

JEGI Consumer Magazine CEO Forum



Jordan Edmiston (JEGI) hosted its consumer CEO forum at the four seasons restaurant in January. (from left), Wilma Jordan, CEO of Jordan Edmiston and JEGI Capital; Martha Stewart, chairman and CEO of Martha Stewart Living Omnimedia, Inc.; Tom Rogers, chairman and CEO of Primedia, Inc.; Cathie Black, president of Hearst Magazines; and Dr. Hubert Burda, chairman and CEO of Hubert Burda Media.

Thought Leaders Outlook 2002-2003

MEDIA INDUSTRY EXECUTIVES HOPEFUL FOR SECOND HALF GROWTH CITE STEPS TAKEN TO CONVERT FUTURE GROWTH TO INCREASED MARGINS

We recently asked a group of media and information services executives three questions covering their outlook for the industry in 2002 and into 2003.

Question 1:

What is your outlook for the balance of 2002 in your industry sector?

Question 2:

In your view, what are the major factors that will make or break your company's performance this year?

Question 3:

As you look towards 2003 and beyond, what do you see as your major priorities in growing your business?

Their responses that follow paint a picture of guarded anticipation of economic recovery in 2002 and many steps taken in 2001 to maximize margin growth when the recovery takes hold.

Helen Alexander
CEO
Economist Newspapers Ltd

Q1 Publishing is going to continue to be tough, particularly for those businesses that have a high proportion of revenue from technology, finance and travel advertisers. We think we will begin to see some signs of recovery towards the end of the year.

Q2 Getting the basics right is paramount: continued tight control of costs plus focusing investment and management resources on those activities that really make a difference.

Q3 It is becoming increasingly clear that media companies need strong brands, an excellent understanding of their audience and the ability to create high quality content distributed over all platforms across the world to deliver growth and progressively better returns to shareholders.

Bob Krakoff
CEO
Advanstar Communications

Q1 Based on conversations with our customers, we anticipate a recovery beginning in the second half of 2002 led by the retailing sector, then manufacturing, and last technology due to the severity of the recession.

Q2 For Advanstar and our industry to be successful in 2002 will require stability in the U.S. and internationally with regard to terrorism, as well as strong travel availability and convenience.

It also requires no Enron-triggered lack of confidence in business that would further put the health of our major advertisers and exhibitors in jeopardy.

Finally, successful execution of our strategy and tactics in our own 200+ businesses is always vital to our success.

Q3 We will focus on key opportunities, particularly customer-useful services leading to new business development ideas for them and revenue for Advanstar. Other objectives are to: build market share for the economic upturn, motivate staff to look for new revenue opportunities and further efficiencies; and selectively invest in products to stimulate long-term growth and find value-based strategic acquisitions.

David Frigstad
CEO
Frost & Sullivan

Q1 We at Frost & Sullivan are very bullish on the economy's future. Unlike all the recessions we have lived through in the past, there are no real significant problems holding the global economy back from strong growth. Today, everything is on a very solid foundation, comparatively speaking. We believe that there will be another long run of robust economic growth. We would like to see it start this month!

(continued on page 2)

JEGI Business-to-Business Magazine CEO Forum



Jordan Edmiston (JEGI) hosted its business-to-business CEO forum at the Four Seasons restaurant in March. (From left), Herman van Compenhout, CEO of Elsevier Business Information, Netherlands; Wilma Jordan, CEO of Jordan Edmiston and JEGI Capital; Mike Rusbridge, Chairman and CEO of Reed Exhibitions; Jim Casella, CEO of Reed Business Information, US; and Gerard van de Aast, CEO of Global Business-to-Business, Reed Elsevier.

2002-2003 Outlook Quotes (continued from page 1)

Q2 The psychology of confidence in the economy is pivotal. I believe it's up to the business people and consumers to turn the current economy around. The aftermath of the 9/11 attack is sad evidence of how important confidence is to our economy. When people stopped traveling the economy softened in many sectors. People did not stop traveling because Greenspan lowered interest rates.

Q3 The number one priority we have is to leverage our global brand name and competitive position in the marketplace to drive the business through acquisition. Developing a dynamic financial strategy to enable us to accelerate growth and meet all investors needs will soon be our main focus.

Dan Brewster CEO G+J USA

Q1 2002 will be challenging. Any advertising turnaround will initially be unsteady, with cyclical categories still especially at risk. Core industry-wide distribution problems in both the postal and retail channels have yet to be addressed effectively, and subscription acquisition is growing progressively more difficult.

Q2 Intelligent cost management is key, as is our ability to prioritize growth initiatives, execute the essential ones, and defer those that will not have a major impact.

Q3 Our major priorities are: insuring G+J USA has the scale to compete effectively; developing strong programs aside our brands that give advertisers and marketers an ever-broadening array of meaningful intelligence, solutions, and sales; making sure G+J USA continues to attract top talent, that will continue to create and sell the most compelling magazines that it possibly can.

Cathie Black President Hearst Magazine Group

Q1 There are some indications that the market will improve over the rest of the year, but it is difficult to predict by how much. We at Hearst don't think the ad market will come roaring back. It will be more of a slow, steady climb.

Q2 The big imperative for Hearst is to grow revenue while continuing to keep the pressure on cost control. We have to work the organizational levers to stay flexible and keep positioning ourselves for the upturn, but to do it with maximum efficiency and at lower cost.

Q3 The overriding priority is profitable growth. And that is going to demand success in a critical list of priorities -- strengthening our print and related brands, continuing to add new titles to our portfolio, building on our leadership in international markets, continuing to improve our customer service and innovation and attracting and keeping the best people.

Scott Marden President Information & Media Services The McGraw-Hill Companies

Q1 Because of restructuring actions taken in 2001, McGraw-Hill is in a very healthy position to grow as the economy recovers. I believe that strong brands survive in economic downturns and thrive in recoveries. Indeed, market leaders have an opportunity to gain share as customers participate in a flight to quality. My outlook for 2002 is for strong performance across all business units in the Information and Media Services segment.

Q2 Recovery of the advertising markets in the second half will be key. Expense and investment management will continue into the recovery, and we will continue to position our brands for growth.

Importantly, we will continue to seek opportunities to grow our businesses outside of the U.S., particularly in Europe and Asia.

Q3 Maintaining leadership positions of BusinessWeek, McGraw-Hill Construction, AviationWeek Group and newly acquired Platts is a top priority. We will also continue to build on the progress our TV stations are making in reaching out to our local communities in each market.

Filling out our brands with new products and services is critical, accompanied by global expansion and building global market share. Collaboration across McGraw-Hill will continue, leveraging our embedded strengths in sales, marketing, web delivery and content development.

Finally, we will make strategic acquisitions with our market segment.

Jim Casella CEO Reed Business Information

Q1 Because Reed Business Information (RBI) is well diversified within its industry sectors, the company's performance reflects trends in the overall economy rather than in specific industries. With forward-looking economic indicators improving (e.g. the recent Conference Board and Philadelphia Federal Reserve reports provide signs that the economy already may have been through the worst), there is a good chance for an overall economic turnaround.

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2002-2003 Outlook Quotes

(continued from page 2)

RBI expects to see the recovery manifesting itself in the second half of 2002.

Q2 The economy's overall performance is the major driver of RBI's 2002 performance. To take full advantage of the anticipated economic rebound, RBI and Reed Elsevier have made significant investments in the company's core products.

Q3 RBI's major priorities will be a continuation of its long-term strategy, which is to strengthen its relationship with key customers, expand its offerings of value-added services, and become more global and more integrated with Reed Business (e.g. hosting conferences that support RBI's sister companies' publications and trade shows).

Tom Ryder

CEO

Reader's Digest

Q1 I hear from learned economists that business is getting better and before the end of the year we will be in the midst of a full-fledged turnaround. I've not seen it yet, and I am concerned that the international markets where Reader's Digest does most of its business are now getting softer. So, I'll believe his turnaround when the markets start to show it and not before. I know that sounds pessimistic, but that is probably the safest attitude given the dreadful media economy in the last year.

Q2 The most important external factor to drive our business this year is the return of consumer confidence and spending. This in turn will catalyze many of the key drivers of our business. The key internal factors driving our success will be the development of new marketing channels and the careful management of expenses.

Q3 As we look to 2003 and beyond, growth will come from new geographies, new channels, new products, new services and a fresh look at the economic models that drove the success of our existing products. My hypothesis is those models no longer work, or soon won't because of postal increases and circulation acquisition cost increases which have not been offset in advertising or circulation pricing. ☹☹

The Jordan, Edmiston Group Leads the Top 20 List of Media and Information Deals in 2001

JEGI dominated the Top 20 List of media and information deals it compiled for 2001. It was the lead advisor on three of the Top Ten, and five of the Top 20 transactions. Second place in the rankings was shared by the "bulge bracket" firms Bear Stearns and Morgan Stanley, each of which advised on two transactions. Lazard, Merrill Lynch, Credit Suisse and Goldman handled one each. The 20 listed transactions, all within the magazine, trade show and information industries, totaled more than \$6.6 billion.

Top 20 Media and Information Deals for 2001

Target	Buyer	Advisor
Vivendi Universal B2B & Health	Cinven	Lazard
IPC	AOL Time Warner	Bear Stearns
VNU Consumer (Europe)	Sanoma WSOY	Merrill Lynch & Deutsche Bank
Emap USA	Primedia	Morgan Stanley
The New York Times' Golf Digest	Conde Nast	Quadrangle
Bridge Systems (North America)	Reuters	Bear Stearns
Jane's Information Group	Woodbridge	None
Hearst's FirstData/Medispan	Wolters Kluwer	Jordan, Edmiston Group
Pearson's FT Energy	McGraw-Hill Platts	Jordan, Edmiston Group
Cahners Divestitures	Multiple Buyers	Jordan, Edmiston Group
Silver Platter	Wolters Kluwer	Credit Suisse First Boston
Business 2.0	AOL Time Warner	Morgan Stanley
Pulver.com	Key3Media	Corporate Solutions
First Call (48% Stake)	Thomson	None
Cahners Travel Group	Boston Ventures	Allen & Co.
Primedia's Media Central Stake	Brill Media Holdings	None
MCM Group	Informa Group plc	Goldman Sachs
NewsEdge Corp.	Thomson Corp.	Broadview
Economist's Journal of Commerce	Commonwealth Bus. Media	Jordan, Edmiston Group
Western Exhibitions Inc.	dmg world media	Jordan, Edmiston Group

"Since founding the firm in 1987, I have had the reward of seeing JEGI grow in size, expertise and reputation. As the firm enters its 15th year, it is the leading boutique investment bank, has a venture capital fund, 20 industry professionals and support staff handling and average of 20 to 25 transactions a year, with an annual aggregate value of over \$500 million," said Wilma Jordan, Founder and CEO.

"We have seen enormous changes in the media and information industries during the past 15 years. Throughout these transformations, JEGI has been a trusted advisor for mergers and acquisitions, sales and divestitures, debt and equity financing, valuations and strategic positioning," she added. ☺☺

M&A Advisory Firm Ranking

Rank		Number of Transactions
1	Jordan, Edmiston Group	5
2	Bear Stearns	2
3	Morgan Stanley	2
4	Lazard	1
5	Merrill Lynch & Deutsche Bank	1
6	Quadrangle	1
7	Credit Suisse First Boston	1
8	Corporate Solutions	1
9	Allen & Co.	1
10	Goldman Sachs	1
11	Broadview	1

JEGI Advised on Three of the Top 10

JEGI Advised on Five of the Top 20

JEGI Advised on 29% of Top 20 Transactions in Which Advisors Were Used

JEGI Capital

The Real-Time Economy

Will "dashboards" become as common on our computers as in our cars? Leading business strategists and venture investors think so. "Digital dashboards," or software programs that graphically display key business metrics in one screen, are just one example of a growing cadre of enterprise software applications based on real-time data. The trend to increase productivity by means of integrating back-office systems, tighter inventory management, and improved customer relationship management has expanded the amount of data being collected. This in turn increases the need for dashboards to automate the process of aggregating and analyzing this data, which is spread throughout a company or even a supply chain. They are also used to trigger actions based on specific events.

A key challenge in aggregating real-time data is the diversity of applications and "data silos" where the data resides. Accessing this rapidly changing data requires software that can communicate a query across an array of sources and combine the results according to user specifications. Frequently that "user" is another software application, such as an enterprise server. ExactOne, a JEGI Capital portfolio company [see sidebar], has developed an engine that tackles the data integration problem for enterprises. For example, ExactOne has formed a partnership with AOL to help this e-commerce behemoth aggregate product data from various merchants.

Another use of ExactOne's software is creating 360° customer views by matching a variety of profiles and customer records for an individual. Such a composite view is not available at most companies because these records are stored in different locations and by software applications that don't communicate with each other. ExactOne's software collects and presents this data in real-time without creating a separate data warehouse. By eliminating this "data replication" requirement, ExactOne saves its clients money and storage capacity, and avoids privacy and departmental "ownership" issues. The resulting customer profiles can be used by call centers to offer better service, including identifying up-sell and cross-sell opportunities.



jegi capital held its first brain trust meeting of 2002. (from left), kent hawryluk, partner of jegi capital; louise kirkbride, founder, president and ceo of broad daylight; bob weintz, president and ceo of direct marketing association (dma); tom crowley, managing partner of jegi capital; richard hochhauser, president and ceo of harte-hanks direct marketing; and wilma jordan, ceo of jordan edmiston and jegi capital.

A recent special section in the *Economist* on the subject of real-time data cited numerous examples of data viewing problems at companies, including the leading database software vendor. "Until recently, Oracle... operated more than 100 different databases worldwide for its own customers and 70 for its human resource department. If anyone wanted to find out the exact number of Oracle employees, it would take weeks of searching, and by the time the answer was found, it would already be out of date." (*Economist*, January 31, 2002)

Collaboration software enables work groups to share data in real-time. In December 2001, JEGI Capital invested in a leading player, Intraspect. The company was founded in 1998 and boasts clients from J. Walter Thomson to Sun. Marketing communications firms have been early adopters of their solution, including Ogilvy & Mather, AC Nielsen, Omnicom / Rapp Collins and WPP Group. Executives at these companies use Intraspect's email and file sharing based architecture to manage marketing campaigns across clients, agencies and vendors.

JEGI's strong domain expertise in communications and data gives it a distinct advantage in finding and assisting such early-stage software companies. "The fact is many of the technologies developed for media and communications companies to manage and deliver content also apply to enterprise communications," said Tom Crowley, Managing Partner of JEGI Capital. ☺☺

Industry Veteran William Sullivan Joins ExactOne



At the beginning of the year William Sullivan joined

ExactOne as CEO. He had previously led several startup businesses affiliated with Safeguard Scientific, a publicly traded technology venture vehicle. These included CardioContinuum, NHP, Healthcare Innovations, and iSky, companies that were pioneers in CRM technology and services. Bill cut his marketing teeth at American Express, where he managed product lines with over \$1 billion in annual revenues. He started his career in consulting at Booz Allen.

"I was attracted to the data integration space and identified ExactOne as a clear technology leader," Bill noted. "My experience with Fortune 500 companies taught me that there is severe pain in the area of data mining."

"Bill is a dream CEO for an early-stage business," commented Kent Hawryluk, a partner at JEGI Capital and board member of ExactOne. "He knows instinctively how to hone a marketing message and penetrate key enterprise accounts while managing organizational growth." ☺☺

January-February 2002 Media Industry M&A Overview

Total Value and Number of Transactions Up Strongly in 2002 Over Fourth Quarter 2001

Pace of Consumer Magazine Deals is Up, Sharp Increases in Amount Paid for Directories and Newspapers

Highlights

The first signs of an M&A market

recovery are now visible, as buyers spent \$2.6 billion to acquire 74 media and information industry properties in the first ten weeks of 2002, a 303% increase over the \$645 million spent in the fourth quarter of 2001 on 52 properties.

The \$2.6 billion total value in 2002 is

also a 53% increase over the \$1.7 billion value of transactions announced in the comparable first ten weeks of 2001.

The 74 transactions announced in 2002

represent a 42% increase in the pace of deals versus only 52 announced in the fourth quarter of 2001. Compared to the 95 deals listed in the first ten weeks of 2001, however, the number was down 22%.

The pace of consumer magazine deals

was also up compared to 2001. Ten consumer magazine transactions have already

been announced in 2002, up from only four deals in the fourth quarter of 2001, and seven done in the first ten weeks of 2001. The value of consumer magazine deals in 2002 is more than 10 times the low amount from the fourth quarter of 2001, but less than early 2001, when the New York Times Golf Group was sold for \$435 million to Advance Publications.

The F&W acquisition for \$130 million

by Providence Equity Partners in March, and the Modern Bride Group purchase for \$52 million by Advance Publications in January are evidence that a ready market exists for mid-sized consumer magazines at multiples attractive to both the buyers and sellers. The possible \$760 million acquisition of Reiman Publications by Reader's Digest would potentially make this sector the year's richest.

Four large transactions this year in the

directory and newspaper sectors totaling \$1.8 billion accounted for 67% of the total 2002 value transacted. These acquisitions suggest

that buyers' appetites remain strong for large, well-run properties, and that directories remain an attractive sector. The \$1.8 billion is also more than six times the \$291 million that was transacted in directories plus newspapers in early 2001.

The value of B2B magazine deals in

2002 was up nearly 200% and the value for database information services was up nearly 168% over their fourth quarter 2001 lows. Total value of conferences and trade show deals were up, but not the number of deals announced.

Reflecting the increasingly important

role of private equity (PE) buyers in media M&A markets, nearly half of the 24 acquisitions announced in 2002 in the magazine, trade show and directories sectors were made by PE firms. These were evenly distributed across the sectors: 3 of the 10 consumer magazines, 3 of the 7 B2B magazines, 2 of the 3 trade shows, and 3 of the 4 directory acquisitions involved PE firms. 🍷🍷

Media and Information Industry M&A Activity First 10 Weeks 2002 v. 2001 and 4th Quarter 2001

Industry Sector	2001				2002	
	1st 10 Weeks		4th Quarter		1st 10 Weeks	
	No. of Deals	Amount (\$MM)	No. of Deals	Amount (\$MM)	No. of Deals	Amount (\$MM)
Consumer Magazines	7	502.0	4	22.5	10	256.4
Business-to-Business Magazines	11	154.2	9	44.3	7	128.8
Conferences & Trade Shows	15	137.0	4	22.0	3	33.5
Database Information Services	6	124.9	5	30.5	6	81.7
Internet Online Media	14	307.0	11	460.3	21	68.3
Directory & Reference Publishing	5	15.2	4	10.8	4	946.5
Newspaper Publishing	21	275.7	3	25.7	11	910.0
Newsletter Publishing	3	53.2	8	9.3	3	19.5
Consumer Books	3	16.1	1	0.5	3	57.7
Educational & Professional Publishing	10	111.3	3	19.0	6	99.3
Total	95	1,696.6	52	644.9	74	2,601.7

Sources: The Jordan Edmiston Group, Inc., Company Reports

IN MEMORIAM

JEGI extends its deepest sympathies to the family of Hedy Halpert, who passed away on March 13, 2002. JEGI represented Hedy, who was President and CEO, and her partners in the sale of Beverage World Group and other assets of Strategic Business Communications to Bill Communications in 1999. A vibrant executive with a passion for ad sales and for life in general, Hedy stayed with the Group after the sale, becoming Senior Vice President, Marketing & Information at VNU Business Media. She will be missed by her many friends and colleagues.

Extraordinary Success in Closing Deals

investment bankers to the media, information, exposition and software industries

AIIM International
has sold
AIIM International
Exposition & Conference
to
ADVANSTAR
COMMUNICATIONS
January 2002

dmg world media
has acquired a 25% interest in
vestmark exhibits, inc.
from
UNIVERSAL SHOWS, INC.
February 2001

The Economist Group
has sold its
Trade and
Transportation
Information Division
to
Commonwealth
BUSINESS MEDIA
November 2001

Reed Business Information,
Formerly Cahners Business Information
has sold
Supply House Times, Security
and **Security Distribution**
& **Marketing** Magazines
to
BNI
BUSINESS NEWS PUBLISHING
January 2001

UNIVERSAL
ENGBREIT COX, LLC
has sold
MARY FERRELL'S
HOME
COMPANION
to
Belvoir
PUBLICATIONS, INC.
December 2001

REED EXHIBITION
COMPANIES
has sold
EastPack, WestPack
and SouthPack regional
tradeshows
to
CANON
COMMUNICATIONS
April 2001

15TH ANNIVERSARY
THE JORDAN
EDMISTON
GROUP, INC.

Reed Business Information,
Formerly Cahners Business Information
has sold
Contractor
Magazine
to
Penton
April 2001

Reed Business Information,
Formerly Cahners Business Information
has sold
Pollution Engineering,
Industrial Paint & Powder,
Assembly and Quality
Magazines
to
BNI
BUSINESS NEWS PUBLISHING
January 2001

The Economist Group
has sold
Pyramid Research
to
Executive Insight
October 2001

Reed Business Information,
Formerly Cahners Business Information
has sold
Automotive Industries,
RPM, Owner Operator and
Commercial Carrier Journal
to
Randall Publishing
A FAMILY OF COMPANIES
March 2001

The mission of JEGI is to be the leading M&A boutique in the Media, Information, Exposition and Software industries. The firm strives to operate with overall excellence and maximize value for each client through an orderly, effective and timely process. Essential to the firm's success is its commitment to deliver market-leading knowledge and to perform at the highest level of integrity, quality, creativity and teamwork.

Reed Business Information,
Formerly Cahners Business Information
has sold the subscriber list of
WALKER
SMART HEALTH AND FITNESS
to
Time Inc Health
September 2001

FIRST DATABANK
a leading provider of
electronic drug information
and a wholly owned subsidiary of
The Hearst Corporation
has sold certain assets
to
Wolters Kluwer
January 2002

Reed Business Information,
Formerly Cahners Business Information
has sold
American Metal Market,
Metal Center News and
New Steel Magazines
to
METAL BULLETIN
for
\$14,000,000
May 2001

FT
FINANCIAL TIMES
has sold
FT Energy Group
to
platts
a division of
The McGraw-Hill Companies
September 2001

Reed Business Information,
Formerly Cahners Business Information
has sold
Dairy Foods Prepared Foods,
Food Engineering, Food Master,
Alimentos Processados and
El Libro Maestro Magazines
to
BNI
BUSINESS NEWS PUBLISHING
January 2001

Reed Business Information,
Formerly Cahners Business Information
has sold
Automotive Body
Repair News, Motor Age and
Automotive Marketing
to
ADVANSTAR
COMMUNICATIONS
March 2001

Allured
has acquired
Global Cosmetic Industry
Magazine
from
ADVANSTAR
COMMUNICATIONS
December 2001

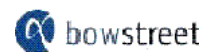
INDIVIDUAL
INVESTOR
GROUP, INC.
has sold the subscriber list of
Individual Investor
to
KIPLINGER'S
WASHINGTON
EDITORS, INC.
July 2001

The Jordan, Edmiston Group, Inc. We get results.



investing in ventures that
reshape the business of media

portfolio of companies



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