

Financial Review of Consumer Magazines

For the year 2005

Analysis and Commentary on the
MPA Summary of Financial Survey Responses

2005



Prepared and Sponsored by
The Jordan, Edmiston Group, Inc

with Analytical Assistance from
Padin & Estabrook LLC



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INTRODUCTION

**About The Jordan,
Edmiston Group, Inc.**

Founded in 1987, The Jordan, Edmiston Group, Inc. (“JEGI”) is widely recognized as a leading provider of investment banking services on middle-market transactions in the media and information industries. JEGI has undertaken significant disposition engagements for a wide range of major media and information companies, including CNET, Dow Jones, Hearst, Jupitermedia, Pearson, Reed Elsevier, Thomson Corporation, United Business Media and VNU. JEGI has also advised on the sale of assets for a number of leading private equity funds, including Abry Partners, Frontenac Company, Housatonic Partners, Seaport Capital, Warburg Pincus and Wicks Group of Companies.

JEGI’s impeccable reputation reflects its knowledge and record of superior performance on behalf of its clients. Clients routinely acknowledge the firm’s extensive senior-level media and information industry experience as a critical factor in increasing the prospects for successfully completing a transaction. For more information about JEGI and its services, please visit the firm’s Web site at www.jegi.com or contact Adam Gross at (212) 754-0710.

**About Padin &
Estabrook LLC**

In preparing this report, JEGI was assisted by Padin & Estabrook LLC (“P&E”), which was established in 2003 by Ed Padin and Rick Estabrook, former consultants with The Publishing & Media Group. P&E provides strategic and operational solutions aimed at enhancing profitability in all dimensions of print, electronic and digital media, with particular focus on consumer and business media companies. Their work also includes pre-acquisition evaluation of publishing/information markets and targets for the investment community. For more information on P&E, contact Ed Padin at (914) 834-8286.

**Statement of
Methodology**

Five-Year Data Analysis and Commentary Ninety-three consumer magazines submitted financial and performance data for each year of the period, 2001-2005. The data provided in this report is shown for the theoretical average consumer magazine.

The sample of 93 magazines, referred to in this report as the “average consumer magazine,” is weighted toward large monthly and weekly consumer magazines, as well as magazines under the ownership of multi-magazine publishers. We recommend that users keep this in mind when comparing the data to their own magazines.

Commentary provided for each section was drawn from JEGI’s and P&E’s deep consumer magazine industry experience, along with a number of conversations with industry experts and participating magazine executives. While not all trends and rationale are the same for every magazine, we have reported those that appear to be the most common and are supported by the data.

One-Year Data Analysis by Magazine Size (Circulation and Revenue) Although only one year of information is presented, statistics may be used as benchmarks and may be compared both by magazine circulation and advertising revenue size.

“Magazines by Circulation Size” and “Magazines by Net Advertising Revenue Size” are based on a sample of 167 consumer magazines that responded to the 2005 MPA Financial Survey, as shown in the Survey Participants section.

Net advertising revenue size is based on the gross advertising revenue (using black-and-white and four-color one-time rates) less agency commissions, cash discounts, volume/frequency discounts, rebates and adjustments.

SUMMARY OF RESULTS

Overview The U.S. consumer magazine industry has traditionally been a stalwart of American media, having built and maintained strong, often passionate bonds between its readers and publications by delivering compelling, high quality content. For many decades, advertisers flocked to magazines for the choice of broadly or narrowly targeted audience segments, into which they could deliver their message. As the U.S. economy boomed in the late 1990's and into the first year of the millennium, magazine ad pages and revenues were at record levels, with the industry managing to deflect the challenge of rising new media, such as the Internet.

This report covers a volatile, highly evolutionary chapter in the history of consumer magazine publishing. The five years analyzed, 2001-2005 (the "Period"), started just after the magazine industry, and advertising as a whole, were enjoying their most recent boom years. The year 2001, however, witnessed the crashing of boldly inflated valuations of the dotcom industry and with it the shaking of corporate confidence, which sent shockwaves through all media. The terror attacks of September 11th, along with the general economic downturn, only helped to exacerbate dramatic cutbacks in advertising spending levels across all media and virtually all advertiser categories. This report begins at the industry's fiscal low point and chronicles how publishers fought to regain advertising budgets, while struggling to control costs and protect their bottom lines.

In reviewing the analysis and conclusions of the data provided in this report, a caveat should be noted: the data has begun to reflect a new publishing paradigm. Over the Period, the Internet started as a competing medium, but now is very much a complement to magazines. As such, the Internet has radically changed the face of magazine publishing and the average consumer magazine's financial complexion.

In 2001, with many consumer magazine publishers viewing the Internet as a competitor, advertisers had begun to recognize its tracking capabilities and accountability. However, at that nascent stage, the Internet was still in search of compelling content. Web sites could build out, but not enough audience was drawn in to realize mass. Fast forward to 2005, and the Internet content riddle has largely been solved, with a distinctly different offering than – but complementary to – the printed page. Magazine content has been segmented along the lines of media consumption habits, allowing print and digital content to address unique audience needs. Magazine brands have become valuable assets in delivering highly valued and trusted content across a number of media, including print, on-line and even in person.

In looking at the data in this report, it should be acknowledged that many of the costs to create content and sell ads in non-print channels are buried within the print budget line items. It is with this caveat in mind that this report focuses on print-centric operations and the activity within the departments that maintain and grow the industry's flagship magazines.

From a business perspective, 2005 was a mix of positive and negative shifts that, in the end, collectively drove down the average consumer magazine's operating profit and margin. For example, published ad rates increased in 2005, but net advertising revenue per page and total ad pages were flat. The average consumer magazine served more subscriptions in 2005, but the average revenue per subscription declined. More editorial pages were generated by the average consumer magazine in 2005 versus 2004 levels, resulting in an increase of the average folio size. Adding to the cost burden, however, paper prices skyrocketed, inflating the cost of manufacturing. All in all, it was a challenging year for the average consumer magazine, as it continued to rely on the core print product as the foundation for brand extensions.

Revenue As the Period closed, the average consumer magazine reported essentially flat top-line revenue versus the prior year. However, total magazine revenues grew at a compound annual growth rate (CAGR) of 2.0% over the Period. This print-only revenue calculation does not reflect any contribution from brand extensions and, as an average for the industry, understates the revenue growth that some categories of magazines experienced. The financial bottom line is less than positive, as revenue per paid copy fell (3.5%) to \$3.27 in 2005, reversing much of the 4.6% gain in 2004 and representing a 1.1% CAGR across the Period.

Advertising Revenue In 2005, the average consumer magazine ran 1,101 ad pages, identical to prior year's level. However, increases in published ad rates did not translate into an increase in ad revenue, which remained relatively flat with 2004 levels. While the flat year-to-year comparison reflects recent market challenges, ad revenues for the average consumer magazine increased at a 3.8% CAGR across the Period, representing a substantial, sustained recovery from the recession of 2001. Across the Period, net ad revenue per page grew at a CAGR of 1.9% to \$37,752, although this metric was flat versus 2004 levels.

Subscription Revenue Period-high subscription levels were reported for 2005, as the average consumer magazine registered a 4.6% increase over 2004 to nearly 1.4 million paid subscribers. As with ad revenue, this increase in subscriptions did not translate into growth of subscription revenue, which actually declined slightly in 2005 versus 2004, to \$23.8 million. The continued reliance on subscription agents to help meet rate base and an increase in direct-to-publisher subscription discounts caused the average price per paid subscription to fall (5.2%), from \$17.64 in 2004 to \$16.71 in 2005.

Single Copy Revenue Newsstand sales account for approximately one-third of total circulation revenue and, for the average consumer magazine, reached a Period-high of \$10.1 million in 2005. A 7.9% increase pushed cover prices above the \$4 barrier for the first time and accounted for a 1.9% boost in single copy revenue in 2005. Cover price increases were able to offset a (5.5%) shortfall in single copy unit sales. However, this segment of the U.S. magazine distribution channel continues to be challenged by a number of factors, including sagging sell-through rates, despite the ongoing expansion of magazine distribution into more specialty outlets, such as coffee shops and bookstores.

Key Average Revenue per Magazine							2001-2005	2004-2005
(000)	2001	2002	2003	2004	2005	CAGR	% change	
Net advertising revenue	\$35,766	\$38,479	\$39,987	\$41,546	\$41,573	3.8%	0.1%	
Change vs. year ago		7.6%	3.9%	3.9%	0.1%			
Gross subscription revenue	\$24,103	\$23,841	\$23,479	\$24,020	\$23,806	-0.3%	-0.9%	
Change vs. year ago		-1.1%	-1.5%	2.3%	-0.9%			
Gross single copy revenue	\$9,747	\$9,173	\$9,030	\$9,870	\$10,062	0.8%	1.9%	
Change vs. year ago		-5.9%	-1.6%	9.3%	1.9%			
Total circulation revenue	\$33,850	\$33,015	\$32,508	\$33,890	\$33,868	0.0%	-0.1%	
Change vs. year ago		-2.5%	-1.5%	4.3%	-0.1%			
List rental revenue	\$389	\$339	\$381	\$380	\$380	-0.6%	0.1%	
Change vs. year ago		-13.0%	12.4%	-0.2%	0.1%			
Total magazine revenue	\$70,005	\$71,832	\$72,876	\$75,817	\$75,821	2.0%	0.0%	
Change vs. year ago		2.6%	1.5%	4.0%	0.0%			
Total revenue/paid copy (not 000)	\$3.13	\$3.44	\$3.24	\$3.39	\$3.27	1.1%	-3.5%	
Change vs. year ago		9.9%	-5.6%	4.6%	-3.5%			

Key Average Revenue Statistics per Magazine							2001-2005	2004-2005
	2001	2002	2003	2004	2005	CAGR	% change	
Ad pages per magazine	1,019	1,030	1,067	1,101	1,101	1.9%	0.0%	
Average ad pages per issue	70	71	74	76	76	2.0%	-0.3%	
Change vs. year ago		1.5%	3.7%	3.3%	-0.3%			
Net ad revenue/ad page	\$35,082	\$37,353	\$37,490	\$37,741	\$37,752	1.9%	0.0%	
Change vs. year ago		6.5%	0.4%	0.7%	0.0%			
Paid sub copies per avg issue (000)	1,320	1,243	1,365	1,362	1,425	1.9%	4.6%	
Change vs. year ago		-5.8%	9.8%	-0.2%	4.6%			
Average annual price per subscription	\$18.25	\$19.18	\$17.20	\$17.64	\$16.71	-2.2%	-5.2%	
Change vs. year ago		5.1%	-10.3%	2.5%	-5.2%			
Paid single copies per avg issue (000)	215	197	186	182	171	-5.6%	-5.8%	
Change vs. year ago		-8.3%	-6.0%	-2.1%	-5.8%			
Gross single copy rev/paid singly copy	\$3.11	\$3.21	\$3.36	\$3.76	\$4.05	6.8%	7.9%	
Change vs. year ago		3.1%	4.8%	11.8%	7.9%			

Operating Expenses In order to recover from the financial challenges of 2001, the average consumer magazine focused on containing costs and improving productivity and efficiency starting in 2002. Through 2004, expenses rose very modestly compared to 2001 levels. However, in 2005, cost increases were reported for most major operating centers, and this ultimately affected the average consumer magazine's bottom line.

Advertising Expense Advertising expenses are divided into two main categories: direct sales costs (salaries, commissions, T&E, etc.); and sales support costs (research, collateral materials, etc.). In 2005, the average consumer magazine spent \$7.2 million on advertising expenses, equal to 2004 levels. Nearly 85% of total ad costs were directed to personnel costs, leaving approximately 15% for sales support.

Interestingly, a decided shift in emphasis was reported in 2005, as direct selling costs increased 3.5%, while sales support expenditures declined (15.0%) against 2004 levels. In 2005, magazine publishers invested more aggressively in their ad sales teams, with the dual

hope of: protecting against a mass exodus to Internet competitors; and retaining seasoned sales teams, especially those capable of selling both print and digital advertising. Interestingly, however, ad expenses as a percentage of net ad revenues, a closely monitored industry metric, remained at 17.3% in 2005, matching 2004 levels. For the Period, total advertising expenditures increased at a CAGR of 3.6%.

Subscription Expense Over the Period, subscription expenses remained relatively flat, with no significant year-over-year changes. Subscription expenses are the largest magazine operating cost center, accounting for 27% of total operating expenses in 2005. Circulators became more reliant on subscription agents to help meet rate base in 2005, as agent commissions increased 2.8% for the year over 2004 levels. Conversely, expenditures for direct-to-publisher subscriptions were reduced in 2005, after significant increases in 2003 and 2004. These spending shifts indicate that circulation departments are still searching for the proper blend of marketing strategies to optimize subscription revenue.

Single Copy Expense Newsstand sales expenses increased 3.2% in 2005 over 2004 levels, despite the fact that there was consolidation throughout the newsstand distribution chain, which was supposed to have streamlined the distribution channel components and enhanced their overall cost structure. The increase in newsstand sales costs was attributable to two main factors: external factors, especially the rise in gas prices; and increased feature display allowances, which forced publishers to pay higher rates to insure prominent display positions for their magazines. As a result of rising external costs, distributors reduced their services, including scaling back truck route drop-off points and lowering restocking frequency. Even with these productivity enhancements in place, publishers remained unable to keep distribution costs in check.

Editorial Expense Editorial content is the lifeblood of a magazine and its accompanying Web sites. Across the Period, as every other department faced extremely tight budgets, the average consumer magazine continued to invest in its content. In 2005, editorial expenses increased 6.3% over 2004 levels, to more than \$8.4 million, accounting for a 3.7% CAGR across the Period. These increases were driven by expansion of internal editorial staff costs, which rose 8.6% in 2005 over 2004 levels, while spending on external resources, such as manuscripts and art, declined (1.3%) in 2005. Internal cost increases were necessary for the average consumer magazine to produce a greater number of edit pages and a wider array of digital media content. In 2005, the average consumer magazine increased in size to a Period-high of 156 pages. The net effect is that the cost to produce an editorial page rose 4.0% in 2005 to \$7,242, representing a CAGR of 2.1% across the Period.

Production Expense This cost center declined significantly from 2001 to 2004, as paper prices, which account for over half of total production expenses, plummeted. However, the buyers' market for paper reversed itself in 2005, as paper prices for the average consumer magazine jumped 9.5% for the year. The increase in paper prices, combined

with larger folio sizes and a larger circulation base for the average consumer magazine, caused total production expenditures to rise 5.9% in 2005 over 2004 levels, reaching \$13.3 million.

Distribution Expense Distribution expenses increased 2.3% in 2005 over 2004 levels to \$6.4 million, as both subscription and newsstand distribution expenses rose for the year. The costs to serve subscription copies increased approximately 1.0%, as non-postal transportation expenses rose (influenced by gas price increases), and other pre-shipping expenses grew. These cost increases offset any savings magazine publishers may have realized from expanding the use of co-mailing and co-palletizing multiple titles. For single copy distribution, rising oil prices made it more expensive to deliver copies to newsstands, and those incremental costs were passed on to the publisher.

Key Average Operating Expenses per Magazine							
(000)	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Advertising expense	\$6,225	\$6,457	\$5,373	\$7,177	\$7,178	3.6%	0.0%
Change vs. year ago		3.7%	-16.8%	33.6%	0.0%		
Subscription expense	\$15,593	\$15,659	\$15,683	\$15,295	\$15,215	-0.6%	-0.5%
Change vs. year ago		0.4%	0.2%	-2.5%	-0.5%		
Single copy expense	\$5,657	\$5,333	\$5,134	\$5,414	\$5,586	-0.3%	3.2%
Change vs. year ago		-5.7%	-3.7%	5.5%	3.2%		
Editorial expense	\$7,271	\$7,545	\$7,819	\$7,918	\$8,420	3.7%	6.3%
Change vs. year ago		3.8%	3.6%	1.3%	6.3%		
Production expense	\$13,590	\$13,060	\$12,521	\$12,548	\$13,292	-0.6%	5.9%
Change vs. year ago		-3.9%	-4.1%	0.2%	5.9%		
Distribution expense	\$5,527	\$5,817	\$5,987	\$6,273	\$6,418	3.8%	2.3%
Change vs. year ago		5.2%	2.9%	4.8%	2.3%		
Total magazine expense	\$53,863	\$53,871	\$52,517	\$54,625	\$56,108	1.0%	2.7%
Change vs. year ago		0.0%	-2.5%	4.0%	2.7%		

Operating Profit/Loss In 2005, total magazine revenue was flat, while operating costs increased 2.7% over 2004 levels. As a result, operating profits decreased (7.0%) for the year to \$19.7 million (before G&A expenses), accounting for an operating profit margin of 26%. This marked the first decline in operating profit and margin for the Period.

While advertising and subscription expenses were relatively flat in 2005 versus 2004, the other four major operating cost centers rose for the year. Increases in paper prices and postage, as well as a sharp increase in editorial costs, were the primary culprits toward increasing the cost to produce the average consumer magazine.

Looking at operating profit per paid copy, a dramatic (10.3%) decline was recorded in 2005, after three straight years of growth for this important metric. Still, operating profit per paid copy increased at a CAGR of 4.2% for the Period.



Operating Profit/Loss per Magazine						2001-2005	2004-2005
	2001	2002	2003	2004	2005	CAGR	% change
Operating profit (000)	\$16,142	\$17,961	\$20,359	\$21,192	\$19,713	5.1%	-7.0%
Change vs. year ago		11.3%	13.3%	4.1%	-7.0%		
Operating profit % total revenue	23.1%	25.0%	27.9%	28.0%	26.0%	--	--
Change vs. year ago		8.4%	11.7%	0.1%	-7.0%		
Operating profit per paid copy	\$0.72	\$0.86	\$0.91	\$0.95	\$0.85	4.2%	-10.3%
Change vs. year ago		19.1%	5.4%	4.7%	-10.3%		

As depicted by the data provided in this report, 2005 was financially challenging for the consumer magazine industry. However, the data reflects only the print component of the magazine brand franchise, which remains the major revenue generator, as well as cost center, for consumer magazine publishers.

As the industry moves forward, magazine publishers will need to effectively and efficiently blend content across several distribution channels, namely Internet, mobile and podcasts. By being the trusted brand across all media, magazines can remain essential to audiences and advertisers, and therefore, viable business propositions.



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SUMMARY OF RESULTS

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Number of magazines reporting	93	93	93	93	93	0.0%	0.0%
Number of issues	1,355	1,349	1,347	1,346	1,350	-0.1%	0.3%
Average issues per magazine	14.6	14.5	14.5	14.5	14.5	-0.1%	0.3%
Average pages per issue	146.6	149.0	151.7	154.6	156.0	1.6%	0.9%
Change vs. year ago		1.7%	1.8%	1.9%	0.9%		

Revenue

Net advertising revenue	\$35,766	\$38,479	\$39,987	\$41,546	\$41,573	3.8%	0.1%
Change vs. year ago		7.6%	3.9%	3.9%	0.1%		
Gross subscription revenue	\$24,103	\$23,841	\$23,479	\$24,020	\$23,806	-0.3%	-0.9%
Change vs. year ago		-1.1%	-1.5%	2.3%	-0.9%		
Gross single copy revenue	\$9,747	\$9,173	\$9,030	\$9,870	\$10,062	0.8%	1.9%
Change vs. year ago		-5.9%	-1.6%	9.3%	1.9%		
Total circulation revenue	\$33,850	\$33,015	\$32,508	\$33,890	\$33,868	0.0%	-0.1%
Change vs. year ago		-2.5%	-1.5%	4.3%	-0.1%		
List rental revenue	\$389	\$339	\$381	\$380	\$380	-0.6%	0.1%
Change vs. year ago		-13.0%	12.4%	-0.2%	0.1%		
Total magazine revenue	\$70,005	\$71,832	\$72,876	\$75,817	\$75,821	2.0%	0.0%
Change vs. year ago		2.6%	1.5%	4.0%	0.0%		
Total revenue/paid copy (not 000)	\$3.13	\$3.44	\$3.24	\$3.39	\$3.27	1.1%	-3.5%
Change vs. year ago		9.9%	-5.6%	4.6%	-3.5%		

Operating expenses

Advertising expense	\$6,225	\$6,457	\$5,373	\$7,177	\$7,178	3.6%	0.0%
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Change vs. year ago		0.0%	-2.5%	4.0%	2.7%		

Operating profit/loss

Operating profit	\$16,142	\$17,961	\$20,359	\$21,192	\$19,713	5.1%	-7.0%
Change vs. year ago		11.3%	13.3%	4.1%	-7.0%		
Operating profit as % of total revenue	23.1%	25.0%	27.9%	28.0%	26.0%	--	--
Change vs. year ago		8.4%	11.7%	0.1%	-7.0%		
Operating profit/paid copy (not 000)	\$0.72	\$0.86	\$0.91	\$0.95	\$0.85	4.2%	-10.3%
Change vs. year ago		19.1%	5.4%	4.7%	-10.3%		



ADVERTISING

Overview From 2001 to 2005, the consumer magazine industry worked to recover from one of the worst advertising downturns in history. The combination of the dotcom financial collapse, terror attacks and an economic recession created a dire publishing marketplace, starting in 2001. Additionally, the buyer's market for advertising that began in 2001 forced publishers to compete on ad rates and discounts more fervently than ever before, while struggling to revive their sagging bottom lines. For the most part, their efforts worked. By 2004, much of what had been lost by the average consumer magazine in ad pages and advertising contribution had been regained. However, cost increases and weakening circulation revenues diluted the impact of these gains on the average consumer magazine's profitability.

It should be noted that the average consumer magazine includes a mix of large and small circulation magazines, as well as magazines with strong revenue growth and declining results. During the last years of the Period, some segments of the magazine industry demonstrated significant growth and vitality, including women's healthy lifestyle, food, beauty & fashion and celebrity titles. At the same time, men's titles, newsweeklies and general business magazines were forced to reposition themselves in order to survive, as parts of their editorial focus had been transferred to digital alternatives. In fact, the significant transfer of magazine content from print to digital format, and its attendant online ad sales, began to gain real momentum as early as 2003.

Surprisingly, the advertising data reported in 2005 for the 93 consumer magazines whose net results are combined to create the metrics of the average consumer magazine were literally unchanged from 2004 levels. Across the final three years of the Period, rate increases and enhanced sales support budgets helped sustain net ad revenue per ad page levels, but could not grow this metric or the overall contribution of the average consumer magazine. This finding implies that any incremental advertising dollars directed to consumer magazine brands were allocated to non-print, predominantly digital media, brand extensions.

Ad Pages From 2001 to 2004, the average consumer magazine reported steady increases in ad pages sold, from a low of 1,019 pages in 2001 to 1,101 in 2004. In 2005, however, the growth trend flattened, as page sales held at 1,101, resulting in a 1.9% CAGR for the Period. Industry experts attribute the lack of upward movement in ad pages in 2005 to advertisers and ad agencies investing more heavily in digital media, including on those Web sites that are direct extensions of consumer magazine brands.

On a per-issue basis, ad pages reached a high of 76.1 in 2004, before declining slightly to 75.9 in 2005. For the Period, average ad pages per issue increased at a CAGR of 2.0%. Looking at current trends, total ad page sales were up 4.4% through August 2006, compared to a 2.2% decrease over the same period in 2005, according to the Publishers Information Bureau (PIB). If this turnaround continues, future data provided by this

report may reflect consumer magazine publishers' ability to grow print ad page sales, while extending their brands across new digital media channels.

Key Advertising Page Statistics per Magazine							
	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Ad pages	1,019	1,030	1,067	1,101	1,101	1.9%	0.0%
Change vs. year ago		1.0%	3.5%	3.2%	0.0%		
Average ad pages per issue	70.0	71.0	73.6	76.1	75.9	2.0%	-0.3%
Change vs. year ago		1.5%	3.7%	3.3%	-0.3%		

Ad Revenue Ad page sales were flat in 2005 versus 2004, as was net ad revenue. Gross ad revenue grew at a CAGR of 10.3% across the Period, but this revenue item reflects magazines' published rate increases, rather than the true revenue realized by the business. The major factor mitigating gross revenue gains was the ongoing buyer's market economy, which enabled marketers to effectively play one magazine against another to increase discounts off rate card. As a result, discounts for the average consumer magazine reached a Period-high of \$77.1 million in 2005, driving a CAGR of 15.8% across the Period.

One negotiation tactic popular among ad buyers is called "flat for flat", which means a publisher will not charge a year-over-year increase in CPM, if the advertiser agrees to run the same number of pages. In many cases, ad agencies pushed for "flat for decline". Combine either of these negotiating scenarios with the expectation that any increase in ad pages will earn discounts, and one can understand why ad discounts grew so dramatically and net ad revenue growth was restrained across the Period for the average consumer magazine. In fact, the only increases in CPM came from new advertisers that were negotiating off the current year rate cards, which offered annual price increases.

Commissions paid to advertising agencies, a derivative of the negotiated page price, totaled \$7.2 million in 2005, a decline of 3.0% from 2004 levels. This helped reduce the CAGR for agency commissions to 2.8% for the Period.

Over the Period, net ad revenue increased for the average consumer magazine, from \$35.8 million in 2001 to \$41.6 million in 2005. However, net ad revenue represented only 33% of gross revenue in 2005. Net revenue per ad page, an important barometer of the health of the industry, was essentially flat for most of the Period, increasing at a CAGR of 1.9%.

The main question that faced publishers, therefore, was whether net ad revenue would remain adequate enough to offset direct advertising related expenses, as well as revenue shortcomings in other departments.

Key Advertising Revenue Statistics per Magazine							2001-2005	2004-2005
(000)	2001	2002	2003	2004	2005	CAGR	% change	
Gross ad revenue	\$85,060	\$94,259	\$102,677	\$118,338	\$125,857	10.3%	6.4%	
Change vs. year ago		10.8%	8.9%	15.3%	6.4%			
Agency commissions	\$6,472	\$6,672	\$6,973	\$7,458	\$7,233	2.8%	-3.0%	
Change vs. year ago		3.1%	4.5%	7.0%	-3.0%			
Other discounts	\$42,822	\$49,108	\$55,718	\$69,343	\$77,051	15.8%	11.1%	
Change vs. year ago		14.7%	13.5%	24.5%	11.1%			
Net advertising revenue	\$35,766	\$38,479	\$39,987	\$41,537	\$41,573	3.8%	0.1%	
Change vs. year ago		7.6%	3.9%	3.9%	0.1%			
Net ad revenue/ad page (not 000)	\$35,082	\$37,353	\$37,490	\$37,733	\$37,752	1.9%	0.1%	
Change vs. year ago		6.5%	0.4%	0.6%	0.1%			
Net ad revenue/ad page (not 000)								
% total gross revenue	42.0%	40.8%	38.9%	35.1%	33.0%			

Ad Expenses Although ad pages sold did not increase in 2005, it was not from a lack of salespeople. Publishers held total ad expenses at 2004 levels in 2005 at \$7.2 million. However, sales personnel expenses for the average consumer magazine increased 3.5% in 2005 over 2004, as ad expense budget allocations were realigned to boost sales team's salaries, benefits, commissions and T&E. This strategy was driven by publishers' need to protect their best salespeople from the lure of Internet companies, as well as to hire new salespeople who are able to sell advertising across new digital media channels.

The \$200,000 increase in selling expenses was offset by an identical reduction in research and promotion costs. This strategy indicates that publishers were sacrificing new ad materials and data to secure a greater number of highly qualified salespeople in order to create broader advertiser relationships and sell multimedia packages. Theoretically, this strategy was aimed at protecting print ad revenue, while growing advertising revenue in other brand channels. Since 2003, advertising selling expenses have increased for the average consumer magazine. Interestingly, however, ad pages sales and revenues have not matched this investment. Although this data was not provided to us for this report, it is assumed that non-print revenue has helped offset portions of these ad sales cost increases.

Key Advertising Expense Statistics per Magazine							2001-2005	2004-2005
(000)	2001	2002	2003	2004	2005	CAGR	% change	
Selling expense	\$4,384	\$4,476	\$4,186	\$5,842	\$6,044	8.4%	3.5%	
Change vs. year ago		2.1%	-6.5%	39.6%	3.5%			
Research and promotion expense	\$1,840	\$1,981	\$1,186	\$1,334	\$1,134	-11.4%	-15.0%	
Change vs. year ago		7.6%	-40.1%	12.5%	-15.0%			
Total advertising expense	\$6,225	\$6,457	\$5,373	\$7,177	\$7,178	3.6%	0.0%	
Change vs. year ago		3.7%	-16.8%	33.6%	0.0%			
Ad expense % of total mag expense	11.6%	12.0%	10.2%	13.1%	12.8%	--	--	

Summary In 2005, publishers were challenged to leverage their magazine brands across new digital media channels in order to elevate the revenue and profitability of their consumer media

businesses. The average consumer magazine hit a “wall” in 2005, as ad pages, net ad revenue and revenue per ad page all remained flat versus 2004 levels. This level of performance was unprecedented across the Period, despite the impact of the dotcom crash and other recessionary factors that impacted the earlier years.

Advertising contribution managed to exceed \$34 million for the third consecutive year of the Period in 2005. Ad expenses as a percentage of net ad revenue, a closely monitored industry metric, was held at 17.3% in 2005, matching 2001 levels and higher than in 2002 and 2003. However, this rate is well below where publishers would like to report contribution margin for any of their revenue centers.

Ad Contribution per Magazine						2001-2005	2004-2005
	2001	2002	2003	2004	2005	CAGR	% change
Ad contribution (000)	\$29,542	\$32,021	\$34,614	\$34,360	\$34,395	3.9%	0.1%
Change vs. year ago		8.4%	8.1%	-0.7%	0.1%		
Ad expense as % of net ad revenue	17.4%	16.8%	13.4%	17.3%	17.3%	--	--



**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
ADVERTISING DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Number of magazines reporting	93	93	93	93	93	0.0%	0.0%
Number of issues	1,355	1,349	1,347	1,346	1,350	-0.1%	0.3%
Average issues per magazine	14.6	14.5	14.5	14.5	14.5	-0.1%	0.3%

Ad revenue

Gross ad revenue	\$85,060	\$94,259	\$102,677	\$118,338	\$125,857	10.3%	6.4%
Change vs. year ago		10.8%	8.9%	15.3%	6.4%		
Agency commissions	\$6,472	\$6,672	\$6,973	\$7,080	\$7,233	2.8%	2.2%
Change vs. year ago		3.1%	4.5%	1.5%	2.2%		
Other discounts	\$42,822	\$49,108	\$55,718	\$69,712	\$77,051	15.8%	10.5%
Change vs. year ago		14.7%	13.5%	25.1%	10.5%		
Net advertising revenue	\$35,766	\$38,479	\$39,987	\$41,546	\$41,573	3.8%	0.1%
Change vs. year ago		7.6%	3.9%	3.9%	0.1%		
% total gross revenue	42.0%	40.8%	38.9%	35.1%	33.0%	--	--

Ad expenses

Selling expense	\$4,384	\$4,476	\$4,186	\$5,842	\$6,044	8.4%	3.5%
Change vs. year ago		2.1%	-6.5%	39.6%	3.5%		
Research and promotion expense	\$1,840	\$1,981	\$1,186	\$1,334	\$1,134	-11.4%	-15.0%
Change vs. year ago		7.6%	-40.1%	12.5%	-15.0%		
Total advertising expense	\$6,225	\$6,457	\$5,373	\$7,177	\$7,178	3.6%	0.0%
Change vs. year ago		3.7%	-16.8%	33.6%	0.0%		
Ad expense % of total mag expense	11.6%	12.0%	10.2%	13.1%	12.8%	--	--

Ad contribution

Ad contribution	\$29,542	\$32,021	\$34,614	\$34,370	\$34,395	3.9%	0.1%
Change vs. year ago		8.4%	8.1%	-0.7%	0.1%		
Ad expense % of net ad revenue	17.4%	16.8%	13.4%	17.3%	17.3%	--	--

Ad page statistics

Ad pages per magazine	1,019	1,030	1,067	1,101	1,101	1.9%	0.0%
Average ad pages per issue	70.0	71.0	73.6	76.1	75.9	2.0%	-0.3%
Change vs. year ago		1.5%	3.7%	3.3%	-0.3%		
Ad pages as % of total pages	48.3%	47.7%	48.5%	49.2%	48.6%	--	--
Avg gross revenue/ad page (not 000)	\$83,433	\$91,503	\$96,267	\$107,500	\$114,288	8.2%	6.3%
Change vs. year ago		9.7%	5.2%	11.7%	6.3%		
Net ad revenue/ad page (not 000)	\$35,082	\$37,353	\$37,490	\$37,741	\$37,752	1.9%	0.0%
Change vs. year ago		6.5%	0.4%	0.7%	0.0%		

CIRCULATION

Overview Across the Period, perhaps the most challenging component of the average consumer magazine's financial model was circulation, in terms of both number of readers and revenue generation. Subscription copies for the average issue were relatively flat from 2001 to 2004, excepting a decline in 2002, before increasing 4.6% in 2005 to 1.43 million copies. However, across the Period, much changed about the circulation model: readers became much more expensive to find, solicit and retain; newsstand sales diminished significantly; audits became more difficult, with audit errors carrying stiffer penalties; and the price of postage increased threefold. The Internet has become the circulator's most effective marketing tool, enabling direct reader solicitation and allowing for more effective and efficient reader retention. In the end, total circulation revenue rebounded beyond the peak of 2001 in 2005, but the gains have been expensive, as contribution has only modestly grown in 2005 over 2001 levels.

Circulation Revenue **Subscription Sales** The total number of paid subscription copies per issue for the average consumer magazine reached a Period-high at 1.43 million copies in 2005, driving a 1.9% CAGR across the Period. In spite of this increase in total paid copies sold, subscription revenue, which accounts for over two thirds of total circulation revenue, declined in 2005, registering a negative CAGR for the Period. It appears from the data in this report that increased dependence on inexpensive agent-generated subscriptions by the average consumer magazine allowed units to rise, while revenue fell.

Single Copy Sales On the newsstand, an inverse scenario played out, whereby single copy unit sales fell in 2005, marking a decline for each year of the Period, while single copy revenue increased 1.9% to over \$10 million. Still, the weakening status of newsstand sales was clearly demonstrated, as only 171,000 single copies were sold per issue in 2005, representing a decline of 5.8% versus 2004 levels and matching the largest annual decrease since the circulation collapse of 2002. Single copy revenue growth came at a price, as increases in single copy expenses outpaced revenue gains, so that newsstand net revenues remained relatively flat in 2005.

Total Circulation Revenue Declines in subscription revenue more than offset the gains in single copy revenue, causing total circulation revenue to remain flat in 2005 versus 2004 levels at \$33.9 million. Circulation revenue per paid copy is a telling statistic, as this fell 3.6% in 2005 versus 2004 to \$1.46, reversing the impact of the increase in paid subscription copies. Driving the drop in per-copy revenue was the 5.2% decline in average annual subscription price to a Period-low \$16.71. This erosion of subscription pricing was caused by a blend of increased discounting off direct-to-publisher sales and continued reliance on agents, who mainly generate low-priced subscription sales.

Key Circulation Revenue Statistics per Magazine						2001-2005	2004-2005
(000)	2001	2002	2003	2004	2005	CAGR	% change
Paid sub copies per avg issue	1,320	1,243	1,365	1,362	1,425	1.9%	4.6%
Change vs. year ago		-5.8%	9.8%	-0.2%	4.6%		
Gross subscription revenue	\$24,103	\$23,841	\$23,479	\$24,020	\$23,806	-0.3%	-0.9%
Change vs. year ago		-1.1%	-1.5%	2.3%	-0.9%		
Paid single copies per avg issue	215	197	186	182	171	-5.6%	-5.8%
Change vs. year ago		-8.3%	-6.0%	-2.1%	-5.8%		
Gross single copy revenue	\$9,747	\$9,173	\$9,030	\$9,870	\$10,062	0.8%	1.9%
Change vs. year ago		-5.9%	-1.6%	9.3%	1.9%		
Total paid circulation/average issue	1,536	1,441	1,551	1,544	1,596	1.0%	3.4%
Change vs. year ago		-6.2%	7.7%	-0.5%	3.4%		
Total circulation revenue	\$33,850	\$33,015	\$32,508	\$33,890	\$33,868	0.0%	-0.1%
Change vs. year ago		-2.5%	-1.5%	4.3%	-0.1%		
Circ revenue % of total mag rev	28.8%	27.8%	27.8%	29.1%	29.7%	--	--
Circ revenue/paid copy (not 000)	\$1.51	\$1.58	\$1.45	\$1.52	\$1.46	-0.8%	-3.6%
Change vs. year ago		4.4%	-8.4%	4.8%	-3.6%		
Average annual sub price (not 000)	\$18.25	\$19.18	\$17.20	\$17.64	\$16.71	-2.2%	-5.2%
Change vs. year ago		5.1%	-10.3%	2.5%	-5.2%		

Circulation Expenses Non-Postal Expenses The use of subscription agents to help fulfill rate base has become a fixed, albeit unpopular, strategy for magazine publishers. With softening demand for subscriptions, publishers have become reliant on agents to fill circulation files. At the same time, audit bureaus have placed more restrictive constraints on agent-generated subscriber files, and as a result, agent commissions fell more than \$1 million over the Period. In 2005, agent commissions increased 2.8% to \$6.4 million, reversing a two-year decline.

The other significant non-postal expense line item is the promotion costs for new direct-to-publisher subscribers. Even though this cost center declined 2.9% in 2005 to nearly \$6.0 million, subscription promotion costs for the average consumer magazine rose at a CAGR of 2.4% across the Period. The increase in this cost center across the Period suggests a reversal of strategy for the average consumer magazine, with more emphasis being placed on direct-to-publisher subscribers. The decline in this cost center in 2005 is indicative of the average consumer magazine refining online promotion efforts to make the process more efficient, generating better results at a lower cost.

Key Non-Postal Circulation Expenses per Magazine						2001-2005	2004-2005
(000)	2001	2002	2003	2004	2005	CAGR	% change
Commissions to sub agencies	\$7,471	\$7,605	\$7,271	\$6,253	\$6,427	-3.7%	2.8%
Change vs. year ago		1.8%	-4.4%	-14.0%	2.8%		
Other sub promotion costs	\$5,409	\$4,978	\$5,644	\$6,134	\$5,959	2.4%	-2.9%
Change vs. year ago		-8.0%	13.4%	8.7%	-2.9%		
Sub-total agency and promotion exps	\$12,880	\$12,583	\$12,915	\$12,387	\$12,386	-1.0%	0.0%
Change vs. year ago		-2.3%	2.6%	-4.1%	0.0%		
% total circulation expense	60.6%	59.9%	62.0%	59.8%	59.5%	--	--

Postal and Fulfillment Expenses Ever-increasing United States Postal Service (USPS) rates continue to be one of the most serious challenges facing the consumer magazine industry. Through concerted lobbying efforts in Washington, the MPA and other associations have worked diligently to enact postal reforms and place tighter operational and cost controls on the postal process. Despite these efforts, the average consumer magazine spent more than \$1.5 million on first and third class postage in 2005, representing a CAGR of more than 2% across the Period. The prospect of additional postage rate increase looms on the horizon.

First class mailings, which are primarily used by circulation departments for subscription renewal efforts and to collect subscription fees, rose to \$518,000 in 2005. Although this cost center increased at a CAGR of 2.6% for the Period for the average consumer magazine, 2005 levels were well below the peak reached in 2002, when publishers implemented aggressive direct mail renewal campaigns in what was ultimately an unsuccessful effort to retain paid subscriber levels.

Spending on third class postage, which is used predominantly for new, direct-to-publisher subscription efforts, fell 9.0% in 2005, but rose at a CAGR of 2.1% for the Period. In 2005, circulation departments reduced circulation promotional efforts, offsetting the increase in postage costs, as publishers relied more heavily on agency subscriptions in 2005.

Fulfillment expenses remained relatively flat from 2004 to 2005 and across the Period. Fulfillment costs include the processing of subscription orders, billing and renewal efforts, record keeping and maintenance of subscription files.

In total, the average consumer magazine spent over \$2.8 million for circulation postage costs in 2005, a reduction of 2.7% from 2004 levels, but representing a 1.1% CAGR across the Period. This significant cost center contributes approximately 14% of total circulation expenses.

Key Postal Circulation Expenses per Magazine							
(000)	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
First class postage costs	\$468	\$600	\$479	\$493	\$518	2.6%	5.2%
Change vs. year ago		28.3%	-20.2%	2.9%	5.2%		
Third class postage costs	\$932	\$1,105	\$995	\$1,115	\$1,014	2.1%	-9.0%
Change vs. year ago		18.5%	-10.0%	12.1%	-9.0%		
Fulfillment costs	\$1,313	\$1,372	\$1,294	\$1,300	\$1,297	-0.3%	-0.2%
Change vs. year ago		4.5%	-5.6%	0.4%	-0.2%		
Total postal costs	\$2,713	\$3,077	\$2,768	\$2,908	\$2,829	1.1%	-2.7%
Change vs. year ago		13.4%	-10.0%	5.1%	-2.7%		
% total circulation expense	12.8%	14.7%	13.3%	14.0%	13.6%	--	--

Single Copy Expenses In 2005, the average consumer magazine publisher allocated over a quarter of the circulation department budget to support single copy sales. The largest

component of single copy expenses was the \$4.9 million spent on commissions and fees for single copy wholesalers, retailers and national distributors (the single copy distribution channel). The consolidation of major single copy distributors reduced newsstand distribution options, which ultimately drove up costs. Distributors have become increasingly selective in the number of copies delivered to newsstands, how often deliveries are made to replenish supplies, how the distributors are compensated for copies sold, and how returns of unsold copies are handled. These factors have worked against the average consumer magazine's newsstand efficiencies.

Despite some reduction in single copy promotional expenditures, including internal staff costs and in-store fixtures, total single copy expenses increased 3.2% in 2005, but at a flat CAGR for the Period. However, single copy expenses outpaced growth in newsstand revenue, as single copy net revenue remained flat in 2005.

Key Single Copy Revenue and Expenses Statistics per Magazine							
(000)	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Commissions on single copy sales	\$4,961	\$4,694	\$4,691	\$4,738	\$4,946	-0.1%	4.4%
Change vs. year ago		-5.4%	-0.1%	1.0%	4.4%		
% total circulation expense	23.3%	22.4%	22.5%	22.9%	23.8%	--	--
Other single copy promotion costs	\$696	\$639	\$443	\$677	\$640	-2.1%	-5.4%
Change vs. year ago		-8.2%	-30.6%	52.6%	-5.4%		
Total single copy expenses	\$5,657	\$5,333	\$5,134	\$5,414	\$5,586	-0.3%	3.2%
Change vs. year ago		-5.7%	-3.7%	5.5%	3.2%		
% total circulation expense	26.6%	25.4%	24.7%	26.1%	26.9%	--	--
Single copy net revenue	\$4,090	\$3,841	\$3,896	\$4,456	\$4,476	2.3%	0.5%
Change vs. year ago		-6.1%	1.4%	14.4%	0.5%		

Single Copy Statistics The ongoing challenges of the newsstand distribution model are compounded by current market dynamics, in which the sell-through rate for the average consumer magazine declined every year of the Period, from 46.2% in 2001 to 40.3% in 2005. Attempting to minimize the waste of unsold newsstand copies, publishers reduced single copy draw 1.7% in 2005 to a Period-low of 6.16 million copies and at a CAGR of (2.4%) across the Period. Ideally, a reduced draw would have helped create higher sell-through rates, but this did not occur, as single copy sales fell, along with the reduction in draw, at a rate of 5.5% in 2005 and at a CAGR of 5.7% across the Period. Single copy sales declined in direct correlation to increases in single copy cover prices, which rose each year of the Period, reaching more than \$4 in 2005, from \$3.11 in 2001, representing a CAGR of 6.8%.

Overall, net revenue per single copy sold increased 6.3% in 2005 to \$1.80, from \$1.30 in 2001, representing a CAGR of 8.4% for the Period. However, this metric did not have a significant impact on the average consumer magazine's circulation revenue, due to the sharp decline in single copy sales.

Key Single Copy Statistics per Magazine						2001-2005	2004-2005
	2001	2002	2003	2004	2005	CAGR	% change
Single copy draw (000)	6,790	6,343	6,378	6,266	6,160	-2.4%	-1.7%
Change vs. year ago		-6.6%	0.5%	-1.8%	-1.7%		
Single copy sales (000)	3,135	2,862	2,687	2,628	2,483	-5.7%	-5.5%
Change vs. year ago		-8.3%	-6.0%	-2.1%	-5.8%		
Sell through %	46.2%	45.1%	42.1%	41.9%	40.3%	--	--
Gross single copy rev/paid single copy	\$3.11	\$3.21	\$3.36	\$3.76	\$4.05	6.8%	7.9%
Change vs. year ago		3.1%	4.8%	11.8%	7.9%		
Net revenue per single copy sold	\$1.30	\$1.34	\$1.45	\$1.70	\$1.80	8.4%	6.3%
Change vs. year ago		2.9%	8.0%	16.9%	6.3%		

Summary When the many moving parts of the magazine circulation model were tallied for 2005, circulation contribution declined 0.9% for the year, to \$13.1 million. While circulation contribution increased at a CAGR of nearly 1.0% across the Period, circulation margin held in the 38% range. The circulation department of the average consumer magazine maintained net circulation revenue per copy at \$0.56 in 2005, matching 2001 levels.

Circulation Contribution per Magazine						2001-2005	2004-2005
	2001	2002	2003	2004	2005	CAGR	% change
Circulation contribution (000)	\$12,599	\$12,023	\$11,691	\$13,181	\$13,067	0.9%	-0.9%
Change vs. year ago		-4.6%	-2.8%	12.7%	-0.9%		
Circulation margin	37.2%	36.4%	36.0%	38.9%	38.6%	--	--
Net circulation revenue per copy	\$0.56	\$0.58	\$0.52	\$0.59	\$0.56	0.0%	-4.4%

Looking forward to 2007 and beyond, there is no indication that the pressure on the circulation model for the average consumer magazine will ease. With postal reform stalled in Congressional maneuvering, the USPS has announced rate increases. Additionally, consumer magazines continue to reduce rate base, and the newsstand distribution channel remains very challenging. For circulators to grow revenue and profitability, they will need to work diligently with other magazine departments to implement a more profitable cross-platform, branded content and circulation strategy. This new model would ideally stimulate the reader to spend more on the branded media content package, while helping publishers reduce subscription acquisition costs.



Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
CIRCULATION DEPARTMENT

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Number of magazines reporting	93	93	93	93	93	0.0%	0.0%
Number of issues	1,355	1,349	1,347	1,346	1,350	-0.1%	
Average issues per magazine	14.6	14.5	14.5	14.5	14.5	-0.1%	0.3%

Circulation revenue

Gross subscription revenue	\$24,103	\$23,841	\$23,479	\$24,020	\$23,806	-0.3%	-0.9%
Change vs. year ago		-1.1%	-1.5%	2.3%	-0.9%		
% of total circulation revenue	71.2%	72.2%	72.2%	70.9%	70.3%	--	--
Gross single copy revenue	\$9,747	\$9,173	\$9,030	\$9,870	\$10,062	0.8%	1.9%
Change vs. year ago		-5.9%	-1.6%	9.3%	1.9%		
% of total circulation revenue	28.8%	27.8%	27.8%	29.1%	29.7%	--	--
Total circulation revenue	\$33,850	\$33,015	\$32,508	\$33,890	\$33,868	0.0%	-0.1%
Change vs. year ago		-2.5%	-1.5%	4.3%	-0.1%		
Circ revenue % of total mag rev	48.4%	46.0%	44.6%	44.7%	44.7%	--	--

Circulation expenses

Subscriptions:

Commissions to sub agencies	\$7,471	\$7,605	\$7,271	\$6,253	\$6,427	-3.7%	2.8%
Change vs. year ago		1.8%	-4.4%	-14.0%	2.8%		
Other sub promotion costs	\$5,409	\$4,978	\$5,644	\$6,134	\$5,959	2.4%	-2.9%
Change vs. year ago		-8.0%	13.4%	8.7%	-2.9%		
First class postage costs	\$468	\$600	\$479	\$493	\$518	2.6%	5.2%
Change vs. year ago		28.3%	-20.2%	2.9%	5.2%		
Third class postage costs	\$932	\$1,105	\$995	\$1,115	\$1,014	2.1%	-9.0%
Change vs. year ago		18.5%	-10.0%	12.1%	-9.0%		
Fulfillment costs	\$1,313	\$1,372	\$1,294	\$1,300	\$1,297	-0.3%	-0.2%
Change vs. year ago		4.5%	-5.6%	0.4%	-0.2%		
Total subscription costs	\$15,593	\$15,659	\$15,683	\$15,295	\$15,215	-0.6%	-0.5%
Change vs. year ago		0.4%	0.2%	-2.5%	-0.5%		
Net subscription revenue (not 000)	\$11.81	\$12.60	\$11.49	\$11.23	\$10.68	-2.5%	-4.9%
Change vs. year ago		6.7%	-8.8%	-2.2%	-4.9%		

Single copy:

Commissions on single copy sales	\$4,961	\$4,694	\$4,691	\$4,738	\$4,946	-0.1%	4.4%
Change vs. year ago		-5.4%	-0.1%	1.0%	4.4%		
Other single copy promotion costs	\$696	\$639	\$443	\$677	\$640	-2.1%	-5.4%
Change vs. year ago		-8.2%	-30.6%	52.6%	-5.4%		
Total single copy expenses	\$5,657	\$5,333	\$5,134	\$5,414	\$5,586	-0.3%	3.2%
Change vs. year ago		-5.7%	-3.7%	5.5%	3.2%		
Single copy net revenue	\$4,090	\$3,841	\$3,896	\$4,456	\$4,476	2.3%	0.5%
Change vs. year ago		-6.1%	1.4%	14.4%	0.5%		
Total circulation expenses	\$21,250	\$20,992	\$20,817	\$20,709	\$20,801	-0.5%	0.4%
Change vs. year ago		-1.2%	-0.8%	-0.5%	0.4%		

Circulation profit/loss

Net circulation revenue	\$12,599	\$12,023	\$11,691	\$13,181	\$13,067	0.9%	-0.9%
Change vs. year ago		-4.6%	-2.8%	12.7%	-0.9%		
Circulation margin	37.2%	36.4%	36.0%	38.9%	38.6%	--	--
Circ expense % of net circulation revenue	62.8%	63.6%	64.0%	61.1%	61.4%	--	--



CIRCULATION



**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
CIRCULATION DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Number of magazines reporting	93	93	93	93	93	0.0%	0.0%
Number of issues	1,355	1,349	1,347	1,346	1,350	-0.1%	
Average issues per magazine	14.6	14.5	14.5	14.5	14.5	-0.1%	0.3%

Per copy statistics (not in 000's unless indicated)

Paid subscription copies (000)	19,239	18,034	19,774	19,713	20,680	1.8%	4.9%
Paid sub copies per avg issue (000)	1,320	1,243	1,365	1,362	1,425	1.9%	4.6%
Change vs. year ago		-5.8%	9.8%	-0.2%	4.6%		
% total paid copies	86.0%	81.0%	88.9%	88.7%	92.8%	--	--
Average annual price per subscription	\$18.25	\$19.18	\$17.20	\$17.64	\$16.71	-2.2%	-5.2%
Change vs. year ago		5.1%	-10.3%	2.5%	-5.2%		
Gross sub revenue/paid sub copy	\$1.25	\$1.32	\$1.19	\$1.22	\$1.15	-2.1%	-5.5%
Change vs. year ago		5.5%	-10.2%	2.6%	-5.5%		
Sub promo cost/paid sub copy	\$0.67	\$0.70	\$0.65	\$0.63	\$0.60	-2.7%	-4.7%
Sub fulfillment cost/paid sub copy	\$0.07	\$0.08	\$0.07	\$0.07	\$0.06	-2.1%	-4.9%

Single copy sales (000)	3,135	2,862	2,687	2,628	2,483	-5.7%	-5.5%
Change vs. year ago		-8.7%	-6.1%	-2.2%	-5.5%		
Sell through %	46.2%	45.1%	42.1%	41.9%	40.3%	--	--
Paid single copies per avg issue (000)	215	197	186	182	171	-5.6%	-5.8%
Change vs. year ago		-8.3%	-6.0%	-2.1%	-5.8%		
Gross single copy rev/paid single copy	\$3.11	\$3.21	\$3.36	\$3.76	\$4.05	6.8%	7.9%
Change vs. year ago		3.1%	4.8%	11.8%	7.9%		
Single copy expense/paid single copy	\$1.80	\$1.86	\$1.91	\$2.06	\$2.25	5.7%	9.2%
Change vs. year ago		3.2%	2.5%	7.8%	9.2%		
Net revenue per single copy sold	\$1.30	\$1.34	\$1.45	\$1.70	\$1.80	8.4%	6.3%
Change vs. year ago		2.9%	8.0%	16.9%	6.3%		

Net paid copies (000)	22,374	20,896	22,461	22,341	23,163	0.9%	3.7%
Net paid copies per issue (000)	1,536	1,441	1,551	1,544	1,596	1.0%	3.4%
Change vs. year ago		-6.2%	7.7%	-0.5%	3.4%		
% subscription copies of total circ	86.0%	86.3%	88.0%	88.2%	89.3%	--	--
% single copy copies of total circ	14.0%	13.7%	12.0%	11.8%	10.7%	--	--
Circulation revenue per paid copy	\$1.51	\$1.58	\$1.45	\$1.52	\$1.46	-0.8%	-3.6%
Change vs. year ago		4.4%	-8.4%	4.8%	-3.6%		
Circulation expense per paid copy	\$0.95	\$1.00	\$0.93	\$0.93	\$0.90	-1.4%	-3.1%
Net circulation revenue per copy	\$0.56	\$0.58	\$0.52	\$0.59	\$0.56	0.0%	-4.4%

EDITORIAL

Overview As noted in the advertising and circulation discussions, many of the factors driving the traditional consumer magazine model experienced significant transition and realignment during the Period. An assessment of the magazine's editorial function reveals another set of changes, including a broadening of editors' responsibilities and content distribution strategies.

Content creation for the average consumer magazine product remained the editorial department's primary focus across the Period, since the magazine represented the largest revenue driver for the consumer media model. That being said, over the Period, the editorial function presided over a widening spectrum of print and non-traditional media content channels. However, this greatly expanded demand for content has not been matched commensurately with increased resources. Online content began the Period as a derivative of print editorial and included primarily original content that had not been included in the magazine. This content strategy soon proved inadequate, as the consumer magazine's audience started to demand more interactivity, timelier reporting and even a desire to contribute. As a result, consumer magazines were forced to create original digital content and media choices for their audiences.

This included the creation of blogs, which helped tighten the bond between magazines and audiences; user-generated content sites; Web sites with original content, such as news or recipes; and content delivered via podcasts, such as freestyle skier videos sold through Apple's iTunes. These and other developing content channels brought new opportunities and demands on the editors of consumer magazine brands.

Output For this report, the core statistic is the number of editorial pages created each year for the average consumer magazine. The data provided does not include the costs of non-print content created by the editorial staff of the average consumer magazine. Given the number of Web sites and the proliferation of newly created content distribution channels, one can assume the amount of non-print content creation is massive.

When the Period opened amid economic and societal turmoil, the average consumer magazine created 75 editorial pages per issue for a total of 1,092 editorial pages for the year. As advertising page sales tracked upwards thereafter, so did the number of total editorial pages produced in order to maintain the ad-to-edit ratio at approximately 51% editorial pages. As a result, the average number of editorial pages per issue reached 80 in 2005, reflecting a 2.0% jump for the year and a 1.7% CAGR over the Period.

In line with the increase in editorial pages and advertising pages of the average consumer magazine, total pages produced rose to a Period-high of 2,264 in 2005, representing a 1.2% increase over 2004 levels and a 1.8% CAGR for the Period.

Key Editorial Statistics per Magazine							
	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Editorial pages	1,092	1,131	1,131	1,137	1,163	1.6%	2.3%
Average edit pages per average issue	75	78	78	79	80	1.7%	2.0%
Change vs. year ago		4.0%	0.1%	0.6%	2.0%		
Editorial pages as % of total pages	51.7%	52.3%	51.5%	50.8%	51.4%	--	--
Total pages produced	2,112	2,162	2,197	2,238	2,264	1.8%	1.2%
Average folio size	145	149	152	155	156	1.8%	0.9%
Change vs. year ago		2.8%	1.8%	1.9%	0.9%		

Editorial Expenses The resources applied by the average consumer magazine toward increasing its traditional and new media content drove editorial expenses to a Period-high of \$8.4 million in 2005, generating a CAGR of 3.7% for the Period. Across the Period, while the average consumer magazine reduced or greatly restrained spending in all the other operating departments, it invested in its core product and the key relationship between its product and the audience it serves.

Due to a change in expense recognition by one of the major publishers, it is not possible to accurately discuss the specific editorial expense line items, such as manuscripts and art and other expenses. However, in line with the increase in total editorial expenses, which accounted for 15% of total magazine expenses in 2005, editorial cost per edit page increased each year of the Period. This closely watched metric rose 4.0% in 2005 over 2004 levels and at a CAGR of 2.1% across the Period. Increases in edit spending per issue also tracked aggressively higher, increasing 6.0% in 2005 and at a CAGR of 3.8% across the Period.

Key Editorial Expense Statistics per Magazine							
(000)	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Total editorial expense	\$7,271	\$7,545	\$7,819	\$7,918	\$8,420	3.7%	6.3%
Change vs. year ago		3.8%	3.6%	1.3%	6.3%		
Edit expense as % of total mag exp	13.5%	14.0%	14.9%	14.5%	15.0%	--	--
Edit expense as % of total revenue	10.4%	10.5%	10.7%	10.4%	11.1%	--	--
Total edit expense per average issue	\$499	\$520	\$540	\$547	\$580	3.8%	6.0%
Change vs. year ago		4.2%	3.8%	1.3%	6.0%		
Total edit cost per edit page (not 000)	\$6,657	\$6,669	\$6,916	\$6,965	\$7,242	2.1%	4.0%
Change vs. year ago		0.2%	3.7%	0.7%	4.0%		

Summary Looking forward, the average consumer magazine is not expected to reduce the resources allocated to editorial or in any way lessen the importance of this crucial operating center. At the same time, the challenges to produce ever-more original content to meet the needs of a demanding audience will not be reduced either. Each year, it can be expected that a new array of content channels and applications will be developed, and editors will need to continue creating additional products for these formats.

This will have to be done with little additional staff support, small incremental budgets and, most importantly, with limited relief in having to fulfill the burgeoning content demands from multiple content channels. This seemingly dark cloud has a silver lining: while editorial staffs will have more work to do, the ever-changing pallet of channels that editors now have to work with are likely to imbue them with renewed energy and focus.

Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
EDITORIAL DEPARTMENT

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	2001	2002	2003	2004	2005	2001-2005	2004-2005
						CAGR	% change
Number of magazines reporting	93	93	93	93	93	0.0%	0.0%
Number of issues	1,355	1,349	1,347	1,346	1,350	-0.1%	0.3%
Average issues per magazine	14.6	14.5	14.5	14.5	14.5	-0.1%	0.3%

Editorial expenses

Manuscripts and art	\$3,824	\$4,137	\$4,420	\$1,821	\$1,797	-17.2%	-1.3%
Change vs. year ago		8.2%	6.8%	-58.8%	-1.3%		
% total editorial expenses	52.6%	54.8%	56.5%	23.0%	21.3%	--	--
Other editorial department expense	\$3,448	\$3,408	\$3,399	\$6,097	\$6,622	17.7%	8.6%
Change vs. year ago		-1.1%	-0.3%	79.4%	8.6%		
% of total edit expense	47.4%	45.2%	43.5%	77.0%	78.7%	--	--
Total editorial expense	\$7,271	\$7,545	\$7,819	\$7,918	\$8,420	3.7%	6.3%
Change vs. year ago		3.8%	3.6%	1.3%	6.3%		
Edit expense as % of total mag exp	13.5%	14.0%	14.9%	14.5%	15.0%	--	--
Edit expense as % of total revenue	10.4%	10.5%	10.7%	10.4%	11.1%	--	--
Total edit expense per average issue	\$499	\$520	\$540	\$547	\$580	3.8%	6.0%
Change vs. year ago		4.2%	3.8%	1.3%	6.0%		

Editorial page statistics

Editorial pages	1,092	1,131	1,131	1,137	1,163	1.6%	2.3%
Average edit pages per average issue	75	78	78	79	80	1.7%	2.0%
Change vs. year ago		4.0%	0.1%	0.6%	2.0%		
Editorial pages as % of total pages	51.7%	52.3%	51.5%	50.8%	51.4%	--	--
Total pages produced	2,112	2,162	2,197	2,238	2,264	1.8%	1.2%
Average folio size	145	149	152	155	156	1.8%	0.9%
Change vs. year ago		2.8%	1.8%	1.9%	0.9%		
Copy/art exp per edit page (not 000)	\$3,501	\$3,656	\$3,910	\$1,602	\$1,546	-18.5%	-3.5%
Change vs. year ago		4.5%	6.9%	-59.0%	-3.5%		
Other edit expenses per page (not 000)	\$3,156	\$3,012	\$3,006	\$5,363	\$5,696	15.9%	6.2%
Change vs. year ago		-4.6%	-0.2%	78.4%	6.2%		
Total edit cost per edit page (not 000)	\$6,657	\$6,669	\$6,916	\$6,965	\$7,242	2.1%	4.0%
Change vs. year ago		0.2%	3.7%	0.7%	4.0%		

PRODUCTION

Overview Production expenditures are very much driven by market dynamics, which had varying effects on the average consumer magazine's profitability across the Period. At the start of the Period, paper prices reached an all-time high, requiring many publishers to change paper grades, reduce trim size and cut less profitable subscriptions to offset escalating production costs. When the ad market crashed in 2001, the seller's market for paper quickly transformed into a buyer's market, enabling total and per unit production expenses to be managed more efficiently.

During this time, all the major stakeholders in the consumer magazine production process worked diligently to refine, redesign and optimize their cost structures. Key among them was the expanded implementation of technology productivity tools, which helped save considerable time and money, particularly in the area of pre-press set-up. Externally, the major paper manufacturers consolidated the industry and closed less profitable mills to optimize manufacturing efficiencies. Similar consolidation, plant closings and cost optimization were also reported by leading print houses.

The magazine industry enjoyed the fruits of these efforts through 2004, as per unit and total production costs contracted each year. In 2005, however, circulation and folio sizes for the average consumer magazine rose, enabling paper manufacturers to raise prices in the face of increasing demand. As a result, production costs rose significantly in 2005, creating a scenario for the average consumer magazine that had not been seen in any other year of the Period.

Output The demand for consumer magazine production increased in 2005, as both the number of copies printed and copy pages printed rose for the year. The average consumer magazine printed over 27.2 million copies in 2005, representing a less than 1% increase over 2004 levels and a relatively flat CAGR of the Period. The number of copy pages printed by the average consumer magazine rose to over 4.8 billion in 2005, recording a 1.3% increase over 2004 levels and a CAGR of 1.8% for the Period.

This increased demand in production was a direct result of the 3.4% increase in net paid copies per issue combined with the approximately 1.0% increase in the folio size of the average consumer magazine to 156 pages. This expanded output runs somewhat contrary to the reported softening of print advertising net revenue. However, increases in ad pages, editorial output and copies sold necessitated higher production output in 2005 than in any other year of the Period.

Key Production Statistics per Magazine							
	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Total copies printed (in 000)	26,949	25,140	26,394	27,041	27,210	0.2%	0.6%
Change vs. year ago		-6.7%	5.0%	2.5%	0.6%		
Copy pages (in millions)	4,475	4,144	4,566	4,749	4,812	1.8%	1.3%
Change vs. year ago		-7.4%	10.2%	4.0%	1.3%		
Average folio size	145	149	152	155	156	1.8%	0.9%
Change vs. year ago		2.8%	1.8%	1.9%	0.9%		
Book size per issue (wtd average)	166	165	173	176	177	1.6%	0.7%
Change vs. year ago		-0.7%	5.0%	1.5%	0.7%		

Production Expenses During the earlier years of the Period, the production department enjoyed a buyer's market for paper. Coming out of the late 1990's boom period, paper manufacturers had stockpiled paper reserves in anticipation of ongoing magazine industry vitality. When the advertising recession of the early 2000's began, paper companies found that supply surpassed demand, so paper prices were reduced to decrease inventory. At the same time, sensing opportunity in the market, many production managers renegotiated their printing and binding contracts with more favorable terms to help drive down production costs. In 2005, however, these same market forces changed in favor of suppliers.

Paper Expenses Paper unit costs, as reflected in the cost per million pages produced, fell dramatically from 2001 to 2004, declining from \$1,655 in 2001 to a Period-low of \$1,360 in 2004. Paper prices stabilized somewhat in 2004, as the cost per million pages fell only 1.1%, following a double-digit decline in 2003. In 2005, paper costs for the average consumer magazine rose 11.0% over 2004 levels, to \$7.2 million, and paper costs per million pages increased 9.5% to \$1,489, still well below the peak recorded in 2001, but far less attractive than the pricing of the previous two years. With paper expenses representing more than 50% of total production costs, any increases in paper prices have an adverse affect on profitability margins.

Printing Expenses With consumer magazine production softening in the early years of the Period, production managers were able to reduce the cost of printing and binding by applying new pre-press technologies, renegotiating printing contracts and working with printers to make the manufacturing process more efficient. As a result of these efforts, printing and binding costs decreased from \$6.6 million in 2002 to \$6.1 million in 2004. More importantly, the printing and binding costs per million pages declined from \$1,588 in 2002 to less than \$1,300 in 2004. In 2005, production managers were able to keep printing and binding costs flat, both in total costs and per million pages. The flat results in 2005, as opposed to the declining results from 2002 to 2004, indicate that the unit cost for producing the average consumer magazine may have reached its optimization point.

Key Paper & Printing Expense Statistics per Magazine							2001-2005	2004-2005
(000)	2001	2002	2003	2004	2005	CAGR	% change	
Paper expense	\$7,406	\$6,478	\$6,278	\$6,459	\$7,167	-0.8%	11.0%	
Change vs. year ago		-12.5%	-3.1%	2.9%	11.0%			
% of total production expense	54.5%	49.6%	50.1%	51.5%	53.9%	--	--	
Paper cost/1,000,000 pages	\$1,655	\$1,563	\$1,375	\$1,360	\$1,489	-2.6%	9.5%	
Change vs. year ago		-5.5%	-12.1%	-1.1%	9.5%			
Printing and bindery expense	\$6,184	\$6,581	\$6,243	\$6,088	\$6,124	-0.2%	0.6%	
Change vs. year ago		6.4%	-5.1%	-2.5%	0.6%			
% of total production expense	45.5%	50.4%	49.9%	48.5%	46.1%	--	--	
Printing/bindery costs/1,000,000 pages	\$1,382	\$1,588	\$1,367	\$1,282	\$1,273	-2.0%	-0.7%	
Change vs. year ago		14.9%	-13.9%	-6.2%	-0.7%			

Production Statistics In 2005, the combined expense of paper and manufacturing, which account for approximately 24% of the average consumer magazine's total operating costs, reached \$13.3 million, representing a 5.9% increase over 2004 levels, but generating a relatively flat CAGR for the Period. The cost to produce a million pages also rose in 2005 to \$2,762, a 4.5% increase over 2004. These increases reflect the challenges faced by the average consumer magazine publisher to raise profitability, while having to discount ad page rates to sell ad pages, as production expenditures rise.

Other production cost metrics, such as production expenses per issue and production costs per copy sold, performed similarly, in 2005 and across the Period, to total production costs.

Key Production Expense Statistics per Magazine							2001-2005	2004-2005
(000)	2001	2002	2003	2004	2005	CAGR	% change	
Total production expense	\$13,590	\$13,060	\$12,521	\$12,548	\$13,292	-0.6%	5.9%	
Change vs. year ago		-3.9%	-4.1%	0.2%	5.9%			
Total production costs/1,000,000 pages	\$3,037	\$3,152	\$2,742	\$2,642	\$2,762	-2.3%	4.5%	
Change vs. year ago		3.8%	-13.0%	-3.6%	4.5%			
Production exp % of total mag expense	25.2%	24.2%	23.8%	23.0%	23.7%	--	--	
Production expense per issue	\$933	\$900	\$864	\$867	\$916	-0.5%	5.6%	
Change vs. year ago		-3.5%	-4.0%	0.3%	5.6%			
Production expense per copy printed	\$0.50	\$0.52	\$0.47	\$0.46	\$0.49	-0.8%	5.3%	
Change vs. year ago		3.0%	-8.7%	-2.2%	5.3%			
Production expense per copy sold	\$0.61	\$0.62	\$0.56	\$0.56	\$0.57	-1.4%	2.2%	
Change vs. year ago		2.9%	-10.8%	0.8%	2.2%			

Summary Paper prices, which rose in 2005, have a significant effect on the production department's expenses and the average consumer magazine's profitability. These costs are expected to continue rising in the near-term, as price breaks realized from the consolidation of paper manufacturers and plant closings have already been factored into the market. Additionally, output demand for the average consumer magazine is expected to expand further, helping to turn a buyer's market into a seller's market. If publishers are not able to increase ad rates to drive higher advertising net revenue, increases in production costs will only exacerbate the already challenged profitability of the average consumer magazine.

Printing and binding costs are not expected to help reduce production costs for the average consumer magazine, since many of the cost savings tied to this cost center are already in place, including pre-press technology improvements and more efficient processes.

Throughout the first four years of the Period, the production department had greatly helped the average consumer magazine's profitability through a number of cost saving techniques. In 2005 and looking forward, the production department will have to minimize waste and remain diligent in searching for new, more efficient productivity tools in order to help the profitability of the average consumer magazine.



**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
PRODUCTION DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Number of magazines reporting	93	93	93	93	93	0.0%	0.0%
Number of issues	1,355	1,349	1,347	1,346	1,350	-0.1%	0.3%
Average issues per magazine	14.6	14.5	14.5	14.5	14.5	-0.1%	0.3%

Production expenses

Paper expense	\$7,406	\$6,478	\$6,278	\$6,459	\$7,167	-0.8%	11.0%
Change vs. year ago		-12.5%	-3.1%	2.9%	11.0%		
% of total production expense	54.5%	49.6%	50.1%	51.5%	53.9%	--	--
Printing and bindery expense	\$6,184	\$6,581	\$6,243	\$6,088	\$6,124	-0.2%	0.6%
Change vs. year ago		6.4%	-5.1%	-2.5%	0.6%		
% of total production expense	45.5%	50.4%	49.9%	48.5%	46.1%	--	--
Total production expense	\$13,590	\$13,060	\$12,521	\$12,548	\$13,292	-0.6%	5.9%
Change vs. year ago		-3.9%	-4.1%	0.2%	5.9%		
Production exp. as % total mag exp	25.2%	24.2%	23.8%	23.0%	23.7%	--	--
Production expense as % of total rev	19.4%	18.2%	17.2%	16.6%	17.5%	--	--
Production expense per issue	\$933	\$900	\$864	\$867	\$916	-0.5%	5.6%
Change vs. year ago		-3.5%	-4.0%	0.3%	5.6%		

Production statistics (not 000 unless otherwise noted)

Total copies printed (in 000)	26,949	25,140	26,394	27,041	27,210	0.2%	0.6%
Change vs. year ago		-6.7%	5.0%	2.5%	0.6%		
Copy pages (in millions)	4,475	4,144	4,566	4,749	4,812	1.8%	1.3%
Change vs. year ago		-7.4%	10.2%	4.0%	1.3%		
Paper cost/1,000,000 pages	\$1,655	\$1,563	\$1,375	\$1,360	\$1,489	-2.6%	9.5%
Change vs. year ago		-5.5%	-12.1%	-1.1%	9.5%		
Printing/bindery cost/1,000,000 pages	\$1,382	\$1,588	\$1,367	\$1,282	\$1,273	-2.0%	-0.7%
Change vs. year ago		14.9%	-13.9%	-6.2%	-0.7%		
Total prod cost/1,000,000 pages	\$3,037	\$3,152	\$2,742	\$2,642	\$2,762	-2.3%	4.5%
Change vs. year ago		3.8%	-13.0%	-3.6%	4.5%		
Prod exp per printed copy	\$0.50	\$0.52	\$0.47	\$0.46	\$0.49	-0.8%	5.3%
Change vs. year ago		3.0%	-8.7%	-2.2%	5.3%		
Average folio size	145	149	152	155	156	1.8%	0.9%
Change vs. year ago		2.8%	1.8%	1.9%	0.9%		
Book size per issue (wtd average)	166	165	173	176	177	1.6%	0.7%
Change vs. year ago		-0.7%	5.0%	1.5%	0.7%		

DISTRIBUTION

Overview From a circulation perspective, the consumer magazine industry is driven primarily by the subscription model and its associated revenue and costs. The same is true for distribution, as more than 75% of all consumer magazine copies distributed are delivered to subscribers. Despite declining single copy volume in 2005, the total number of copies distributed rose to a Period-high of nearly 27 million in 2005, as the number of subscriber copies distributed increased by almost a million.

The costs to distribute a subscription copy fell in 2005, while single copy distribution rates per copy rose. Still, it is more expensive to mail a subscriber copy than deliver a copy to the newsstand. So, distribution expenses for the average consumer magazine rose in 2005, due to the increase in the number of subscription copies distributed.

The increase in the number of distributed copies in 2005, which led to a positive CAGR for the Period, would indicate that publishers are working to reestablish market penetration levels last seen in 2001, before the recession. This positive indicator must be tempered somewhat by the average consumer magazine's continued reliance on subscription agents, as well as increasingly discounted subscription prices. These factors have prevented circulation revenue from matching the growth in the number of copies distributed.

The record distribution volume reported for 2005 was matched with Period-high distribution expenses, as the average consumer magazine spent \$6.4 million to serve subscription and newsstand copies, representing a 1.5% increase over 2004 and a 3.6% CAGR for the Period.

Key Distribution Expense Statistics per Magazine							2001-2005	2004-2005
(000)	2001	2002	2003	2004	2005	CAGR	% change	
Total distribution expense	\$5,527	\$5,817	\$5,987	\$6,273	\$6,368	3.6%	1.5%	
Change vs. year ago		5.2%	2.9%	4.8%	1.5%			
Distribution exps % total mag exps	10.3%	10.8%	11.4%	11.5%	11.3%	--	--	
Total distributed copies	26,029	24,377	26,153	25,979	26,840	0.8%	3.3%	
Change vs. year ago		-6.3%	7.3%	-0.7%	3.3%	--	--	

Subscription Distribution **Paid Subscription Copies** Subscription copies reached a record share of 77% of total distributed copies in 2005, up from 74% in 2001, reflecting the increasing dominance of subscriptions in the average consumer magazine's overall circulation. The Period-ending rate of nearly 21 million subscription copies surpasses the next highest year of the Period by nearly a million copies and marks a 4.9% increase over 2004 levels.

Second Class Postage Subscription distribution costs are primarily driven by USPS rates, which accounted for 86% of total subscription distribution costs in 2005 and increased at a CAGR of 2.5% across the Period, reaching \$5.1 million in 2005.

Interestingly, however, second class postage costs remained relatively flat from 2004 to 2005, even though the number of subscription copies delivered increased by nearly a million. These savings can be attributed to a number of cost containment tactics implemented by consumer magazine publishers during the later years of the Period, including: increased use of co-mailing, where sister magazines are poly-bagged together and sent to readers subscribing to both titles; co-palletization of multiple titles that are being sent to the same postal distribution hub; and the use of lighter weight paper.

Other Subscription Distribution Costs Although second class postage costs were held in check in 2005, other subscription distribution costs increased at double-digit rates during the last three years of the Period, driving the Period CAGR to 12.4%. The cost of wrapping copies and having them transported to postal entry points have skyrocketed, as publishers have offset USPS costs by assuming more of the pre-mailing workload.

Subscription Distribution Costs The average consumer magazine spent \$5.9 million to distribute subscription copies in 2005, representing a 0.9% increase over 2004 levels and a 3.6% CAGR across the Period. Given that the total number of paid subscription copies distributed increased 4.9% in 2005, the per-copy subscription distribution cost decreased 3.8% in 2005 to \$0.286. Across the Period, however, the cost to distribute a subscription copy rose at a CAGR of 1.8%.

Key Subscription Distribution Expense Statistics per Magazine

(000)	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Paid subscription copies	19,239	18,034	19,774	19,713	20,680	1.8%	4.9%
Change vs. year ago		-6.3%	9.7%	-0.3%	4.9%		
Sub copies % total copies distributed	73.9%	74.0%	75.6%	75.9%	77.0%	--	--
Second/controlled class postage exp	\$4,603	\$4,866	\$4,997	\$5,113	\$5,080	2.5%	-0.6%
Change vs. year ago		5.7%	2.7%	2.3%	-0.6%		
Postage as % sub distribution costs	89.9%	90.5%	89.6%	87.4%	86.0%	--	--
Other subscription distribution exp	\$516	\$511	\$577	\$736	\$824	12.4%	12.0%
Change vs. year ago		-1.1%	13.1%	27.5%	12.0%		
Total subscription distribution exp	\$5,120	\$5,377	\$5,575	\$5,850	\$5,905	3.6%	0.9%
Change vs. year ago		5.0%	3.7%	4.9%	0.9%		
Sub distribution costs/paid sub copy	\$0.266	\$0.298	\$0.282	\$0.297	\$0.286	1.8%	-3.8%
Change vs. year ago		12.0%	-5.4%	5.3%	-3.8%		

Single Copy Distribution **Single Copies Distributed** The number of single copies distributed decreased from 6.8 million in 2001 to less than 6.2 million in 2005, representing a (5.7%) CAGR across the Period, including a 5.5% decline in 2005 versus 2004 levels. Due to an annual decline in sell-through rates for the average consumer magazine, the number of single copies distributed decreased nearly every year of the Period, as publishers attempted to reduce single copy draws to increase sell-through rates and reduce waste. It should be noted, however, that the average sell-through rate is a blend of large and enthusiast magazines, which don't receive equal treatment by retailers on the newsstand.

Single Copy Distribution Costs The average consumer magazine spent \$463,000 in 2005 to distribute single copies, a 9.5% increase over 2004 levels and generating a CAGR of 3.3% across the Period. This increase in single copy distribution costs across the Period is reflective of the average consumer magazine losing efficiencies in the distribution channel as a result of reduced draw and lower sell-through rates. As a result, the distribution cost per paid single copy increased 15.8% in 2005 over 2004 levels and at a CAGR of 9.5% across the Period.

Key Single Copy Distribution Expense Statistics per Magazine							
(000)	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Distributed single copies	6,790	6,343	6,378	6,266	6,160	-5.7%	-5.5%
Change vs. year ago		-6.6%	0.5%	-1.8%	-1.7%		
Single copies distribution % total copies	25.2%	25.2%	24.2%	23.2%	22.6%	--	--
Single copy distribution expense	\$407	\$440	\$412	\$423	\$463	3.3%	9.5%
Change vs. year ago		8.1%	-6.3%	2.7%	9.5%		
Single copy distrib exp % tot distrib exp	7.4%	7.6%	6.9%	6.7%	7.3%	--	--
Single copy sell-through	46.2%	45.1%	42.1%	41.9%	40.3%	--	--
Distribution exp/paid single copy	\$0.130	\$0.154	\$0.153	\$0.161	\$0.187	9.5%	15.8%
Change vs. year ago		18.3%	-0.2%	5.0%	15.8%		
Distribution cost/single copy delivered	\$0.060	\$0.069	\$0.065	\$0.068	\$0.075	5.8%	11.3%
Change vs. year ago		15.7%	-6.8%	4.5%	11.3%		

Summary As the consumer magazine marketplace continues to develop strategies to compete in a growing digital media world, managing the costs of distributing magazines through both subscription and single copy channels will be an ongoing challenge. Further postal rate increases are anticipated in the years ahead, as few experts expect postal reform to become a high priority issue for the government. As a result, despite the implementation of cost-saving distribution strategies, publishers can anticipate increased per-copy costs and higher overall subscription distribution expenses. It is also expected that the share of total circulation represented by subscription copies, which are significantly more expensive to deliver than newsstand copies, will continue to increase, putting even greater pressure on publishers to maintain profitability.

Publishers will continue to refine the single copy distribution channel, but it is unlikely that the single copy sell-through rate will increase in a meaningful way, as efforts to optimize single copy draw levels will only marginally mitigate the ongoing erosion of the single copy sales model.

With few bright spots on the horizon for distribution expenditures, publishers will need to work diligently to fine-tune the implementation of existing cost containment tactics and develop new ones to reign in the impact that postal rate increases and newsstand inefficiencies will have on spending levels.

**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
DISTRIBUTION DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	2001	2002	2003	2004	2005	2001-2005 CAGR	2004-2005 % change
Number of magazines reporting	93	93	93	93	93	0.0%	0.0%
Number of issues	1,355	1,349	1,347	1,346	1,350	-0.1%	-0.4%
Average issues per magazine	14.6	14.5	14.5	14.5	14.5	-0.1%	-0.4%

Distribution expenses

Second/controlled class postage exp	\$4,603	\$4,866	\$4,997	\$5,113	\$5,080	2.5%	-0.6%
Change vs. year ago		5.7%	2.7%	2.3%	-0.6%		
Postage costs/paid sub copy	\$0.239	\$0.270	\$0.253	\$0.259	\$0.246	0.7%	-5.3%
Change vs. year ago		12.8%	-6.3%	2.6%	-5.3%		
Other subscription distribution exp	\$516	\$511	\$577	\$736	\$824	12.4%	12.0%
Change vs. year ago		-1.1%	13.1%	27.5%	12.0%		
Other costs/paid subscription copy	\$0.027	\$0.028	\$0.029	\$0.037	\$0.040	10.4%	6.7%
Change vs. year ago		5.5%	3.1%	27.9%	6.7%		
Total subscription distribution exp	\$5,120	\$5,377	\$5,575	\$5,850	\$5,905	3.6%	0.9%
Change vs. year ago		5.0%	3.7%	4.9%	0.9%		
Single copy distribution expense	\$407	\$440	\$412	\$423	\$463	3.3%	9.5%
Change vs. year ago		8.1%	-6.3%	2.7%	9.5%		
Total distribution expense	\$5,527	\$5,817	\$5,987	\$6,273	\$6,368	3.6%	1.5%
Change vs. year ago		5.2%	2.9%	4.8%	1.5%		
Distribution exps % total mag exps	10.3%	10.8%	11.4%	11.5%	11.3%	--	--
Distribution expense as % total rev	7.9%	8.1%	8.2%	8.3%	8.4%	--	--
Average distribution exp per issue	\$379	\$401	\$413	\$433	\$439	3.7%	1.2%
Change vs. year ago		5.7%	3.1%	4.8%	1.2%		

Distribution copy statistics

Paid subscription copies	19,239	18,034	19,774	19,713	20,680	1.8%	4.9%
Change vs. year ago		-6.3%	9.7%	-0.3%	4.9%		
% sub copies total copies disibuted	73.9%	74.0%	75.6%	75.9%	77.0%		
Paid single copies	3,135	2,862	2,687	2,628	2,483	-5.7%	-5.5%
Change vs. year ago		-8.7%	-6.1%	-2.2%	-5.5%		
Distributed single copies	6,790	6,343	6,378	6,266	6,160	-2.4%	-1.7%
Change vs. year ago		-6.6%	0.5%	-1.8%	-1.7%		
% single copy of total copies dist	26.1%	26.0%	24.4%	24.1%	23.0%		
Single copy sell-through	46.2%	45.1%	42.1%	41.9%	40.3%		
Total distributed copies	26,029	24,377	26,153	25,979	26,840	0.8%	3.3%
Change vs. year ago		-6.3%	7.3%	-0.7%	3.3%		

Distribution cost per copy statistics

Sub distribution costs/paid sub copy	\$0.266	\$0.298	\$0.282	\$0.297	\$0.286	1.8%	-3.8%
Change vs. year ago		12.0%	-5.4%	5.3%	-3.8%		
Single copy dist. cost per paid copy	\$0.130	\$0.154	\$0.153	\$0.161	\$0.187	9.5%	15.8%
Change vs. year ago		18.3%	-0.2%	5.0%	15.8%		
Single copy dist. costs/copy distributed	\$0.060	\$0.069	\$0.065	\$0.068	\$0.075	5.8%	11.3%
Change vs. year ago		15.7%	-6.8%	4.5%	11.3%		
Average single copy sales/distributed	46.2%	45.1%	42.1%	41.9%	40.3%	-3.3%	--
Change vs. year ago		-2.3%	-6.6%	-0.4%	-3.9%		
1,000,000 copy pages dist (000,000)	5,383	5,427	5,684	5,887	5,396	0.1%	-8.3%
Distribution cost per/1,000,000 pages	\$1,027	\$1,072	\$1,053	\$1,066	\$1,180	3.5%	10.7%
Change vs. year ago		4.4%	-1.7%	1.2%	10.7%		



APPENDIX 1 – DATA ANALYSIS BY MAGAZINE CIRCULATION SIZE

Magazine Publishers of America, Inc.

The Jordan, Edmiston Group, Inc.

SUMMARY OF RESULTS

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Less than 100,000	100,000 - 500,000	500,000 - 1,000,000	1,000,000 - 2,000,000	Greater than 2,000,000	Weekly/Bi-Weekly		Not for Profit
						Less than 500,000	500,000 and above	
Number of magazines reporting	22	46	30	34	14	8	8	5
Number of issues	162	415	305	354	164	566	353	92
Average issues per magazine	7.4	9.0	10.2	10.4	11.7	70.8	44.1	18.4

Revenue and revenue statistics

Net advertising revenue	\$1,345	\$6,271	\$22,711	\$31,224	\$63,669	\$21,672	\$203,595	\$6,026
Gross subscription revenue	\$700	\$3,260	\$9,383	\$18,541	\$59,986	\$10,617	\$97,849	\$12,942
List rental revenue	\$19	\$91	\$257	\$332	\$1,735	\$140	\$967	\$320
Gross single copy revenue	\$241	\$1,380	\$3,409	\$8,031	\$12,210	\$1,766	\$52,867	\$143
Total magazine revenue	\$2,305	\$11,003	\$35,761	\$58,128	\$137,600	\$34,196	\$355,277	\$19,431
Total revenue/paid copy (not 000)	\$8.35	\$4.72	\$4.81	\$4.05	\$2.85	\$4.58	\$3.01	\$1.77

Expense and expense statistics

Advertising expense	\$342	\$2,222	\$5,478	\$6,085	\$9,728	\$3,869	\$25,023	\$1,953
Subscription expense	\$505	\$2,386	\$8,149	\$13,344	\$30,114	\$4,851	\$62,761	\$5,128
Single copy expense	\$133	\$788	\$2,151	\$4,815	\$7,981	\$1,281	\$25,737	\$101
Editorial expense	\$298	\$1,698	\$4,832	\$6,239	\$10,856	\$6,096	\$42,634	\$1,892
Production expense	\$438	\$1,837	\$5,743	\$10,116	\$28,149	\$7,902	\$52,845	\$3,278
Distribution expense	\$149	\$866	\$2,683	\$4,871	\$14,634	\$3,020	\$24,148	\$2,445
Total magazine expense	\$1,864	\$9,798	\$29,036	\$45,470	\$101,461	\$27,017	\$233,147	\$14,798
Total expense per paid copy (not 000)	\$6.75	\$4.21	\$3.90	\$3.17	\$2.10	\$3.62	\$1.97	\$1.35

Operating profit/loss

Operating profit	\$440	\$1,204	\$6,725	\$12,658	\$36,139	\$7,179	\$122,130	\$4,634
Operating profit as % of total revenue	19.1%	10.9%	18.8%	21.8%	26.3%	21.0%	34.4%	23.8%
Operating profit per paid copy (not 000)	\$1.60	\$0.52	\$0.90	\$0.88	\$0.75	\$0.96	\$1.03	\$0.42





**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
ADVERTISING DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Less than 100,000	100,000 - 500,000	500,000 - 1,000,000	1,000,000 - 2,000,000	Greater than 2,000,000	Weekly/Bi-Weekly		Not for Profit
						Less than 500,000	500,000 and above	
Number of magazines reporting	22	46	30	34	14	8	8	5
Number of issues	162	415	305	354	164	566	353	92
Average issues per magazine	7.4	9.0	10.2	10.4	11.7	70.8	44.1	18.4

Ad revenue

Gross ad revenue	\$2,081	\$21,318	\$59,868	\$91,827	\$236,977	\$36,067	\$475,147	\$15,124
Agency commissions	\$118	\$1,133	\$3,239	\$5,522	\$11,155	\$3,682	\$29,623	\$2,257
Other discounts	\$618	\$13,914	\$33,918	\$55,081	\$162,154	\$10,712	\$241,929	\$6,840
Net advertising revenue	\$1,345	\$6,271	\$22,711	\$31,224	\$63,669	\$21,672	\$203,595	\$6,026
Net ad revenue per ad page (not 000)	\$4,583	\$9,937	\$29,073	\$38,345	\$56,722	\$18,665	\$76,414	\$24,945
% agency commissions of gross revenue	5.6%	5.3%	5.4%	6.0%	4.7%	10.2%	6.2%	14.9%
% other discounts of gross revenue	29.7%	65.3%	56.7%	60.0%	68.4%	29.7%	50.9%	45.2%
% total discounts of gross revenue	35.4%	70.6%	62.1%	66.0%	73.1%	39.9%	57.2%	60.2%
Average ad pages per issue	39.8	70.0	76.8	78.2	95.8	16.4	60.4	13.1
Average gross revenue per ad page (not 000)	\$7,091	\$33,779	\$76,639	\$112,769	\$211,119	\$31,062	\$178,333	\$62,600
Net ad revenue % of total magazine revenue	58.3%	57.0%	63.5%	53.7%	46.3%	63.4%	57.3%	31.0%

Ad expenses

Selling expense	\$266	\$1,712	\$4,421	\$5,286	\$7,474	\$2,808	\$21,471	\$1,183
Research and promotion expense	\$76	\$510	\$1,058	\$799	\$2,254	\$1,061	\$3,552	\$769
Total advertising expense	\$342	\$2,222	\$5,478	\$6,085	\$9,728	\$3,869	\$25,023	\$1,953
Ad expense % of total magazine expenses	18.3%	22.7%	18.9%	13.4%	9.6%	14.3%	10.7%	13.2%





**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
ADVERTISING DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

	Less than 100,000	100,000 - 500,000	500,000 - 1,000,000	1,000,000 - 2,000,000	Greater than 2,000,000	Weekly/Bi-Weekly		Not for Profit
						Less than 500,000	500,000 and above	
All numbers average per magazine								
Number of magazines reporting	22	46	30	34	14	8	8	5
Number of issues	162	415	305	354	164	566	353	92
Average issues per magazine	7.4	9.0	10.2	10.4	11.7	70.8	44.1	18.4
Ad profit/loss								
Net ad revenue after expense	\$1,003	\$4,049	\$17,233	\$25,138	\$53,941	\$17,804	\$178,572	\$4,074
Ad page statistics								
Ad pages per magazine	293	631	781	814	1,122	1,161	2,664	242
Average ad pages per issue	40	70	77	78	96	16	60	13
Net ad revenue per ad page (not 000)	\$4,583	\$9,937	\$29,073	\$38,345	\$56,722	\$18,665	\$76,414	\$24,945
Selling expense per ad page (not 000)	\$908	\$2,713	\$5,659	\$6,492	\$6,659	\$2,418	\$8,058	\$4,898
Research and promo exp. per ad page (not 000)	\$257	\$808	\$1,354	\$982	\$2,008	\$914	\$1,333	\$3,185
Total ad expense per page (not 000)	\$1,165	\$3,522	\$7,013	\$7,473	\$8,667	\$3,332	\$9,392	\$8,083
Ad expense as % of net ad revenue	25.4%	35.4%	24.1%	19.5%	15.3%	17.8%	12.3%	32.4%





**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
CIRCULATION DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Less than 100,000	100,000 - 500,000	500,000 - 1,000,000	1,000,000 - 2,000,000	Greater than 2,000,000	Weekly/Bi-Weekly		Not for Profit
						Less than 500,000	500,000 and above	
Number of magazines reporting	22	46	30	34	14	8	8	5
Number of issues	162	415	305	354	164	566	353	92
Average issues per magazine	7.4	9.0	10.2	10.4	11.7	70.8	44.1	18.4

Circulation revenue

Gross subscription revenues	\$700	\$3,260	\$9,383	\$18,541	\$59,986	\$10,617	\$97,849	\$12,942
Gross single copy revenues	\$241	\$1,380	\$3,409	\$8,031	\$12,210	\$1,766	\$52,867	\$143
Total circulation revenues	\$941	\$4,640	\$12,792	\$26,572	\$72,196	\$12,383	\$150,716	\$13,085
Circulation rev % of total magazine revenue	40.8%	42.2%	35.8%	45.7%	52.5%	36.2%	42.4%	67.3%

Circulation expenses

Subscriptions:

Commissions to sub agencies	\$74	\$1,039	\$3,894	\$5,455	\$10,404	\$800	\$27,105	\$1,347
% total circulation expense	11.5%	32.7%	37.8%	30.0%	27.3%	13.0%	30.6%	25.7%
Other sub promotion costs	\$253	\$853	\$2,846	\$5,392	\$12,805	\$3,009	\$26,772	\$2,078
% total circulation expense	39.7%	26.9%	27.6%	29.7%	33.6%	49.1%	30.3%	39.7%
Sub-total agency and promotion expenses	\$327	\$1,892	\$6,740	\$10,846	\$23,209	\$3,809	\$53,877	\$3,424
First class postage costs	\$29	\$90	\$264	\$396	\$1,105	\$71	\$1,657	\$283
% total circulation expense	4.6%	2.9%	2.6%	2.2%	2.9%	1.2%	1.9%	5.4%
Third class postage costs	\$76	\$178	\$582	\$912	\$2,866	\$455	\$2,350	\$836
% total circulation expense	11.9%	5.6%	5.7%	5.0%	7.5%	7.4%	2.7%	16.0%
Fulfillment costs	\$73	\$227	\$563	\$1,190	\$2,935	\$516	\$4,877	\$585
% total circulation expense	11.4%	7.1%	5.5%	6.6%	7.7%	8.4%	5.5%	11.2%
Total subscription acquisition costs	\$505	\$2,386	\$8,149	\$13,344	\$30,114	\$4,851	\$62,761	\$5,128
% total circulation expense	79.1%	75.2%	79.1%	73.5%	79.1%	79.1%	70.9%	98.1%





**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
CIRCULATION DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Less than 100,000	100,000 - 500,000	500,000 - 1,000,000	1,000,000 - 2,000,000	Greater than 2,000,000	Weekly/Bi-Weekly		Not for Profit
						Less than 500,000	500,000 and above	
Number of magazines reporting	22	46	30	34	14	8	8	5
Number of issues	162	415	305	354	164	566	353	92
Average issues per magazine	7.4	9.0	10.2	10.4	11.7	70.8	44.1	18.4

Circulation expenses

Single copy:

Commissions on single copy sales	\$125	\$732	\$1,936	\$4,278	\$6,893	\$1,007	\$22,778	\$99
% total circulation expense	19.6%	23.1%	18.8%	23.6%	18.1%	16.4%	25.7%	1.9%
Other single copy promotion costs	\$8	\$56	\$215	\$537	\$1,087	\$274	\$2,960	\$2
% total circulation expense	1.3%	1.8%	2.1%	3.0%	2.9%	4.5%	3.3%	0.0%
Total single copy expenses	\$133	\$788	\$2,151	\$4,815	\$7,981	\$1,281	\$25,737	\$101
% total circulation expense	20.9%	24.8%	20.9%	26.5%	20.9%	20.9%	29.1%	1.9%
Total circulation expenses	\$638	\$3,174	\$10,300	\$18,159	\$38,095	\$6,131	\$88,498	\$5,230
Circ expense % of total magazine expense	34.2%	32.4%	35.5%	39.9%	37.5%	22.7%	38.0%	35.3%

Circulation profit/loss

Revenue after expenses	\$304	\$1,466	\$2,493	\$8,413	\$34,101	\$6,252	\$62,218	\$7,855
Circ expense % of net circulation revenue	67.7%	68.4%	80.5%	68.3%	52.8%	49.5%	58.7%	40.0%





**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
CIRCULATION DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Less than 100,000	100,000 - 500,000	500,000 - 1,000,000	1,000,000 - 2,000,000	Greater than 2,000,000	Weekly/Bi-Weekly		Not for Profit
						Less than 500,000	500,000 and above	
Number of magazines reporting	22	46	30	34	14	8	8	5
Number of issues	162	415	305	354	164	566	353	92
Average issues per magazine	7.4	9.0	10.2	10.4	11.7	70.8	44.1	18.4

Per copy statistics (not in 000's unless indicated)

Paid subscription copies (000)	225	2,015	6,500	12,574	44,473	7,006	105,434	10,924
Paid sub copies per avg issue (000)	31	223	639	1,208	3,796	99	2,389	594
% subscription copies of total circulation	11.1%	9.6%	8.6%	8.4%	7.9%	1.3%	2.0%	5.4%
Average price per subscription	\$22.93	\$14.60	\$14.68	\$15.35	\$15.80	\$107.21	\$40.95	\$21.80
Gross sub revenue/paid sub copy	\$3.11	\$1.62	\$1.44	\$1.47	\$1.35	\$1.52	\$0.93	\$1.18
Sub promo cost/paid sub copy	\$1.45	\$0.94	\$1.04	\$0.86	\$0.52	\$0.54	\$0.51	\$0.31
Sub fulfillment cost/paid sub copy	\$0.32	\$0.11	\$0.09	\$0.09	\$0.07	\$0.07	\$0.05	\$0.05
Single copy sales (000)	51	314	936	1,772	3,760	457	12,620	37
Single copy sell through	29.3%	39.4%	36.0%	39.9%	36.4%	36.1%	45.6%	28.6%
Single copies per avg issue (000)	7	35	92	170	321	6	286	2
% single copy copies of total circulation	2.5%	1.5%	1.2%	1.2%	0.7%	0.1%	0.2%	0.0%
Gross single copy revenue/paid single copy	\$4.72	\$4.40	\$3.64	\$4.53	\$3.25	\$3.86	\$4.19	\$3.88
Single copy expense/paid single copy	\$2.61	\$2.51	\$2.30	\$2.72	\$2.12	\$2.80	\$2.04	\$2.75
Net paid copies (000)	276	2,329	7,436	14,345	48,234	7,464	118,054	10,961
Net paid copies per issue (000)	37	258	731	1,378	4,118	105	2,675	596
Circulation revenue per paid copy	\$3.41	\$1.99	\$1.72	\$1.85	\$1.50	\$1.66	\$1.28	\$1.19
Circulation expense per paid copy	\$2.31	\$1.36	\$1.39	\$1.27	\$0.79	\$0.82	\$0.75	\$0.48
Revenue after expense per copy	\$1.10	\$0.63	\$0.34	\$0.59	\$0.71	\$0.84	\$0.53	\$0.72





**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
EDITORIAL DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Less than 100,000	100,000 - 500,000	500,000 - 1,000,000	1,000,000 - 2,000,000	Greater than 2,000,000	Weekly/Bi-Weekly		Not for Profit
						Less than 500,000	500,000 and above	
Number of magazines reporting	22	46	30	34	14	8	8	5
Number of issues	162	415	305	354	164	566	353	92
Average issues per magazine	7.4	9.0	10.2	10.4	11.7	70.8	44.1	18.4

Editorial expense and expense statistics

Manuscripts and art	\$96	\$413	\$1,244	\$1,548	\$3,009	\$2,101	\$5,785	\$451
% total editorial expenses	32.0%	24.3%	25.7%	24.8%	27.7%	34.5%	13.6%	23.9%
Other editorial department expense	\$203	\$1,285	\$3,588	\$4,691	\$7,847	\$3,995	\$36,849	\$1,441
% of total edit expense	68.0%	75.7%	74.3%	75.2%	72.3%	65.5%	86.4%	76.1%
Total editorial expense	\$298	\$1,698	\$4,832	\$6,239	\$10,856	\$6,096	\$42,634	\$1,892
Edit expense as % of total magazine expense	16.0%	17.3%	16.6%	13.7%	10.7%	22.6%	18.3%	12.8%
Edit expense as % of total revenue	12.9%	15.4%	13.5%	10.7%	7.9%	17.8%	12.0%	9.7%
Total edit expense per average issue	\$41	\$188	\$475	\$599	\$927	\$86	\$966	\$103

Editorial pages and statistics

Editorial pages	467	711	933	915	1,244	2,583	3,187	721
Average edit pages per average issue	63	79	92	88	106	37	72	39
Total pages produced	760	1,343	1,714	1,729	2,367	3,744	5,851	962
Average folio size	103	149	169	166	202	53	133	52
Editorial pages as % of total pages	61.4%	53.0%	54.4%	52.9%	52.6%	69.0%	54.5%	74.9%
Manuscripts and art exp/edit page (not 000)	\$205	\$580	\$1,334	\$1,693	\$2,418	\$813	\$1,815	\$626
Other edit expenses/edit page (not 000)	\$434	\$1,806	\$3,847	\$5,128	\$6,306	\$1,546	\$11,562	\$1,999
Total edit cost/edit page (not 000)	\$639	\$2,387	\$5,180	\$6,821	\$8,724	\$2,360	\$13,377	\$2,625





**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
PRODUCTION DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Less than 100,000	100,000 - 500,000	500,000 - 1,000,000	1,000,000 - 2,000,000	Greater than 2,000,000	Weekly/Bi-Weekly		Not for Profit
						Less than 500,000	500,000 and above	
Number of magazines reporting	22	46	30	34	14	8	8	5
Number of issues	162	415	305	354	164	566	353	92
Average issues per magazine	7.4	9.0	10.2	10.4	11.7	70.8	44.1	18.4

Production expenses

Paper expense	\$130	\$919	\$3,198	\$5,723	\$15,683	\$3,959	\$26,703	\$2,004
% of total production expense	29.7%	50.0%	55.7%	56.6%	55.7%	50.1%	50.5%	61.1%
Printing and bindery expense	\$307	\$918	\$2,545	\$4,392	\$12,466	\$3,943	\$26,141	\$1,274
% of total production expense	70.3%	50.0%	44.3%	43.4%	44.3%	49.9%	49.5%	38.9%
Total production expense	\$438	\$1,837	\$5,743	\$10,116	\$28,149	\$7,902	\$52,845	\$3,278
Production expense as % total magazine expense	23.5%	18.8%	19.8%	22.2%	27.7%	29.2%	22.7%	22.2%
Production expense as % of total revenue	19.0%	16.7%	16.1%	17.4%	20.5%	23.1%	14.9%	16.9%
Production expense/issue	\$59	\$204	\$565	\$972	\$2,403	\$112	\$1,198	\$178

Production statistics (not in 000's unless indicated)

Total copies printed (in 000)	426	3,062	9,217	17,159	55,168	8,454	135,633	11,167
Copy pages (in millions)	51	472	1,652	3,355	12,381	750	16,952	1,093
Paper costs/1,000,000 pages	\$2,535	\$1,948	\$1,936	\$1,706	\$1,267	\$5,278	\$1,575	\$1,833
Printing and bindery costs/1,000,000 pages	\$5,986	\$1,945	\$1,541	\$1,309	\$1,007	\$5,256	\$1,542	\$1,165
Total production costs/1,000,000 pages	\$8,522	\$3,894	\$3,476	\$3,015	\$2,274	\$10,534	\$3,117	\$2,998
Average folio size	103	149	169	166	202	53	133	52
Book size per issue (wtd average)	121	154	179	196	224	89	125	98





**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
DISTRIBUTION DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Less than 100,000	100,000 - 500,000	500,000 - 1,000,000	1,000,000 - 2,000,000	Greater than 2,000,000	Weekly/Bi-Weekly		Not for Profit
						Less than 500,000	500,000 and above	
Number of magazines reporting	22	46	30	34	14	8	8	5
Number of issues	162	415	305	354	164	566	353	92
Average issues per magazine	7.4	9.0	10.2	10.4	11.7	70.8	44.1	18.4

Distribution expenses

Second/controlled class postage expense	\$101	\$646	\$2,096	\$3,738	\$11,972	\$1,668	\$19,840	\$2,276
Other subscription distribution expense	\$10	\$154	\$344	\$713	\$2,027	\$741	\$2,335	\$159
Total subscription distribution expense	\$111	\$800	\$2,440	\$4,452	\$13,999	\$2,409	\$22,175	\$2,435
% of total distribution expense	74.5%	92.4%	90.9%	91.4%	95.7%	79.8%	91.8%	99.6%
Single copy distribution expense	\$38	\$66	\$243	\$419	\$635	\$611	\$1,973	\$10
% of total distribution expense	25.5%	7.6%	9.1%	8.6%	4.3%	20.2%	8.2%	0.4%
Total distribution expense	\$149	\$866	\$2,683	\$4,871	\$14,634	\$3,020	\$24,148	\$2,445
Distribution exp. % total magazine exp.	8.0%	8.8%	9.2%	10.7%	14.4%	11.2%	10.4%	16.5%
Distribution expense as % total revenue	6.4%	7.9%	7.5%	8.4%	10.6%	8.8%	6.8%	12.6%
Average distribution expense per issue	\$20	\$96	\$264	\$468	\$1,249	\$43	\$547	\$133

Distribution copy statistics

Paid subscription copies	225	2,015	6,500	12,574	44,473	7,006	105,434	10,924
Paid single copies	51	314	936	1,772	3,760	457	12,620	37
Delivered single copies	174	933	2,600	4,441	10,324	1,267	27,700	129
Single copy sell-through	29.3%	39.4%	36.0%	39.9%	36.4%	36.1%	45.6%	28.6%

Distribution cost per copy statistics

Subscription dist. costs/paid sub copy	\$0.492	\$0.397	\$0.375	\$0.354	\$0.315	\$0.344	\$0.210	\$0.223
Single copy dist. costs/paid copy	\$0.743	\$0.209	\$0.259	\$0.237	\$0.169	\$1.335	\$0.156	\$0.266
Single copy dist. costs/copy delivered	\$0.217	\$0.070	\$0.093	\$0.094	\$0.061	\$0.482	\$0.071	\$0.076
Copy pages (000,000)	75	668	1,677	3,264	12,405	47	16,276	686
Distribution costs/1,000,000 pages	\$1,978	\$1,296	\$1,600	\$1,492	\$1,180	\$64,500	\$1,484	\$3,566





APPENDIX 2 – DATA ANALYSIS BY MAGAZINE REVENUE SIZE

Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
SUMMARY OF RESULTS

Revenue and expense expressed in thousands (000) unless indicated

	Under \$1 Million	\$1 - 5 Million	\$5 - 10 Million	\$10 - 20 Million	\$20 - 50 Million	Over \$50 Million
All numbers average per magazine						
Number of magazines reporting	41	19	26	19	36	26
Number of issues	302	206	545	234	516	608
Average issues per magazine	7.4	10.8	21.0	12.3	14.3	23.4
Revenue and revenue statistics						
Net advertising revenue	\$103	\$2,864	\$7,938	\$14,552	\$29,732	\$122,029
Gross subscription revenue	\$6,369	\$3,415	\$5,311	\$8,939	\$16,707	\$62,081
List rental revenue	\$92	\$57	\$134	\$243	\$661	\$832
Gross single copy revenue	\$847	\$635	\$1,386	\$2,256	\$6,128	\$27,173
Total magazine revenue	\$7,411	\$6,971	\$14,769	\$25,990	\$53,229	\$212,115
Total revenue/paid copy (not 000)	\$2.18	\$2.93	\$3.92	\$3.39	\$3.74	\$3.41
Expense and expense statistics						
Advertising expense	\$184	\$1,028	\$2,931	\$4,448	\$6,947	\$16,164
Subscription expense	\$3,240	\$1,662	\$3,670	\$7,688	\$11,528	\$37,933
Single copy expense	\$466	\$337	\$854	\$1,366	\$3,982	\$14,568
Editorial expense	\$501	\$993	\$2,575	\$3,392	\$7,199	\$21,657
Production expense	\$994	\$1,335	\$2,591	\$4,344	\$10,851	\$34,621
Distribution expense	\$904	\$784	\$1,106	\$2,490	\$5,007	\$15,974
Total magazine expense	\$6,289	\$6,139	\$13,726	\$23,728	\$45,513	\$140,917
Total expense per paid copy (not 000)	\$1.85	\$2.58	\$3.65	\$3.09	\$3.20	\$2.27
Operating profit/loss						
Operating profit	\$1,122	\$833	\$1,043	\$2,262	\$7,715	\$71,198
Operating profit as % of total revenue	15.1%	11.9%	7.1%	8.7%	14.5%	33.6%
Operating profit per paid copy (not 000)	\$0.33	\$0.35	\$0.28	\$0.29	\$0.54	\$1.14





**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
ADVERTISING DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Under \$1 Million	\$ 1 - 5 Million	\$5 - 10 Million	\$ 10 - 20 Million	\$20 - 50 Million	Over \$50 Million
Number of magazines reporting	41	19	26	19	36	26
Number of issues	302	206	545	234	516	608
Average issues per magazine	7.4	10.8	21.0	12.3	14.3	23.4

Ad revenue

Gross ad revenue	\$1,919	\$7,228	\$23,897	\$47,201	\$91,444	\$323,132
Agency commissions	\$127	\$434	\$1,310	\$2,609	\$5,148	\$18,889
Other discounts	\$1,689	\$3,929	\$14,649	\$30,040	\$56,564	\$182,215
Net advertising revenue	\$103	\$2,864	\$7,938	\$14,552	\$29,732	\$122,029
Net ad revenue per ad page (not 000)	\$1,404	\$5,726	\$9,700	\$19,374	\$30,349	\$62,449
% agency commissions of gross revenue	6.6%	6.0%	5.5%	5.5%	5.6%	5.8%
% other discounts of gross revenue	88.0%	54.4%	61.3%	63.6%	61.9%	56.4%
% total discounts of gross revenue	94.6%	60.4%	66.8%	69.2%	67.5%	62.2%
Average ad pages per issue	10.0	46.1	39.0	61.0	68.3	83.6
Average gross revenue per ad page (not 000)	\$26,174	\$14,450	\$29,199	\$62,843	\$93,342	\$165,364
Net ad revenue % of total magazine revenue	1.4%	41.1%	53.7%	56.0%	55.9%	57.5%

Ad expenses

Selling expense	\$169	\$749	\$2,290	\$3,742	\$5,482	\$13,562
Research and promotion expense	\$15	\$278	\$641	\$705	\$1,465	\$2,602
Total advertising expense	\$184	\$1,028	\$2,931	\$4,448	\$6,947	\$16,164
Ad expense % of total magazine expenses	2.9%	16.7%	21.4%	18.7%	15.3%	11.5%





**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
ADVERTISING DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Under \$1 Million	\$1 - 5 Million	\$5 - 10 Million	\$10 - 20 Million	\$20 - 50 Million	Over \$50 Million
Number of magazines reporting	41	19	26	19	36	26
Number of issues	302	206	545	234	516	608
Average issues per magazine	7.4	10.8	21.0	12.3	14.3	23.4

Ad profit/loss

Net ad revenue after expense	(\$81)	\$1,837	\$5,007	\$10,104	\$22,786	\$105,865
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Ad page statistics

Ad pages per magazine	73	500	818	751	980	1,954
Average ad pages per issue	10	46	39	61	68	84
Net ad revenue per ad page (not 000)	\$1,404	\$5,726	\$9,700	\$19,374	\$30,349	\$62,449
Selling expense per ad page (not 000)	\$2,301	\$1,498	\$2,798	\$4,982	\$5,596	\$6,940
Research and promo expense per ad page (not 000)	\$207	\$557	\$783	\$939	\$1,495	\$1,332
Total ad expense per page (not 000)	\$0	\$2,055	\$3,581	\$5,922	\$7,091	\$8,272
Ad expense as % of net ad revenue	178.6%	35.9%	36.9%	30.6%	23.4%	13.2%





Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
CIRCULATION DEPARTMENT

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Under \$1 Million	\$ 1 - 5 Million	\$5 - 10 Million	\$ 10 - 20 Million	\$20 - 50 Million	Over \$50 Million
Number of magazines reporting	41	19	26	19	36	26
Number of issues	302	206	545	234	516	608
Average issues per magazine	7.4	10.8	21.0	12.3	14.3	23.4

Circulation revenue

Gross subscription revenues	\$6,369	\$3,415	\$5,311	\$8,939	\$16,707	\$62,081
Gross single copy revenues	\$847	\$635	\$1,386	\$2,256	\$6,128	\$27,173
Total circulation revenues	\$7,217	\$4,050	\$6,697	\$11,195	\$22,836	\$89,254
Circulation rev % of total magazine revenue	97.4%	58.1%	45.3%	43.1%	42.9%	42.1%

Circulation expenses

Subscriptions:

Commissions to sub agencies	\$332	\$626	\$1,613	\$4,521	\$4,300	\$16,122
% total circulation expense	9.0%	31.3%	35.7%	49.9%	27.7%	30.7%
Other sub promotion costs	\$2,147	\$606	\$1,291	\$1,984	\$4,475	\$15,749
% total circulation expense	57.9%	30.3%	28.5%	21.9%	28.9%	30.0%
Sub-total agency and promotion expenses	\$2,479	\$1,232	\$2,904	\$6,505	\$8,775	\$31,872
First class postage costs	\$87	\$51	\$141	\$140	\$483	\$1,103
% total circulation expense	2.3%	2.6%	3.1%	1.5%	3.1%	2.1%
Third class postage costs	\$211	\$166	\$264	\$513	\$1,257	\$1,976
% total circulation expense	5.7%	8.3%	5.8%	5.7%	8.1%	3.8%
Fulfillment costs	\$464	\$212	\$361	\$531	\$1,013	\$2,983
% total circulation expense	12.5%	10.6%	8.0%	5.9%	6.5%	5.7%
Total subscription acquisition costs	\$3,240	\$1,662	\$3,670	\$7,688	\$11,528	\$37,933
% total circulation expense	87.4%	83.1%	81.1%	84.9%	74.3%	72.3%





Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
CIRCULATION DEPARTMENT

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Under \$1 Million	\$ 1 - 5 Million	\$5 - 10 Million	\$ 10 - 20 Million	\$20 - 50 Million	Over \$50 Million
Number of magazines reporting	41	19	26	19	36	26
Number of issues	302	206	545	234	516	608
Average issues per magazine	7.4	10.8	21.0	12.3	14.3	23.4

Circulation expenses

Single-copy:

Commissions on single copy sales	\$444	\$295	\$770	\$1,203	\$3,525	\$12,832
% total circulation expense	12.0%	14.8%	17.0%	13.3%	22.7%	24.4%
Other single copy promotion costs	\$22	\$42	\$84	\$163	\$457	\$1,736
% total circulation expense	0.6%	2.1%	1.9%	1.8%	2.9%	3.3%
Total single-copy expenses	\$466	\$337	\$854	\$1,366	\$3,982	\$14,568
% total circulation expense	12.6%	16.9%	18.9%	15.1%	25.7%	27.7%
Total circulation expenses	\$3,706	\$1,999	\$4,524	\$9,054	\$15,510	\$52,501
Circ expense % of total magazine expense	58.9%	32.6%	33.0%	38.2%	34.1%	37.3%

Circulation profit/loss

Net circulation revenue	\$3,510	\$2,051	\$2,174	\$2,141	\$7,326	\$36,752
Circ expense % of net circulation revenue	51.4%	49.4%	67.5%	80.9%	67.9%	58.8%





**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
CIRCULATION DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Under \$1 Million	\$ 1 - 5 Million	\$5 - 10 Million	\$ 10 - 20 Million	\$20 - 50 Million	Over \$50 Million
Number of magazines reporting	41	19	26	19	36	26
Number of issues	302	206	545	234	516	608
Average issues per magazine	7.4	10.8	21.0	12.3	14.3	23.4

Per copy statistics (not in 000's unless indicated)

Paid subscription copies (000)	3,236	2,172	3,324	7,135	12,748	55,463
Paid sub copies per avg issue (000)	439	200	159	579	889	2,372
% subscription copies of total circulation	12.9%	8.4%	4.2%	7.5%	6.2%	3.8%
Average price per subscription	\$14.50	\$17.04	\$33.49	\$15.43	\$18.79	\$26.17
Gross sub revenue/paid sub copy	\$1.97	\$1.57	\$1.60	\$1.25	\$1.31	\$1.12
Sub promo cost/paid sub copy	\$0.77	\$0.57	\$0.87	\$0.91	\$0.69	\$0.57
Sub fulfillment cost/paid sub copy	\$0.14	\$0.10	\$0.11	\$0.07	\$0.08	\$0.05
Single copy sales (000)	165	205	440	539	1,497	6,734
Single copy sell through	44.6%	34.3%	35.2%	31.6%	36.6%	42.3%
Single copies per avg issue (000)	22	19	21	44	104	288
% single copy copies of total circulation	0.7%	0.8%	0.6%	0.6%	0.7%	0.5%
Gross single copy revenue/paid single copy	\$5.14	\$3.10	\$3.15	\$4.18	\$4.09	\$4.04
Single copy expense/paid single copy	\$2.82	\$1.65	\$1.94	\$2.53	\$2.66	\$2.16
Net paid copies (000)	3,401	2,378	3,764	7,675	14,245	62,197
Net paid copies per issue (000)	462	219	180	623	994	2,660
Circulation revenue per paid copy	\$2.12	\$1.70	\$1.78	\$1.46	\$1.60	\$1.44
Circulation expense per paid copy	\$1.09	\$0.84	\$1.20	\$1.18	\$1.09	\$0.84
Revenue after expense per copy	\$1.03	\$0.86	\$0.58	\$0.28	\$0.51	\$0.59





Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
EDITORIAL DEPARTMENT

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Under \$1 Million	\$ 1 - 5 Million	\$5 - 10 Million	\$ 10 - 20 Million	\$20 - 50 Million	Over \$50 Million
Number of magazines reporting	41	19	26	19	36	26
Number of issues	302	206	545	234	516	608
Average issues per magazine	7.4	10.8	21.0	12.3	14.3	23.4

Editorial expense and expense statistics

Manuscripts and art	\$71	\$331	\$475	\$723	\$1,924	\$4,383
% total editorial expenses	14.2%	33.4%	18.4%	21.3%	26.7%	20.2%
Other editorial department expense	\$430	\$662	\$2,100	\$2,669	\$5,275	\$17,274
% of total edit expense	85.8%	66.6%	81.6%	78.7%	73.3%	79.8%
Total editorial expense	\$501	\$993	\$2,575	\$3,392	\$7,199	\$21,657
Edit expense as % of total magazine expense	8.0%	16.2%	18.8%	14.3%	15.8%	15.4%
Edit expense as % of total revenue	6.8%	14.2%	17.4%	13.1%	13.5%	10.2%
Total edit expense per average issue	\$68	\$92	\$123	\$275	\$502	\$926

Editorial pages and statistics

Editorial pages	427	773	1,160	808	1,055	2,060
Average edit pages per average issue	58	71	55	66	74	88
Total pages produced	500	1,273	1,979	1,559	2,035	4,014
Average folio size	68	117	94	127	142	172
Editorial pages as % of total pages	85.3%	60.7%	58.6%	51.8%	51.9%	51.3%
Manuscripts and art exp/edit page (not 000)	\$166	\$429	\$409	\$895	\$1,824	\$2,127
Other edit expenses/edit page (not 000)	\$1,007	\$856	\$1,810	\$3,302	\$5,000	\$8,384
Total edit cost/edit page (not 000)	\$1,173	\$1,285	\$2,219	\$4,197	\$6,823	\$10,511





**Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
PRODUCTION DEPARTMENT**

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Under \$1 Million	\$ 1 - 5 Million	\$5 - 10 Million	\$ 10 - 20 Million	\$20 - 50 Million	Over \$50 Million
Number of magazines reporting	41	19	26	19	36	26
Number of issues	302	206	545	234	516	608
Average issues per magazine	7.4	10.8	21.0	12.3	14.3	23.4

Production

Paper expense	\$513	\$634	\$1,164	\$2,341	\$6,126	\$18,545
% of total production expense	51.6%	47.5%	44.9%	53.9%	56.5%	53.6%
Printing and bindery expense	\$481	\$701	\$1,427	\$2,002	\$4,725	\$16,076
% of total production expense	48.4%	52.5%	55.1%	46.1%	43.5%	46.4%
Total production expense	\$994	\$1,335	\$2,591	\$4,344	\$10,851	\$34,621
Production expense as % total magazine expense	15.8%	21.7%	18.9%	18.3%	23.8%	24.6%
Production expense as % of total revenue	13.4%	19.1%	17.5%	16.7%	20.4%	16.3%
Production expense/issue	\$135	\$123	\$124	\$353	\$757	\$1,481

Production statistics (not in 000's unless indicated)

Total copies printed (in 000)	3,627	2,866	4,693	9,015	17,029	72,367
Copy pages (in millions)	252	373	643	1,227	3,149	12,926
Paper costs/1,000,000 pages	\$2,037	\$1,701	\$1,812	\$1,909	\$1,945	\$1,435
Printing and bindery costs/1,000,000 pages	\$1,909	\$1,881	\$2,220	\$1,632	\$1,500	\$1,244
Total production costs/1,000,000 pages	\$3,946	\$3,582	\$4,032	\$3,541	\$3,445	\$2,678
Average folio size	68	117	94	127	142	172
Book size per issue (wtd average)	69	130	137	136	185	179





Magazine Publishers of America, Inc.
The Jordan, Edmiston Group, Inc.
DISTRIBUTION DEPARTMENT

Revenue and expense expressed in thousands (000) unless indicated

All numbers average per magazine	Under \$1 Million	\$ 1 - 5 Million	\$5 - 10 Million	\$ 10 - 20 Million	\$20 - 50 Million	Over \$50 Million
Number of magazines reporting	41	19	26	19	36	26
Number of issues	302	206	545	234	516	608
Average issues per magazine	7.4	10.8	21.0	12.3	14.3	23.4

Distribution expenses

Second/controlled class postage expense	\$788	\$584	\$783	\$2,073	\$3,860	\$12,725
Other subscription distribution expense	\$99	\$115	\$214	\$293	\$762	\$1,955
Total subscription distribution expense	\$887	\$700	\$997	\$2,366	\$4,622	\$14,680
% of total distribution expense	98.1%	89.3%	90.2%	95.0%	92.3%	91.9%
Single copy distribution expense	\$17	\$84	\$109	\$124	\$385	\$1,294
% of total distribution expense	1.9%	10.7%	9.8%	5.0%	7.7%	8.1%
Total distribution expense	\$904	\$784	\$1,106	\$2,490	\$5,007	\$15,974
Distribution exp. % total magazine exp.	14.4%	12.8%	8.1%	10.5%	11.0%	11.3%
Distribution expense as % total revenue	12.2%	11.2%	7.5%	9.6%	9.4%	7.5%
Average distribution expense per issue	\$123	\$72	\$53	\$202	\$349	\$683

Distribution copy statistics

Paid subscription copies	3,236	2,172	3,324	7,135	12,748	55,463
Paid single copies	165	205	440	539	1,497	6,734
Delivered single copies	370	597	1,251	1,709	4,089	15,922
Single copy sell-through	44.6%	34.3%	35.2%	31.6%	36.6%	42.3%

Distribution cost per copy statistics

Subscription dist. costs/paid sub copy	\$0.274	\$0.322	\$0.300	\$0.332	\$0.363	\$0.265
Single copy dist. costs/paid copy	\$0.103	\$0.410	\$0.247	\$0.230	\$0.257	\$0.192
Single copy dist. costs/copy delivered	\$0.046	\$0.141	\$0.087	\$0.073	\$0.094	\$0.081
Copy pages (000,000)	91	246	926	1,186	3,759	13,836
Distribution costs/1,000,000 pages	\$9,945	\$3,182	\$1,195	\$2,099	\$1,332	\$1,155



APPENDIX 3 – FINANCIAL SURVEY DEFINITIONS

Revenue

Gross Advertising Revenue	Gross advertising revenue is the number of advertising pages sold at the one-time advertising rate.
Agency Commissions	The commissions paid to advertising agencies for their service of placing print advertisements.
Other Discounts	Other discounts includes: negotiated discounts off posted advertising rate card between advertisers and publishers; volume discounts; discounts offered for prompt payment; and any other types of discounts available to advertisers.
Net Advertising Revenue	Advertising revenue after the deduction of agency commissions and other discounts.
Gross Subscription Revenue	Subscription revenue on a “when earned” (sometimes referred to as “accrued” or “deferred”) gross basis – i.e., the amount paid by the subscribers after deductions for refunds on cancellations and losses on charged orders not collected. Commissions to subscription agencies are not deducted from this figure, as these payments are treated as circulation expense.
Gross Single Copy Revenue	Gross revenue received from single copy sales is based on the total amount paid by the consumer. This total reflects actual sales closed out plus deliveries, less estimated return for issues which were not yet closed out. This figure includes bulk and single copy sales.

Expenses

Advertising

Selling Costs	All salaries, fringe benefits, bonuses and commissions of sales staff (including branch office staff), their travel and entertainment expenses, commissions to outside sales representatives and cost of sales force conventions, rent and other departmental expenses.
Research and Promotion Costs	Salaries, fringe benefits, bonuses, rent and other departmental expenses of promotion and research staff, cost of magazine advertising designed to promote the magazine as an advertising medium, complimentary list copies, presentations and sales aids, advertising research, merchandising and value added services to advertisers.

Circulation

Commissions to Subscription Agents	Commissions and expense allowances paid to or retained by subscription agencies for the sale of magazine subscriptions, computed on a “when earned” or “accrued” basis in proportion to gross subscription revenue recognized as income.
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Subscription Promotion Costs All costs of preparing, printing and mailing (excluding postage) new, renewal, collection and other subscription promotion pieces, including paper costs. This expense also includes the cost of insert cards bound and blown into the magazine, cost of mailing lists, promotional material for use by catalog and field agencies and departmental expenses, such as salaries, fringe benefits, bonuses, rents and commissions of publishers' own subscription promotion staff. Also included in this cost line is TV, cable, radio and other advertising for subscriptions.

Fulfillment Costs Costs of opening subscription mail, processing orders, handling subscription cash, keeping records on subscription income, collections and agents. This line item also includes maintenance of subscription files and order entry, handling complaints and correspondence, ABC/BPA records and general fulfillment office routine. Additionally, this cost item comprises preparation of mailing labels, renewal addressing operations, computer and equipment rentals and fulfillment department supplies. If any or all fulfillment services are performed by a fulfillment agency, charges by the agency are also included in this cost item.

Single Copy

Single Copy Costs This cost item includes all commissions, brokerage fees and retail display allowances paid to or retained by national distributors, wholesalers and retail outlets in the sale of single copies.

Single Copy Promotion Costs All salaries, fringe benefits, bonuses, travel expenses of those engaged in single copy promotion (includes consultants), cost of racks and display equipment, cost of media, advertising and printed matter to promote single copy sales and cost of sales meetings, rent and other departmental costs.

Editorial Costs

Manuscripts and Art All costs related to the intellectual production of magazines, including used and unused manuscripts, photos, illustrations, designs and artwork. This cost center also includes photo research fees, kill fees and all expenses directly related to the creation of photo images, such as film and processing, models and stylists, hair and make-up, equipment and studio rental, photography assistants, travel expenses for freelance staff, location fees, and props.

Other Editorial Department Costs Salaries and fringe benefits of editorial executives, editors, writers, editorial assistants, researchers and clerical personnel, art executives, art directors, picture editors, artists, photographers and any other departmental assistants. Also included in this line item are outside mechanical and layout artists, editorial services such as retainers, stringers and consultants, as well as any other outside help used to supplement the internal editorial staff. This line item comprises all costs incurred that relate directly to the functioning of the editorial team, such as staff travel and entertainment, rent, reference books and

subscriptions, on-line services, stationary and supplies (including art and photographic supplies), messenger and delivery service and any other direct departmental costs. This line item also includes editorial research costs initiated by the editorial department, such as readership studies, outside surveys and technical testing.

Manufacturing and Production¹

- Paper Costs** Cost of paper used in publishing magazines, including delivery and storage charges.
- Printing and Binding Costs** All printing charges, including the cost of editorial and advertising separations, typesetting, engraving, ink, printing, cutting, folding, gathering, binding and trimming. This cost item also includes internal production department costs, such as salaries, fringe benefits, bonuses and related travel expenses.

Distribution

- Second Class Postage Costs** The amount of postage paid to distribute magazines to subscribers.
- Other Subscription Distribution Costs** Expenses, other than postage, incurred in the distribution of magazines to subscribers, such as wrapping, freight, transportation of copies to postal entry points and any incidental charges. This line item also includes the cost of private delivery programs.
- Single Copy Distribution Costs** Expenses similar to those listed for subscription distribution, but incurred in the distribution of single copies to wholesalers, break-up agents, retailers and others.

Other Postage Costs

- First Class Postage Costs** The amount of postage paid primarily for direct mail subscriber renewal efforts and the collection of subscription fees.
- Third Class Postage Costs** The amount of postage paid during the year for subscription mailing efforts.

Supplementary Data

- Advertising Pages Sold** The total number of paid advertising pages sold for all issues during the year. This does not include in-house or public service advertising.
- Editorial Pages** The total number of editorial pages produced for all issues during the year.

¹ Note to publishers: for those who do not break out production costs by category, allocate your total production costs among paper costs and printing and binding costs based on your estimates of each of these categories.

Total Number of Subscription Copies Delivered	Total number of copies mailed to subscribers, including bulk subscriptions, but not including samples, complimentary copies and other.
Total Single Copy Sales	Total number of copies sold through newsstands and other single copy retail outlets during the entire year. For issues not closed out, sales are estimated.
Total Single Copy Returns	Total number of copies returned by newsstands and other single copy outlets during the entire year. For issues not closed out, returns are estimated.

APPENDIX 4 – SURVEY PARTICIPANTS

Magazine publisher	Magazine title	5 Year analysis	Analysis by size
American Express Publishing	<i>Departures</i>	X	X
	<i>Food & Wine</i>		X
	<i>Travel & Leisure</i>	X	X
	<i>Travel & Leisure Golf</i>	X	X
AOPA Membership Publications	<i>AOPA Pilot</i>		X
	<i>Flight Training</i>		X
Arthritis Foundation	<i>Arthritis Today</i>		X
Atlantic Monthly Group	<i>Atlantic Monthly</i>		X
Boy Scout's of America	<i>Boy's Life</i>	X	X
Congressional Quarterly	<i>Congressional Quarterly</i>		X
Crain Communications	<i>Advertising Age</i>	X	X
	<i>Automotive News</i>	X	X
	<i>AutoWeek</i>	X	X
D Magazine Partners	<i>D Home and Garden</i>		X
	<i>D Magazine</i>		X
Dynamic Resource Group	<i>Annie's Favorite Crochet</i>		X
	<i>Annie's Plastic Canvas</i>		X
	<i>Card Maker</i>		X
	<i>Clotilde's Sewing Savvy</i>		X
	<i>Creative Knitting</i>		X
	<i>Crochet!</i>		X
	<i>Crochet World</i>		X
	<i>Good Old Days</i>		X
	<i>Good Old Days Specials</i>		X
	<i>Home Cooking</i>		X
	<i>Hooked on Crochet</i>		X
	<i>Paperworks</i>		X
	<i>Quilt World</i>		X
	<i>Simply Beads</i>		X
<i>Woodworking for Women</i>		X	
Economist Group, The	<i>Economist</i>		X
EMAP Metro	<i>FHM</i>		X
Emmis Communications	<i>Texas Monthly</i>	X	X
Forbes	<i>Forbes</i>		X
Hachette Filipacchi Media	<i>American Photo</i>	X	X
	<i>Boating</i>	X	X
	<i>Car & Driver</i>	X	X
	<i>Cycle World</i>	X	X
	<i>Elle</i>	X	X
	<i>Elle Décor</i>	X	X
	<i>Flying</i>	X	X
	<i>Home</i>	X	X
	<i>Metropolitan Home</i>	X	X
	<i>Popular Photography</i>	X	X
	<i>Premiere</i>	X	X
	<i>Road & Track</i>	X	X
	<i>Sound & Vision</i>	X	X
	<i>Woman's Day</i>	X	X

Magazine publisher	Magazine title	5 Year analysis	Analysis by size
Hearst Corporation	<i>Country Living</i>	X	X
	<i>Esquire</i>	X	X
	<i>Good Housekeeping</i>	X	X
	<i>Harper's Bazaar</i>	X	X
	<i>House Beautiful</i>	X	X
	<i>Marie Claire</i>	X	X
	<i>Popular Mechanics</i>	X	X
	<i>Redbook</i>	X	X
	<i>Smart Money</i>	X	X
	<i>Town and Country</i>		X
Highlights For Children	<i>Highlights For Children</i>	X	X
IEEE	<i>IEEE Spectrum</i>	X	X
International Association of Lions Clubs	<i>LION Magazine</i>		X
Kiplinger Washington Editors	<i>Kiplinger's Personal Finance</i>		X
Latina Media Ventures	<i>Latina</i>		X
LPI Media	<i>Advocate</i>		X
	<i>HIV+</i>		X
	<i>Out</i>		X
	<i>Out Traveler</i>		X
Martha Stewart Living Omnimedia	<i>Martha Stewart Living</i>	X	X
McGraw-Hill Publications Company	<i>Business Week</i>		X
Meredith Corporation	<i>American Baby</i>		X
	<i>American Patchwork & Quilting</i>		X
	<i>Better Homes and Gardens</i>	X	X
	<i>Better Homes and Gardens Wood</i>	X	X
	<i>Country Home</i>	X	X
	<i>Kitchen & Bath Ideas</i>		X
	<i>Ladies' Home Journal</i>	X	X
	<i>Midwest Living</i>	X	X
	<i>More</i>	X	X
	<i>Remodeling Ideas</i>		X
	<i>Scrapbooks, Etc.</i>		X
	<i>Successful Farming</i>	X	X
	<i>Traditional Home</i>	X	X
National Geographic Society	<i>Adventure</i>		X
	<i>National Geographic</i>		X
	<i>National Geographic Traveler</i>		X
	<i>NG Kids</i>		X
National Journal Group	<i>National Journal</i>		X
Newsweek	<i>Newsweek</i>	X	X
Ogden Publications	<i>Mother Earth News</i>		X
Oklahoma Tourism & Recreation	<i>Oklahoma Today</i>	X	X
Playboy Enterprises	<i>Playboy</i>	X	X
Reader's Digest Association	<i>American Woodworker</i>	X	X
	<i>Family Handyman</i>	X	X
	<i>Reader's Digest</i>	X	X
	<i>Reader's Digest Large Type</i>	X	X
	<i>Reader's Digest Selecciones</i>	X	X

Magazine publisher	Magazine title	5 Year analysis	Analysis by size
Reiman Publications	<i>Backyard Living</i>		X
	<i>Birds & Bloom</i>		X
	<i>Birds & Bloom Extra</i>		X
	<i>Cooking for Two</i>		X
	<i>Country</i>		X
	<i>Country Discoveries</i>		X
	<i>Country Extra</i>		X
	<i>Country Woman</i>		X
	<i>Crafting Traditions</i>		X
	<i>Farm & Ranch Living</i>		X
	<i>Reminisce</i>		X
	<i>Reminisce Extra</i>		X
	<i>Taste of Home</i>		X
	<i>Taste of Home's Light & Tasty</i>		X
<i>Taste of Home's Quick Cooking</i>		X	
Rodale Press	<i>Backpacker</i>	X	X
	<i>Best Life</i>		X
	<i>Bicycling</i>	X	X
	<i>Men's Health</i>	X	X
	<i>Organic Gardening</i>		X
	<i>Prevention</i>	X	X
	<i>Runner's World</i>	X	X
Science Service	<i>Science News</i>		X
Smithsonian Business Ventures	<i>Smithsonian</i>	X	X
Time	<i>All You</i>		X
	<i>Babytalk</i>	X	X
	<i>Business 2.0</i>	X	X
	<i>Entertainment Weekly</i>	X	X
	<i>Essence</i>	X	X
	<i>Fortune</i>	X	X
	<i>Fortune Small Business</i>	X	X
	<i>InStyle</i>	X	X
	<i>Life</i>		X
	<i>Money</i>	X	X
	<i>Parenting</i>	X	X
	<i>People</i>	X	X
	<i>People En Espanol</i>	X	X
	<i>Real Simple</i>	X	X
	<i>Sports Illustrated</i>	X	X
	<i>Sports Illustrated for Kids</i>	X	X
	<i>Sports Illustrated on Campus</i>		X
	<i>Teen People</i>	X	X
	<i>This Old House</i>	X	X
	<i>Time</i>	X	X
Southern Progress Group	<i>Coastal Living</i>	X	X
	<i>Cooking Light</i>	X	X
	<i>Cottage Living</i>		X
	<i>Health</i>	X	X
	<i>Progressive Farmer</i>	X	X
	<i>Southern Accents</i>		X
	<i>Southern Living</i>	X	X
	<i>Sunset</i>	X	X

Magazine publisher	Magazine title	5 Year analysis	Analysis by size
Time4 Media Group	<i>Field & Stream</i>	X	X
	<i>Golf</i>	X	X
	<i>Motocross</i>		X
	<i>Motor Boating</i>	X	X
	<i>Outdoor Life</i>	X	X
	<i>Popular Science</i>	X	X
	<i>Ride BMX</i>	X	X
	<i>Salt Water Sportsman</i>	X	X
	<i>Skateboarding</i>	X	X
	<i>Ski</i>	X	X
	<i>Skiing</i>	X	X
	<i>Snowboarding</i>	X	X
	<i>Surf</i>	X	X
	<i>Transworld Business</i>		X
<i>Yachting</i>	X	X	
Trend Magazines	<i>Florida Trend</i>	X	X
Urban Publishers			X
Viacom	<i>Nickelodeon Magazine</i>		X
Yankee Publishing	<i>Yankee</i>		X