

Client Briefing

INVESTMENT BANKERS TO THE MEDIA, INFORMATION, EXPOSITION AND SOFTWARE INDUSTRIES

JEGI Senior Executive Team



bottom row (left to right): tom crowley, wilma jordan, bill hitzig. top row (left to right): kent hawryluk, mark suchecki, roger krakoff, scott peters and richard mead.

Jordan, Edmiston Celebrates 15th Anniversary

**SERVING THE MEDIA INDUSTRY SINCE 1987
WITH INTEGRITY, INNOVATION, CREATIVITY AND RESULTS**

From a one-person office in 1987 to today's 20-plus professional and support staff, The Jordan, Edmiston Group, Inc. (JEGI) has grown into the premier boutique investment bank for the media and information industries. The senior executives at JEGI and JEGI Capital recently met to take a look at the reasons for their success, their role in today's changing market and the drivers that will create value for their clients in the future.

15 Year Track Record

Editor: What's been key to JEGI's achievements over these first 15 years?

Wilma: To me, our success is really about the team at this table. I never worry at night about getting a call from an unhappy client. We all share the same cultural values and the same work ethic, the same level of professionalism and expectations. That shared culture is hugely important in a boutique.

Bill: Our industry relationships are unmatched by any other firm. I'm talking about meaningful industry relationships where we can pick up the phone and talk to virtually any senior executive to discuss what's going on in

the marketplace and work closely with them when they come to us for help.

Editor: How about compared with the big banks out there, the bulge-bracket firms?

Wilma: One important differentiator is our domain expertise: We are a mile deep and an inch wide. We're not a mile wide and an inch deep, which is what most bulge-brackets are.

Richard: We are totally committed to our industry. We're not here today, gone tomorrow just because the market is down. And we'll tackle anything our clients want us to tackle.

Bill: In every vertical market we serve, we have top-level expertise. We will not enter a market unless we know it from top to bottom and believe that we can obtain maximum value for our clients.

Editor: What distinguishes JEGI from its competitors?

Bill: Number one is our track record over the past 15 years. No other firm serving our markets comes close to matching the number

of deals we've done, the number of important transactions we've completed and our success rate in completing those transactions.

Scott: We advise a potential client who wants to hire an advisor to do their due diligence. Review each advisor's client history and their relationships. Make the phone calls and get recommendations. Do their homework.

Mark: Over the years, a number of clients have come to us for advice after they have gone to another investment bank first and had a failed transaction. That's a good testament to the fact that they know we will get the job done.

Scott: Although we never cut corners during the auction process, our typical auction timetable is probably half that of the other firms serving the market.

JEGI Role in A Changing Market

Editor: What effect is convergence having on traditional publishing? How will new delivery platforms affect the media industry?

Roger: Over the next five years, there will be an ever-increasing integration of technology with data to create new paradigms and values. You can see that with Barry Diller and QVC. He's actually jettisoned the television network and moved into information provisioning for e-commerce, because he sees that value is really migrating there. This is not to say that publishing is diminishing in value. On the contrary, publishing will be the core around which companies will build new products and attract new revenues.

Wilma: The whole convergence trend is one of the reasons why we wanted to establish an early-stage investment vehicle like JEGI Capital that tracks what is happening with the technological changes impacting the media industry.

Tom: The fund started with the premise that JEGI's M&A practice is a very powerful core asset that could be leveraged into a different arena. But we needed to avoid any inherent conflict between JEGI's clients and the fund, so we decided to look at investments only in emerging technologies, not in the content business. By doing so, we get an early look at technologies that may be of value to JEGI's M&A clients. So there's a lot of nice cross benefit that comes from it.

(continued on page 2)

15 Years of Extraordinary Value

Looking Back on Fifteen Years of Value ... And Looking Ahead to Many More

1980's

The Jordan, Edmiston Group, Inc. opened its doors for business in October 1987. The firm focused on serving the consumer magazine market. Noteworthy transactions include:

- ▶ The sale of a large minority equity position in *Texas Monthly* magazine to Dow Jones;
- ▶ Matilda Publications' acquisition of *Sassy* and *Ms.* magazines (JEGI raised \$26 million in six weeks);
- ▶ The sale by Chartwell Publishing Company, Inc. of *Ranch & Coast* magazine to Micromedia Affiliates, Inc.;
- ▶ The sale of *New England Monthly* to Telemedia Publishing (USA), Inc.;
- ▶ The sale of certain assets of Sylvia Porter's Personal Finance Magazine Company, LP, to Kiplinger's Washington Editors, Inc.;
- ▶ The capitalization of *SPIN* magazine through an investment by SCS Communications; and
- ▶ The sale of The Small Newspaper Group's (SNG) Chicago Times Company to Todd E. Fandell and Investors.

Wilma Jordan was elected to the boards of Lin Broadcasting and Guideposts. JEGI expanded its advisory service to include newspapers. 🍷

Early 1990's

Despite the harsh economic climate, the early 90's offered more growth opportunities for JEGI. The firm expanded its practice to include the business-to-business magazine sector. A few of the highlights were:

- ▶ Capital Cities/ABC, Inc.'s sale of its Consumer Magazine Group and other properties to Ritterman Capital, Trade Services Corp. and General Media International;
- ▶ The sale of a minority stake of KC Publishing, Inc. to BT Capital Corp.;
- ▶ The Economist Group's acquisition of *Roll Call*, The Newspaper of the Capitol from Levitt Communications, Inc.; and
- ▶ Raising of capital for the development of the partnership between the Time Out Group Limited and several investors to launch *Time Out New York* magazine.

Also during this time, Wilma Jordan was invited to join several more boards, including

- ▶ The new board of Lin Broadcasting, now 52% owned by McCaw Cellular; and
- ▶ Clayton Homes, an NYSE listed company.
- ▶ The sale of *L.A. Weekly* to the Hartz Consumer Group, Inc. 🍷

Late 1990's

In the latter part of the 1990's, JEGI formed the core of its current team of professionals, with the joining of Bill Hitzig in 1996, Kent Hawryluk, Richard Mead, Scott Peters and Mark Suchecki in 1997 and Tom Crowley in 1999 as the Managing Partner of JEGI Capital. The firm again expanded its presence by adding trade show advisory services. A selection includes:

- ▶ The sale of *Registered Representative* to Primedia;
- ▶ The sale of The McGraw-Hill Companies' Global Finance to Global Finance Media;
- ▶ The sale of Capital Cities Media, Inc.'s International Medical News Group to W.B. Saunders;
- ▶ The sale of *Arthur Frommer's Budget Travel* to Newsweek, Inc.;
- ▶ The sale of Reader's Digest's *Travel Holiday* magazine to Hachette Filipacchi Media U.S.;
- ▶ The sale of TechNews Inc. to the Washington Post Company;
- ▶ The sale of the New York Times Custom Publishing division to Forbes;
- ▶ The sale of selected Reed Elsevier magazines to Chartwell Communications;
- ▶ The sale of American Show Management to Warburg Pincus; and
- ▶ The sale of the InterBev Exposition to Reed Exhibitions. 🍷

...and into the 2000's

During 2000 and 2001, JEGI Capital invested in five portfolio companies in the technology space: Bowstreet, Broad Daylight, ExactOne, i-Behavior and Intraspact. Meanwhile, JEGI continues to solidify its status as the leading M&A advisor in its markets. A small sample includes:

- ▶ The sale of Kennedy Information to Bureau of National Affairs;
- ▶ The sale of Duke Communications to Penton;
- ▶ The sale of Dow Jones Financial Publishing Corp. to Wicks Business Information;
- ▶ The sale of Hearst Corporation's FirstDataBank to Wolters Kluwer;
- ▶ The sale of the Financial Times FT Energy Group to McGraw-Hill;
- ▶ The sale of Professional Trade Shows, Inc. to Penton;
- ▶ The sale of *Mary Engelbreit's Home Companion* to Belvoir Publications, Inc.; and
- ▶ Representation of dmg world media in the acquisition of a 25% interest in Western Exhibitions, Inc.

During this period, the University of Tennessee honored Wilma Jordan with its Volunteer of the Year award while the Financial Women's Association of New York chose her for its Entrepreneur of the Year award. She was also added to the boards of i-Behavior and LIN Television, an independent NASDAQ listed company. 🍷

15th Anniversary (continued from page 1) Predictions

Kent: When I joined the firm five years ago, media companies wanted to know what the Internet would mean for their business. It was natural for us to extend our practice in the area of Internet media and information services.

Tom: One of the areas the fund has focused on is how technologies are affecting business processes. A great example is the management of data, particularly the trend toward getting a clear and robust view of the customer in order to serve them better.

Editor: Any bold predictions for the next five years in your sectors?

Wilma: I'll just say that everyone that's at this table will be back for our 20th anniversary.

Bill: I predict that the lure of consumer magazine publishing will still inspire some 900 new magazine launches in five years, just as it has the past 15 years.

Scott: I predict that there will be another three to five new, well-financed publishing companies in this market over the next three years. The industry is actually deconsolidating, and big companies are starting to spin off

properties. There's enough money in this market right now to finance these new publishing companies.

Mark: Another item of great importance is brand. You can build a brand in this business and it means something over time. That kind of value will continue to attract interest and investment dollars five years from now, 15 years from now and on and on.

Richard: I predict there will be several sizeable mergers in the next five years that will transform the media landscape. And since nature abhors a vacuum, as these entities merge, others will come in and fill the space. 🍷

Information Services Add to Growth in the Integrated Media Company

JEGI INDUSTRY VETERAN SHARES VIEWS ON THE FUTURE OF INFORMATION SERVICES

The Jordan, Edmiston Group has excellent industry relationships with the information services sector, through its history of M&A engagements with major information services providers (see box lower right), the backgrounds of its managing directors and partners and its involvement in industry associations. JEGI executives have held senior positions at Thomson, D&B, Dow Jones, LexisNexis, McGraw-Hill and R.R. Donnelly & Sons and serve on the boards of Intraspect, i-Behavior and the SIIA (Software and Information Industry Association).

JEGI Managing Director Roger Krakoff has over 20 years of experience with information and information technology. He began his career with IBM, then moved to Dun & Bradstreet and R.R. Donnelly & Sons in a variety of senior level strategy and marketing positions. He then joined a media bank as lead Managing Director for its new media and information services group and also actively supported its investments in the healthcare information market. Roger joined JEGI in May 2001 as Managing Director. He holds this position for both JEGI - where he focuses on the business information, Internet, software and IT sectors - and JEGI Capital. What follows are Roger's views on the current state of the information services industry and where it's headed.

Key Industry Drivers

The information industry has been and will continue to be driven by a few broad, strong trends.



First, our economy, which moved from an agrarian economy at the turn of the century to a manufacturing economy (post WWII), has become a knowledge-based economy - where the ability to creatively apply information that helps make better, faster decisions creates a real advantage in the global economy.

The second trend is the ever-changing nature of technology. With the move from client-server to web-based computing, we have the ability to access data on a real time basis wherever and whenever we need it. When you apply increasingly sophisticated tools and analytics, you have the ability to get informa-

tion on demand to make well-informed business decisions.

The third factor is convergence. A number of previously independent technologies are coming together: phone & web; web, TV and broadband; Internet and direct marketing. The promise of truly appealing multimedia is nearly here. You can now see, hear and touch information that in the past was static, but now is very dynamic.

As a result of these three trends, it is clear that information is becoming more and more valuable as a part of our economy.

The Integrated Media Company

Organizations have realized that just providing commodity-oriented services such as datafiles or the placement of advertising by marketing agencies is no longer enough. It is essential to offer value-added services that can offer clients proprietary, custom capabilities on a personalized basis (whether by institution or individual). The goal is to deliver greater value, higher margin services which are generally offered on a subscription basis (annual or multiyear). This creates real loyalty, barriers-to-entry, and switching costs. The role of these services is to provide additional value to their customers and to grow the profitability of the service providers.

Merging Information with Tools

We're seeing the acceleration of the transformation of data into information and information into knowledge. To turn data into information requires tools to help aggregate, modify and coordinate data. To turn information into knowledge you need the ability to ask what-ifs, to analyze or to model. Clearly, the tools to derive knowledge out of data are a critical element in making this transformation happen. As a result, traditional information companies, which are evolving into toolmakers, now know that they must deliver more value to the desktops of the end users who are asking what-if questions as a part of their day-to-day tasks.

How do these information companies provide more value? They do so by selling to their customers tools that help them manage their information, that facilitate sharing or collaboration and that enable knowledge workers to process data faster and use it to better advantage.

Here's the good news for information companies. They're rapidly learning that the more value they can deliver, the more they can

charge for their products, because their customers are ready and willing to pay for it.

Paid Content

Personally, I'm pleased that the massive "mushroom-like" explosion of free content sites is long gone. Instead, we're now in a period where people are becoming comfortable with paying for information that they need to have. That's good news for the information economy.

Organic and M&A Growth

Over the next year or two, you are going to see larger, well capitalized firms using their balance sheets to add capabilities that they think are complementary to their businesses. Smaller firms are going to try to identify acquisitions and/or combinations that will accelerate their growth.

The M&A trends to anticipate will include acquisitions by large companies of medium-sized companies because they need to acquire businesses that are substantive in terms of revenues. Often, these companies will be able to acquire businesses at a fraction of their values, when they think there is opportunity but not a workable business model. Smaller companies will either merge or continue to grow organically in order to achieve critical mass.

Prediction

I believe the key growth will be in the financial, marketing and healthcare information sectors. While the technology and telecommunications sectors will return to a significant growth mode, they will do so at a slower pace than many predict, until the industry's overcapacity is eliminated. ☹☹

Jordan, Edmiston Group Selected Information Services Transactions

Hearst Medi-Span, FirstDataBank

Pearson's FT Energy Group

Bisys Research Services

Kennedy Information

The Economist Trade &
Transportation Information
Division

Pyramid Research

JEGI Capital

INVESTING IN VENTURES THAT RESHAPE THE BUSINESS OF MEDIA

The Internet and the use of technology to enhance and create products and communication channels has created a new, network-enhanced economy that goes beyond the dot.com fervor that drove the market just a few years ago. It is a real evolution in how business is conducted, and it affects the media and information industries in particular.

At JEGI Capital, we believe that the software and services that increase business productivity are the technologies that will endure. We made our first investment, in Web services company Bowstreet, believing that XML technologies would be very useful in managing and exchanging digital assets. ExactOne, our next investment, provides data aggregation solutions that help businesses share their content in real time. Our subsequent investments focus on technologies - like Broad Daylight's customer self-service software, Intraspect's collaboration management tools, and i-Behavior's direct marketing database optimization engine - that enhance enterprise operations and communication.

As a boutique venture fund, our unparalleled expertise in the media and information industries helps us maximize our investments. We have assembled a unique mix of resources and activities that go beyond the typical scope of venture capital investing, with the expressed intent of staying closely allied with the thought leaders and emerging trends that will reshape the future of media and communications.

Wilma Jordan, CEO of the Jordan, Edmiston Group; Tom Crowley, a 12-year veteran of GE Capital; Kent Hawryluk, an early advocate of JEGI Capital and Roger Krakoff, an experienced business information executive, bring hands-on media and entrepreneurial experience to the fund. Our deep understanding of the way media operates and of the changes taking place in that industry allows us to approach deals with greater insight than larger, more-generic funds have.

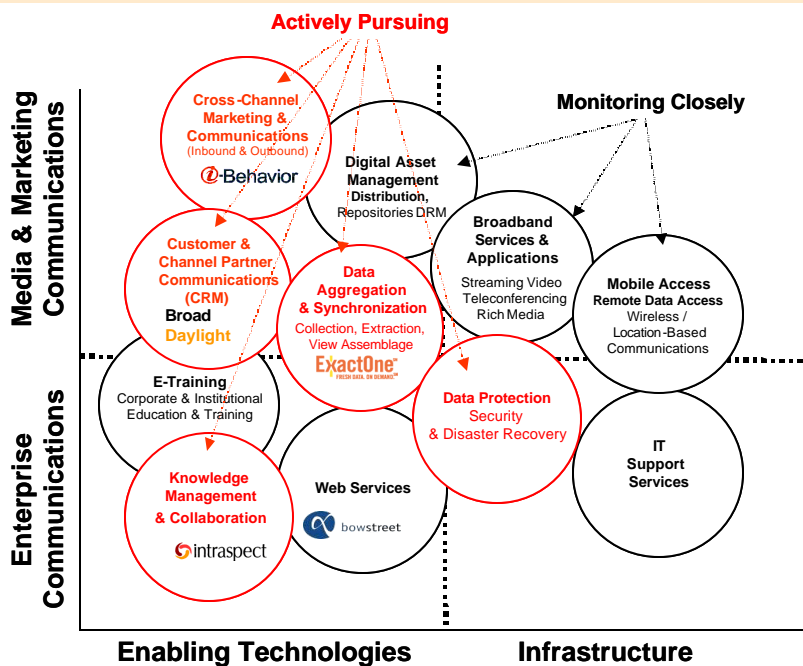
JEGI CAPITAL

At a Glance

- ▶ Launched February 2000
- ▶ \$61 million fund raised from blue-chip partners
- ▶ Portfolio of media-centric enabling technologies
- ▶ Led by a team of experienced professionals
- ▶ High-level industry access through affiliation with JEGI

THE JEGI CAPITAL INVESTMENT MAP

Current Areas of Focus



stay apprised of the trends in the marketplace that will impact their clients, primarily mature companies, in a year or more.

JEGI Capital is very optimistic about the future. As the economy steadily improves, we will continue assembling a rich portfolio of innovative young companies with new technologies and services that will have significant impact on the media and information industries that form the core of JEGI's M&A practice.

MISSION STATEMENT

JEGI Capital makes minority investments in early-stage, enabling technology, support service and infrastructure companies that help transform the business of media and marketing communications in a technology-enhanced economy.

Our role is that of a hybrid investor, providing both financial and strategic benefits to our investors and portfolio companies. Our small scale and vertical focus allow us to roll up our sleeves and act as true partners. We work closely with the management teams, providing guidance and support to help them through difficult economic times and excel in a healthy economy.

Our affiliation with JEGI provides us with extensive corporate relationships, which help our investments gain access to high-level media clients. We, in turn, help JEGI

PORTFOLIO OF COMPANIES



January-May 2002 Media Industry M&A Overview

CONSUMER MAGAZINES, DIRECTORIES AND NEWSPAPERS DOMINATE M&A PACE LAGS SAME PERIOD OF 2001, BUT RECOVERY CONTINUES

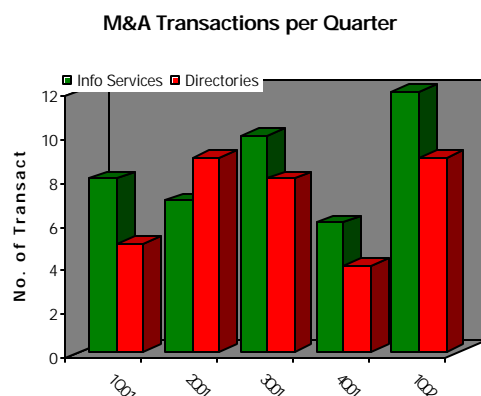
Highlights

▶ The media industry M&A market continued its gradual climb up from the lows it experienced in the 4th quarter of 2001, as buyers spent \$5.2 billion to acquire 154 media and information industry properties in the first five months of 2002.

▶ The \$5.2 billion total value of all transactions to date in 2002 is 18.5% less than the \$6.4 billion value of transactions announced in the comparable first five months of 2001. However, almost 50% of the 2001 total came from the single \$3.0 billion Yell directory deal which was announced in May 2001.

▶ The 154 transactions announced in 2002 represent a 24.5% decrease in the pace of deals versus 2001, when 204 deals were announced through May. The slower pace of trade show, B2B magazine and newspaper transactions accounted for most of the drop.

▶ Led by Reader's Digest's acquisition of Reiman Publications for \$760 million, the value of consumer magazine deals through May 2002 was \$1.1 billion. This total was more than 80% higher than in 2001 for the same period, when the largest transaction was

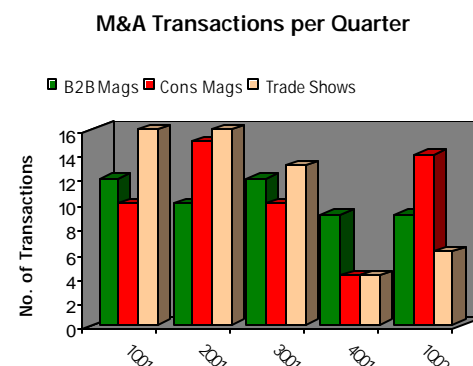


the sale of the New York Times Golf Group for \$435 million to Advance Publications in January 2001. Other large 2002 deals include the acquisition of F&W for \$130 million by Providence Equity Partners in March and the Modern Bride Group purchase for \$52 million by Advance Publications in January.

▶ Newspapers led all sectors in total value for the first five months of 2002 with \$2.0 billion transacted in 25 deals. The number one deal of 2002 across all sectors was the \$796 million purchase of Media Holdings Ltd's newspaper business in the U.K. by Johnston Press. U.S. regional newspaper roll-ups continued, topped by Lee Enterprises' \$694 million purchase of

16 newspapers in Washington State from Howard Publications.

▶ Private equity firms continued to buy up telephone directory businesses, attracted by the predictable cash flow and high margins. The largest so far in 2002 was APAX and Hicks Muse's purchase of McLeod for \$600 million.



▶ B2B magazine and trade show activities continued their slow recoveries. In contrast, the revival of interest in subscription revenue businesses is buoying the information services M&A market, headlined by Wolters Kluwer (5 acquisitions, \$184 million) and Thomson (5 acquisitions, \$19 million) leading the information services sector. 📰

Media and Information Industry M&A Activity

January - May 2002 v. 2001

Industry Sector	2001 Jan - May		2002 Jan - May		% Change	
	No. of Deals	Amount (\$MM)	No. of Deals	Amount (\$MM)	Number	Amount
Consumer Magazines	21	631.6	18	1,139.3	(14.3%)	80.4%
Business-to-Business Magazines	22	241.4	11	136.3	(50.0%)	(43.5%)
Conferences & Trade Shows	27	416.6	8	42.7	(70.4%)	(89.8%)
Database Information Services	14	388.2	18	284.0	28.6%	(26.8%)
Internet Online Media	32	634.2	30	97.1	(6.3%)	(84.7%)
Directory & Reference Publishing	13	3,375.6	15	1,229.9	15.4%	(63.6%)
Newspaper Publishing	41	408.1	25	2,048.6	(39.0%)	402.0%
Newsletter Publishing	7	72.5	5	24.0	(28.6%)	(66.9%)
Consumer Books	6	41.6	8	85.3	33.3%	105.0%
Educational & Professional Publishing	21	206.4	16	143.7	(23.8%)	(30.4%)
Total	204	6,416.2	154	5,230.9	(24.5%)	(18.5%)

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

Extraordinary Success in Closing Deals



The mission of The Jordan, Edmiston Group 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 provide market-leading knowledge and to perform at the highest level of integrity, quality, creativity and teamwork.

JEGI Capital makes minority investments in early-stage, enabling technology, support service and infrastructure companies that help transform the business of media and marketing communications in a technology-enhanced economy.

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

UNIVERSAL ENGELBREIT COX, LLC
has sold
HOME COMPANION
to
Belvoir PUBLICATIONS, INC.
December 2001

DOW JONES
has sold its interest in
America economica
to the other shareholders of
NANBEI, LTD.
March 2002

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

BUDGET LIVING LLC
has raised funding from private investors to launch
Living
Magazine and related media ventures
April 2002

Need Business Information. Formerly Cahners Business Information.
has sold
Supply House Times Security and Security Distribution & Marketing Magazines to
BNP
BUSINESS NEWS PUBLISHING
January 2001

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

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

INDIVIDUAL INVESTOR GROUP, INC.
has sold
Special Situations Report
to
HORIZON PUBLISHING COMPANY
May 2002

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

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

Need Business Information. Formerly Cahners Business Information.
has sold
Automotive Industries, RPM, Owner Operator and Commercial Carrier Journal
to
Randall Publishing
March 2001

Readers Digest
has sold the subscriber list of
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

Need 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

dmg world media
has acquired a 25% interest in
Western Exhibitions
from
UNIVERSAL SHOWS, INC.
February 2001

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

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

Allured
has acquired
Global Cosmetic Industry Magazine
from
ADVANSTAR
December 2001

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

