claims not less than \$5,597,725.80 against Anderson News in this Proof of Claim for Anderson News's breach of the Wholesaler Agreement.

Reservation of Rights

9. AMI reserves its rights to amend and/or supplement this Proof of Claim at any time and in any manner and/or to file additional proofs of claim for any additional claims which may be based on the same or additional documents or grounds of liability.

10. AMI also reserves its rights with respect to any damages it may recover from Anderson News as a result of litigation, including any counterclaims AMI may file against

Anderson News in the pending antitrust litigation against AMI and other defendants brought by Anderson News, or any other rights to payment.

11. This Proof of Claim is filed under the compulsion of the bar date in this case. Filing this Proof of Claim is not: (i) a waiver or release of AMI's rights, claims or defenses against any person, entity or property; (ii) a waiver or release of AMI's right to have any and all final orders in any and all non-core matters entered only after *de novo* review by a United States District Judge; (iii) a consent by AMI to the jurisdiction of the Bankruptcy Court for any purpose other than with respect to this Proof of Claim; (iv) an election of remedy; (v) a waiver or release of any rights which AMI may have to a jury trial; (vi) a waiver of the right to move to withdraw the reference with respect to the subject matter of this Proof of Claim, any objection thereto or any other proceedings which may be commenced in these cases against or otherwise involving AMI, including without limitation, any adversary proceeding that was or may be commenced by any party or committee in this case; or (vii) a waiver of AMI's rights to make additional requests for payment of an administrative expense claim under the Bankruptcy Code.

Notices

12. All objections, notices, requests or any other filings or submissions with respect to this Proof of Claim should be sent to Pillsbury Winthrop Shaw Pittman LLP, 1540 Broadway, New York, New York 10036, Attention: Karen B. Dine, Esq., Telephone: (212) 858-1791; Email: karen.dine@pillsburylaw.com.

Exhibit A

Invoiced Account Losses

ACCT	TOTAL AMI OBLIGATION
344064	
344072	
412016	
415024	
446024	
501008	
508064	
508088	
508104	
508136	
508152	
531048	
538040	
540048	
540058	
540072	
703060	
729016	
734110	
741040	
741088	
802032	
804190	
826035	
842026	
851008	
905040	
913180	
914124	
923012	
Total	<u>\$ 3,233,959</u>

Exhibit B

Consultant Fees Associated with Calculating Obligation Owed to Curtis as a Result of Anderson News's Termination of Operations



AM000
AM000
AM000
AM000
AM000

AM000

AM000
AM000
AM000
AM000
AM000

DS100
DS100
DS100
DS100
DS100
DS100
DS100

AM000
AM000
AM000
AM000
AM000
AM000

\$27,433.85

Shipping Losses Resulting from Anderson News's Termination of Operations

Total \$20,000

Losses with Respect to Magazines Distributed to Anderson News that Were Not Recovered

Title	Issue	Copies "Lost"	COG	PO Cost	Estimated Eff	Sale Lost	Rev on Lost Sale
Natural Health							
Men's Fitness							
Muscle & Fitness							
							\$ 29,366

Exhibit C

**Losses Resulting from Approximately Six Week Disruption
Period Resulting from Anderson News's Termination of Operations**

Title	Total Estimated Sale Loss During the Disruption (copies)	Total Estimated Retail Sale Loss During the Disruption	Total Estimated AMI Revenue Loss During the Disruption
National Enquirer			
Star			
Globe			
National Examiner			
Sun			
Country Weekly			
Mira			
			\$ 1,859,269

Title	Total Copies "Overprint" During the Disruption	Cost per Copy	Total Estimated Copy Cost Loss During the Disruption
National Enquirer			
Star			
Globe			
National Examiner			
Sun			
Country Weekly			
Mira			
			\$ 427,688