



**Credit Suisse Media & Telecom Week Conference**  
**December 7, 2006**

**Presenters:**  
**Daniel McCarthy, Chairman & CEO**  
**Gerry Parker, SVP & CFO**

# **Business Overview**

**Dan McCarthy**  
**Chairman & CEO**



# Leveraging National Operating Scale and Local Entrepreneurial Sales

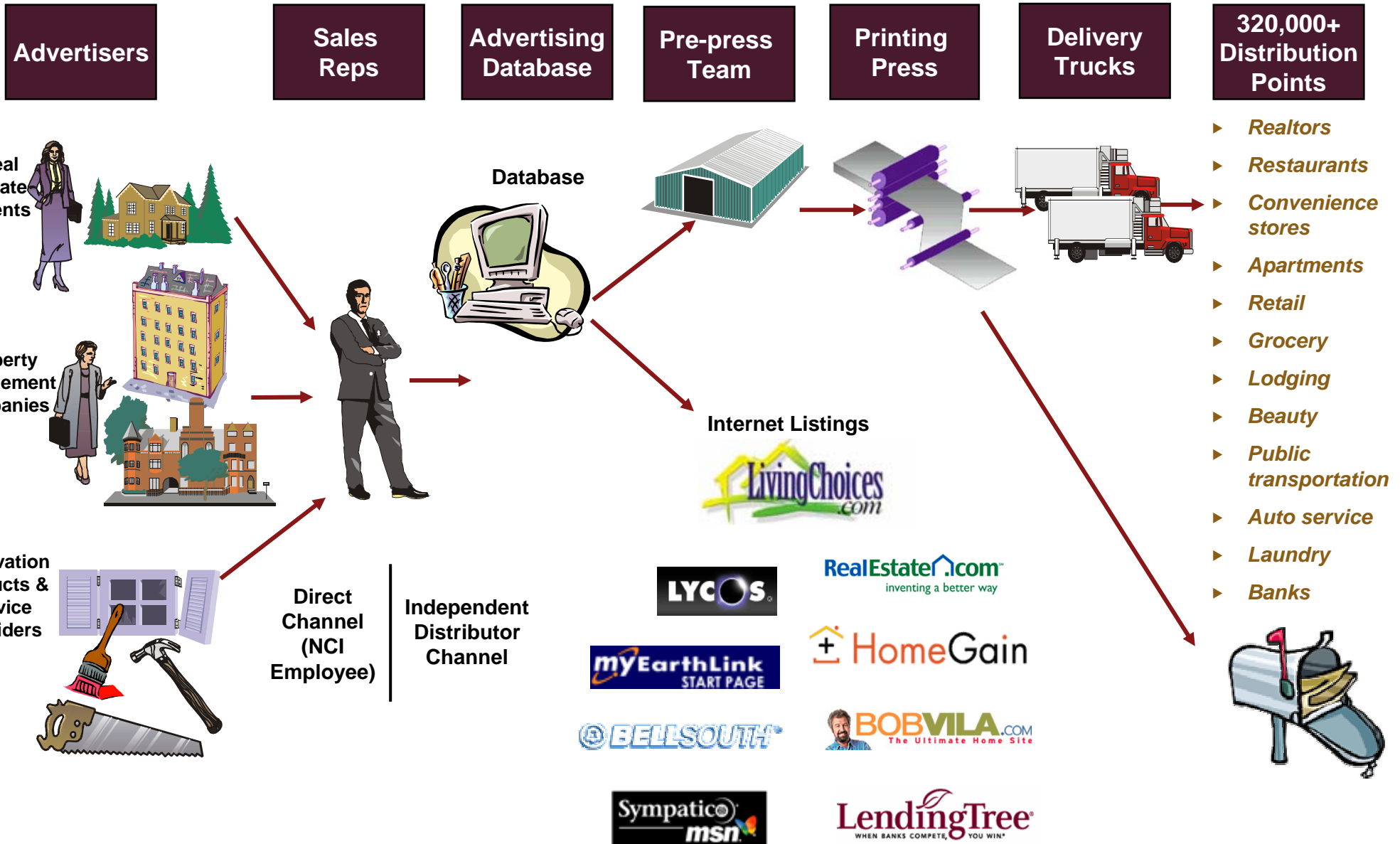


- ▶ Highly incented sales force of over 400 captive sales professionals and more than 600 licensed sales professionals
- ▶ 45,000+ advertisers each month rely on NCI to generate quality leads resulting in high advertiser renewal rates
- ▶ NCI distributes its products through an extensive proprietary print and online distribution network, creating substantial barriers to entry
  - Our print distribution network includes more than 320,000 proprietary distribution points
  - Our online distribution network includes our proprietary real estate portal, *www.livingchoices.com*, with over 1 million unique visitors each month, as well as more than 10 online distribution partners with reach of 43 million online users per month
- ▶ Robust and scalable operating infrastructure
  - More than 10 billion printed pages produced in 2006
  - More than 448,000 images processed
  - Vertically integrated business & market-leading technology accelerates time to market and service to advertisers
  - Produce and print the majority of our publications at a 120,000 sq. ft. facility in Lawrenceville, GA
- ▶ LTM September 2006 Revenue<sup>(1)</sup> and EBITDA<sup>(1)</sup> of \$195.6 mm and \$46.8 mm, respectively

**NCI's performance is not directly tied to housing starts, as most of its products are for existing homes. Also, when the real estate market slows, advertising increases because listings remain on the market for a longer period of time.**

(1) Pro forma for acquisitions. Adjusted EBITDA reflects non-recurring charges and other add backs.

# What We Do



# Market Overview

Company Overview

Growth Strategy

Financial Overview

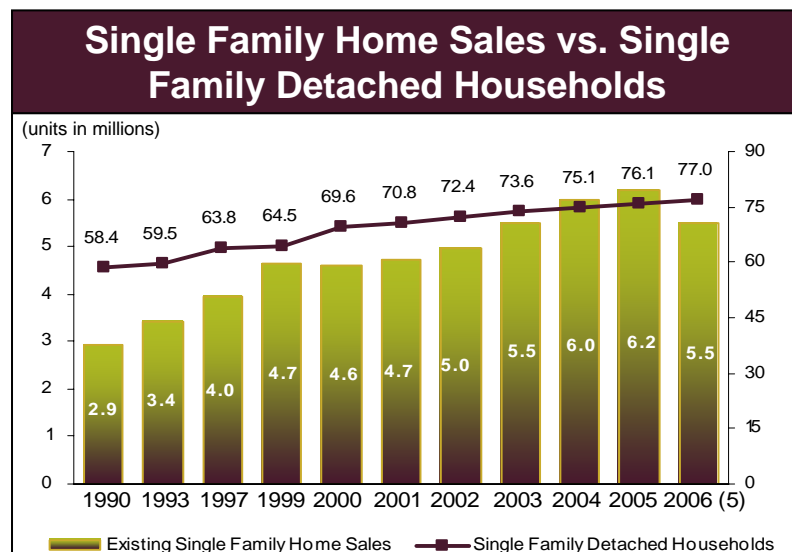
# Market Dynamics

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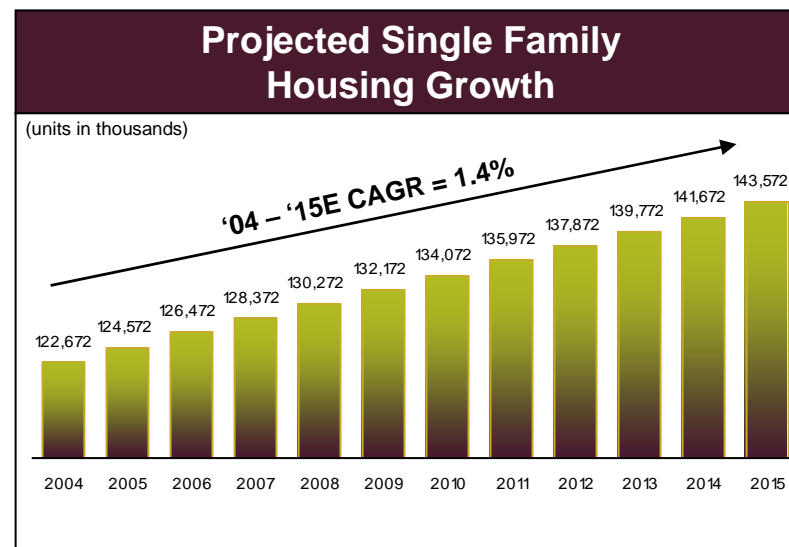
- ▶ NCI participates in three large segments of the real estate market
  - Homes sales
  - Rentals
  - Home Improvement
- ▶ NCI's largest participation is in the resale homes sector
  - Tracks closely with the **volume** of transactions for resale of existing homes
  - Volume unrelated to value of real estate transactions
  - Ongoing need for real estate agents, property managers and renovation service providers to advertise frequently to generate leads
  - In soft housing market, the need for and duration of real estate advertising increases as time-on-market expands
  - Business is absolutely local in nature and not national
- ▶ Multi-family sector tends to be counter-cyclical to the resale home sector
- ▶ Home Improvement becomes a significant focus for marketers when new home starts decline

# Powerful Industry Demographics

- ▶ Long-term growth in housing market supported by rising home ownership, strong population growth and flexible home financing options
  - Long-term growth shows consistent correlation with real estate classifieds
- ▶ Homeownership increases dramatically among people aged 35 and over
  - The 45-64 age group is projected to grow at a CAGR of 8% through 2010
- ▶ Influx of new immigrants and growing homeownership among minorities
  - Over the past 10 years, minorities have accounted for 40% of the growth in homeownership
  - Net immigration projected to exceed 1.2 million annually between 2003 and 2013
- ▶ Only 3% of our FY 2005 revenues was driven by new home sales



Source: National Association of Realtors and American Community Survey.



Source: U.S. Census Bureau, 2004, American Community Survey; and Harvard Joint Center for Housing Studies.

# As Predicted, Real Estate Slowdown Has Helped Drive NCI Growth



	CY 05				CY 06		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Existing Homes - months of inventory</b>	3.7	4.3	4.6	5.1	5.6	6.8	7.3
<b>TREB Y-O-Y Revenue Growth</b>	10.8%	12.8%	13.9%	15.8%	18.6%	17.0%	13.3%

# Attractive Sector Investment Characteristics

## Implied Equity Value

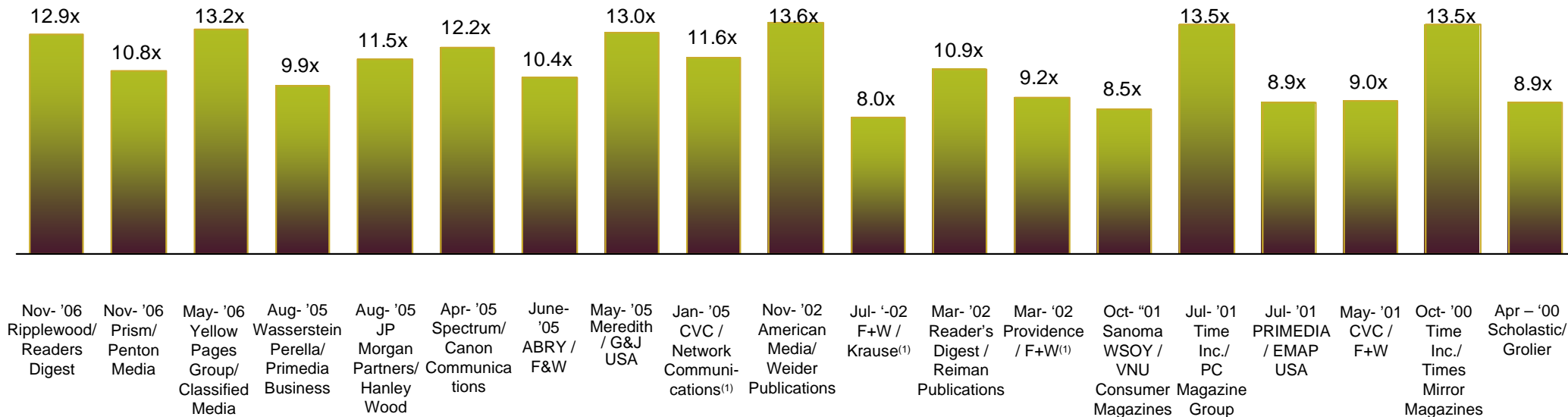
(\$ in millions)

	CVC Purchase Price LTM 9/10/06	M&A Comparables LTM 9/10/06
EBITDA Multiple	11.6x	10.9x
LTM Sept. 2006 EBITDA	\$46.8	\$46.8
<b>Implied Enterprise Value</b>	<b>\$542.9</b>	<b>\$510.1</b>
Funded Debt <sup>(1)</sup>	\$255.2	\$255.2
Cash <sup>(1)</sup>	14.9	14.9
<b>Implied Equity Value</b>	<b>\$302.6</b>	<b>\$269.8</b>
<b>Implied Equity Value as % of TEV</b>	<b>55.7%</b>	<b>52.9%</b>

(1) Balance sheet as of 9/10/06

Median = 10.9x

## Comparable Acquisition Transactions



(1) Estimated multiple.

**Strong equity cushion of 56% based on purchase price multiple.**

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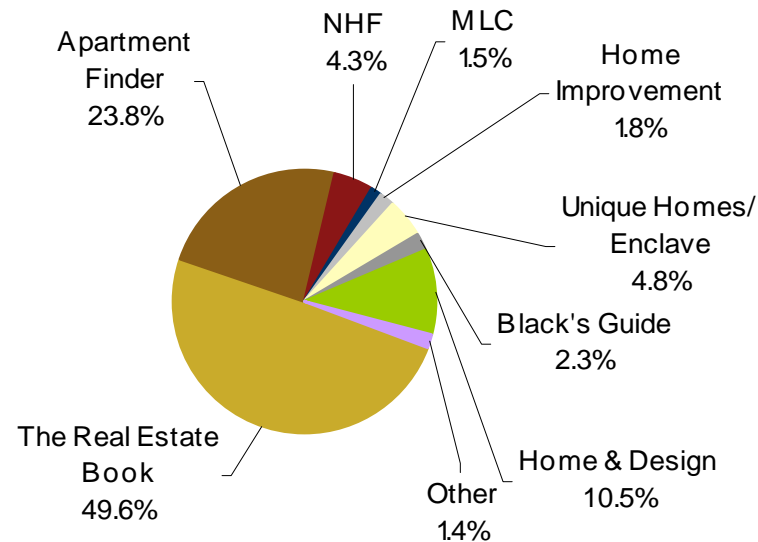
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# Diversified Revenue Mix

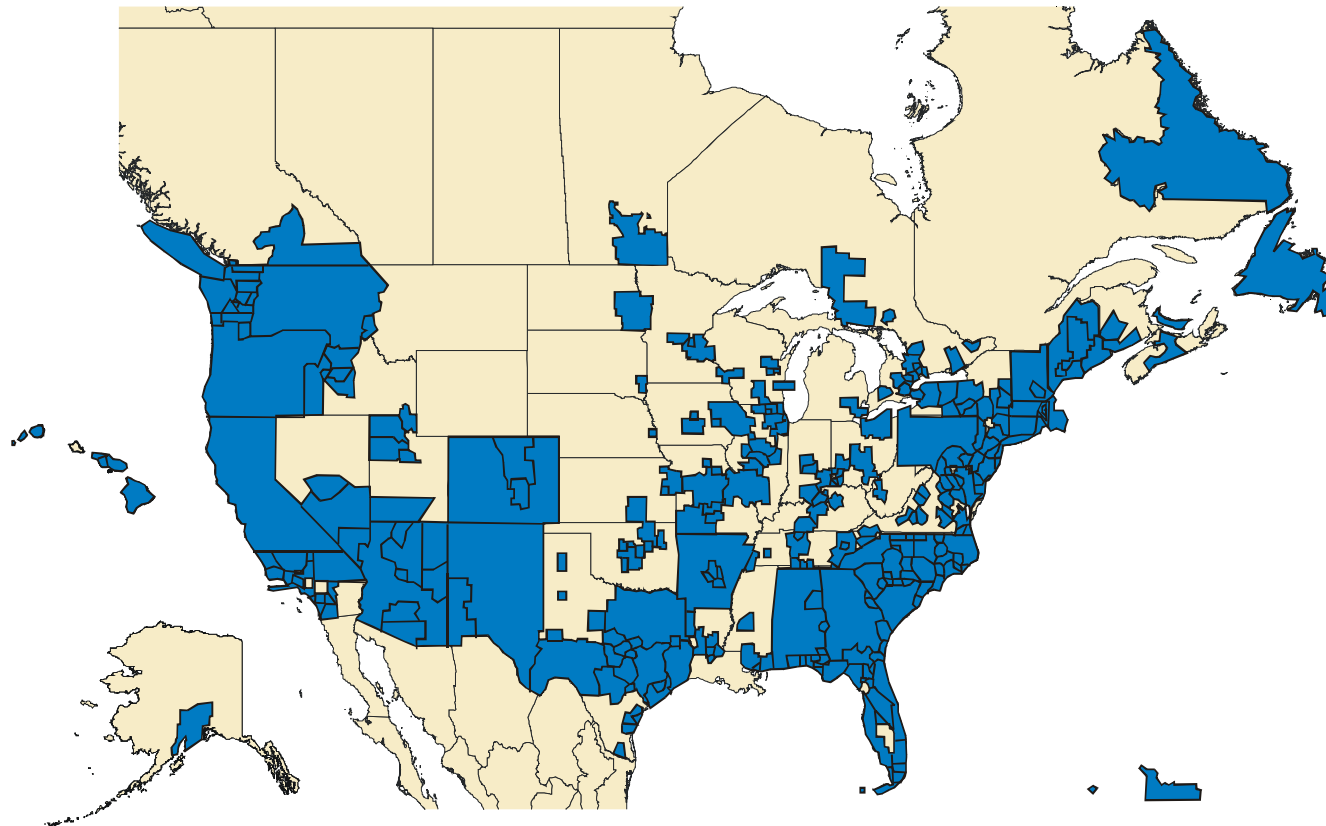
- ▶ Over 45,000 advertisers in every four-week period, with no one advertiser accounting for more than 0.4% of total revenue

## Revenue Mix



# Broad Geographic Reach With Multiple Brands

- ▶ NCI brands are distributed in more than 550 markets around the U.S, covering approximately 70% of the U.S. populations
- ▶ NCI's flagship brand, The Real Estate Book ("TREB") is the #1 free publication circulation in North America and the 6th largest circulation in the world
  - 481 editions in circulation
- ▶ Apartment Finder has 97 editions in circulation
- ▶ NCI also distributes 74 editions of its other brands serving the housing industry
  - Home Design & Improvement has 16 editions, with significant expansion opportunity



# Complementary Sales Channel Strategies

## ▶ Independent Distributor (“ID”) Channel

- Long-term license agreements of 10+ years gives IDs the right to sell advertising and distribute a specific brand in a defined geographic territory
- IDs pay monthly fee based on volume; vast majority of revenue is prepaid
- Low capital investment, high-margin channel strategy allows for successful saturation of smaller, lower-volume market opportunities
- Primary channel for *The Real Estate Book*; secondary channel for *Apartment Finder* and *New Home Finder*

## ▶ Direct (“Direct”) Channel

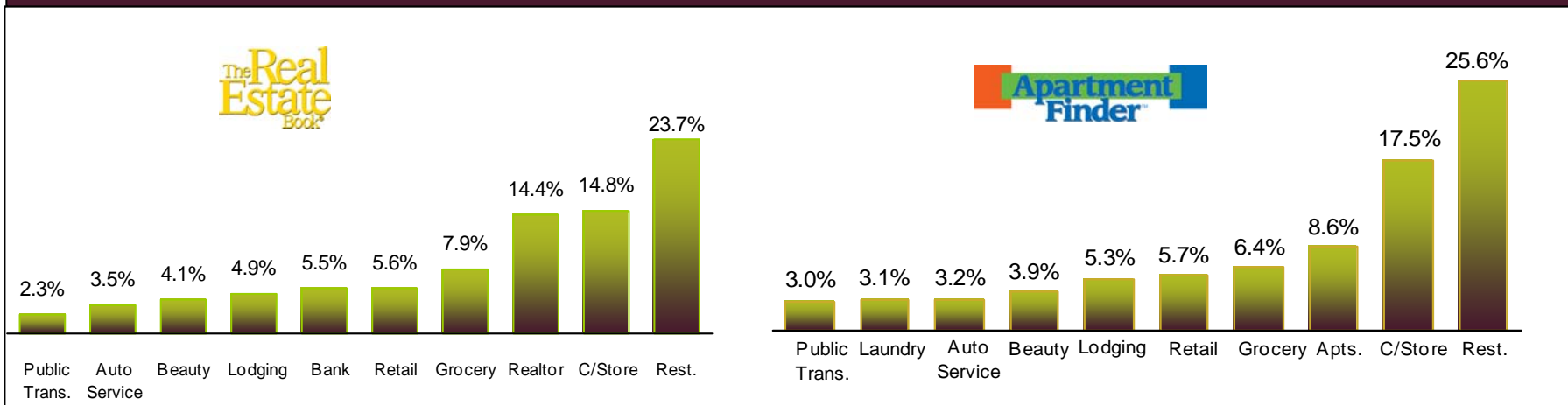
- Company-owned markets where our sales and operations employees contract directly with advertisers
- Higher capital investment, higher fixed-cost sales strategy allows us to exploit larger, high-volume market opportunities
- Primary channel for *Apartment Finder*, *New Home Finder* and home improvement publications

# Vast Print Distribution Network

- ▶ Over 10 million print publications distributed every month through 320,000+ distribution points
  - Proprietary distribution locations are maintained in NetDel tracker software
  - More than 90% of print publications are picked up each month
  - Diversified distribution strategy enables us to achieve lower cost of distribution than competition
- ▶ Agreements / contracts
  - Annual agreements with local merchants



## Top 10 Distribution Locations



Note: As of September 2005.

# Broad-Based Online Distribution

- ▶ 70 million properties viewed online every month via *LivingChoices.com* and other online distribution partners
- ▶ Over 375,000 email leads sent to advertisers each month
- ▶ Over 500,000 properties mapped each month
- ▶ 1.8 million listings posted on *LivingChoices.com* over the past 12 months
- ▶ *LivingChoices.com*, our proprietary real estate portal, attracts approximately 1.5 million users a month and ranks among the top 15 real estate destinations on the web
- ▶ Significant long-term relationships with leading online partners
  - LendingTree, Lycos, Yahoo!, Earthlink, BobVila.com, HomeGain.com, BellSouth.net, RealEstate.com, Sympatico/MSN, Viacom TV web sites and others
  - Exclusivity contracts with online partners
  - Paid on a performance basis of lead generation

The screenshot displays the LivingChoices.com website interface. At the top, there is a navigation bar with links for Main, Homes, New Home Communities, Apartments, 50+/Retirement, and Short-term. Below this is a secondary navigation bar with links for Financing, Moving, Roommates, Home Improvement, and Home Valuation. The main content area is divided into several sections:

- Order a FREE Book:** A section promoting a full-color book of Homes or Apartments in the Atlanta area, with contact information for Homes (800-841-3401) and Apts (800-222-3651).
- Purchasing:** A section with links for finding a loan, determining affordability, and downloading a free homebuyer's guide.
- Home Valuation:** A section titled "What's Your Home Worth?" with a form for street address and zip code, and a "Get Your Report" button.
- New Home Communities:** A section for finding new home builders in the Atlanta area, with a location dropdown menu.
- SEARCH for a Home:** A section for finding homes, featuring a "Today's Featured Home" in Tyrone, GA, priced at \$459,900, with 4 beds and 4 baths.
- SEARCH for an Apartment:** A section for finding apartments, featuring a "Today's Featured Apartment" named Highland Walk, priced at \$730-\$1,200, with 0-2 beds in Atlanta, GA.
- Homes Quick Search:** A search form with fields for "Priced from" (\$0), "Priced to" (\$100,000), and "City" (All Cities), with a "Go" button.
- Apartments Quick Search:** A search form with fields for "Priced from" (\$0), "Priced to" (\$500), and "City" (All Cities), with a "Go" button.
- RESOURCEcenter:** A section with links for "Free Credit Report in Seconds" and "Save when you move: great offers".
- COMMUNITY profile:** A section with a link to "CLICK HERE to view neighborhood profiles".
- LivingChoices.com - A Family of Publications:** A section displaying various publications including Real Estate, Unique Homes, Enclave, Apartment Finder, Living Choices, and Corporate.

# Prospect-Focused Distribution Strategy

- ▶ Consumers search broadly for information about housing and home improvement
  - 75% of home buyers start their search on the internet
  - 70% of apartment shoppers use print publications and the internet for their home search
- ▶ We have developed a highly integrated distribution strategy in order to make all our advertising content available to consumers in a branded print or online format
- ▶ Distribute all our content in print and online at one cost to advertisers
  - We generated more than 10 million leads for our advertisers in 2005, at an average cost of approximately \$17 per lead
  - 70% of leads are generated from print distribution; 30% from online distribution
  - Leads generated by online distribution have grown 600% since 2002
  - Lead tracking through phone calls and emails
- ▶ Operate an in-bound and out-bound call center
  - 33,000 books distributed through the National Corporate Relocation Center every month
  - 750,000 books distributed directly to consumers through our Moving Hotline

# Strong Competitive Position

Real Estate Guides							
PUBLICATION	ESTIMATED NUMBER OF BOOKS	DESCRIPTION	OWNERSHIP	PUBLICATION	ESTIMATED NUMBER OF BOOKS	DESCRIPTION	OWNERSHIP
The Real Estate Book	481	▶ Digest size, full color coated paper	▶ Owned by NCI	Apartment Finder	97	▶ Primarily digest size, full color coated paper	▶ Owned by NCI
Homes and Land	280	▶ 8.5 x 11 full color coated paper	▶ Owned by Endurance Business Media	Apartment Guide	85	▶ Numerous formats including pocket size and digest. Mostly black and white, some color	▶ Owned by HPC Publications
Harmon Homes	152	▶ 8.5 x 11 black and white on newsprint	▶ Owned by Trader Publications	For Rent	65	▶ Mostly black and white, some color. Mostly 8.5 x 11	▶ Owned by Trader Publications
				Rental Guide	30	▶ Digest size. Color	▶ Owned by Endurance Business Media

Online Competition			
SITE	UNIQUE USERS	VISITS PER MONTH	AVERAGE MINUTES
Realtor.com	6,674,667	2	31
Homegain.com	3,924,667	1	3
Rent.com	3,805,333	2	13
Apartments.com	2,759,667	2	14
Yahoo Real Estate	2,453,333	2	4
Apartmentguide.com	2,201,667	2	11
ForRent.com	1,909,667	1	10
Homes.com	1,667,000	1	10
<b>LivingChoices.com</b>	<b>1,154,333</b>	<b>2</b>	<b>15</b>
Realestate.com	843,667	1	9
HomesandLand	341,000	2	14
Harmon Homes.com	443,333	2	10

# Experienced and Proven Management Team



- ▶ Senior management has broad and extensive experience in the media / publishing industry,
  - Management has been working together since the Company's inception
  - Average of 17 years of industry experience

<b>NAME</b>	<b>TITLE</b>	<b>INDUSTRY EXPERIENCE</b>
<b>Daniel McCarthy</b>	<b>Chairman and Chief Executive Officer</b>	<b>21</b>
<b>Gerry Parker</b>	<b>Chief Financial Officer</b>	<b>16</b>
<b>Scott Dixon</b>	<b>SVP – Real Estate Vertical</b>	<b>10</b>
<b>Marcia Bollinger</b>	<b>SVP – Multi-Family Vertical</b>	<b>26</b>
<b>Stuart Christian</b>	<b>SVP – Production / Operations</b>	<b>17</b>
<b>Glenn Goad</b>	<b>SVP – Consumer Strategy</b>	<b>8</b>
<b>Adam Japko</b>	<b>SVP – Home Design Vertical</b>	<b>27</b>
<b>Susan Deese</b>	<b>SVP – General Counsel</b>	<b>10</b>
<b>Todd Dubner</b>	<b>SVP - Development</b>	<b>10</b>

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# Continued Strong Organic Growth

- ▶ Drive organic revenue growth
  - Sustain investment in sales resources, particularly in launch markets
  - Selectively implement price increases
  - Focus service strategy of accountable measurement of leads and demonstrated superior ROI vs. competition
- ▶ Profitably increase online advertising
  - Maintain sales focus on expanding online advertising
  - Leverage leading listing database and distribution relationships to drive traffic and leads
- ▶ Expand into new geographic markets with existing brands
  - Target 7–10 Direct launches each year
    - Average 8 new Direct markets per year over the last two years
    - Costs approximately \$300K per Direct launch
  - Target 25 Independent Distributor market launches each year
    - Average 27 new ID contracts per year
    - No investment from NCI required for ID launches

# Strong Track Record of Successful Acquisitions



- ▶ Supplement organic growth with targeted acquisition strategy
  - Identify and execute strategic add-on acquisitions to expand geographic presence of existing brands
  - Develop new brands through strategic acquisitions
    - Completed 3 strategic acquisitions to develop platforms in the commercial real estate (Black's Guides), home and design (Wiesner) and home improvement (Atlanta Home Improvement) segments
- ▶ Focus on small, accretive acquisitions in local markets across North America
- ▶ Demonstrated ability to recognize synergies, reduce duplicative costs and seamlessly integrate these acquisitions into the Company
- ▶ Thru September 2006 successfully integrated 18 add-on acquisitions of 39 publications since 2002
  - \$41.3 mm total acquisition price; average 5.7x multiple
  - \$22.5 mm total revenue; \$7.3 million total EBITDA
- ▶ Evaluate potential acquisitions based on price, products, revenue growth potential, cost savings opportunities and geographic market
- ▶ Currently have full acquisition pipeline

**NCI has a strong history of successfully integrating small, accretive acquisitions**

# Disciplined Business Model Creates Significant Operating Leverage

- ▶ Since 2002, our EBITDA margins have increased from 14% to approximately 24%
- ▶ Drive advertising volume through investments in sales resources, print and online distribution and new and improved products
- ▶ Increase operating margins through continued focus on lowering cost per unit and controlling G&A expenses as a percentage of revenue
- ▶ Develop effective tools to track consumer activity, lead generation and customer service in order to increase advertiser renewal rates
- ▶ Maintain a disciplined expansion strategy by sustaining increases in advertising volume, expanding geographically and supplementing growth with opportunistic, accretive strategic acquisitions

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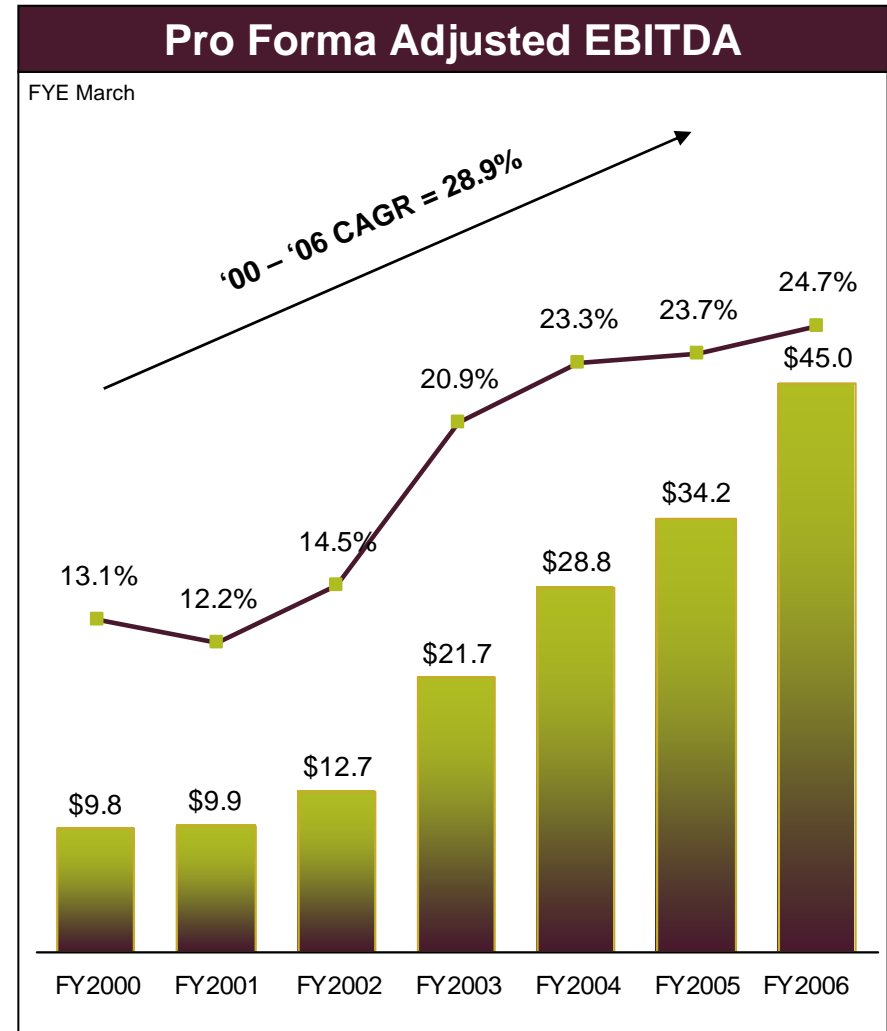
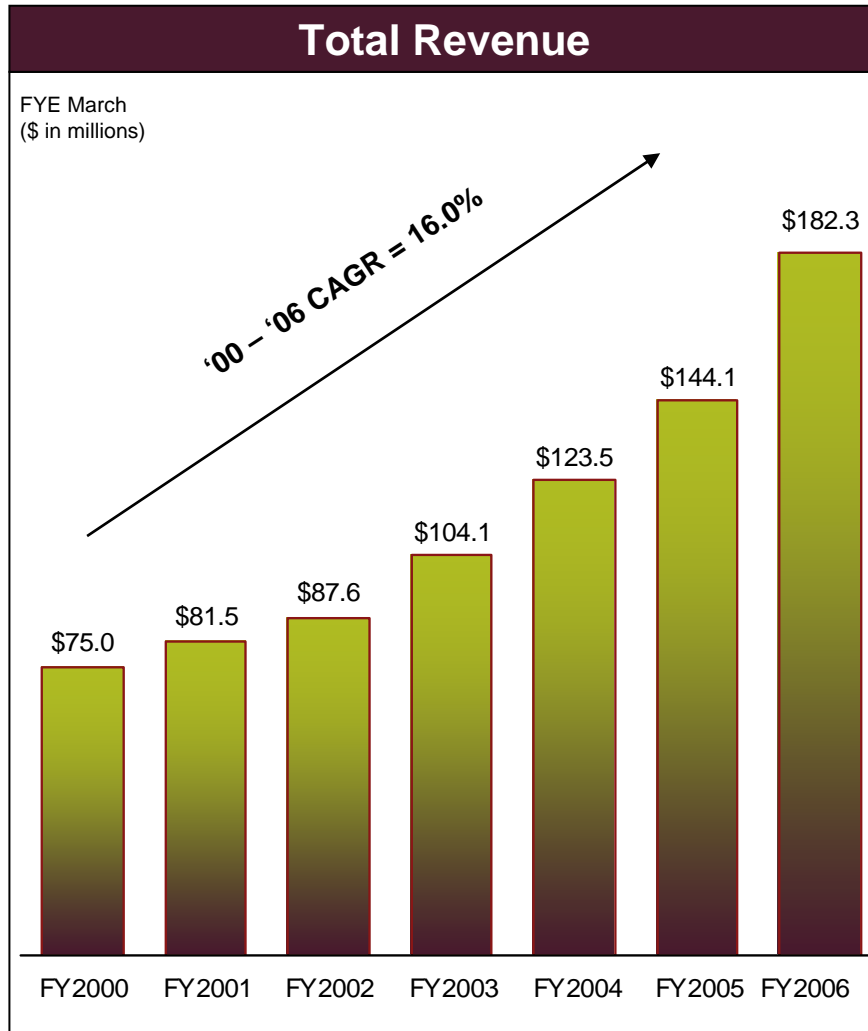
**Growth Strategy**

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# **Financial Overview**

**Gerry Parker**  
**Senior Vice President &**  
**Chief Financial Officer**

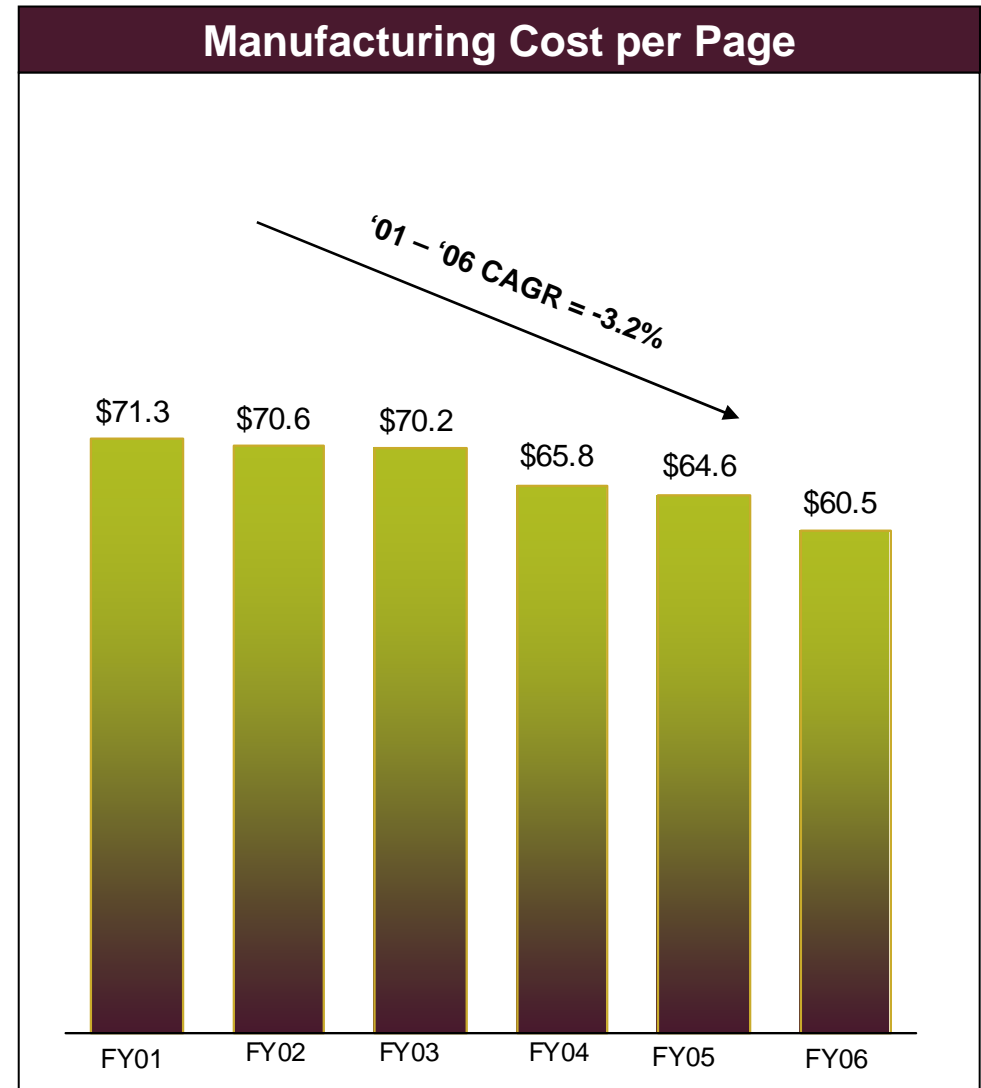
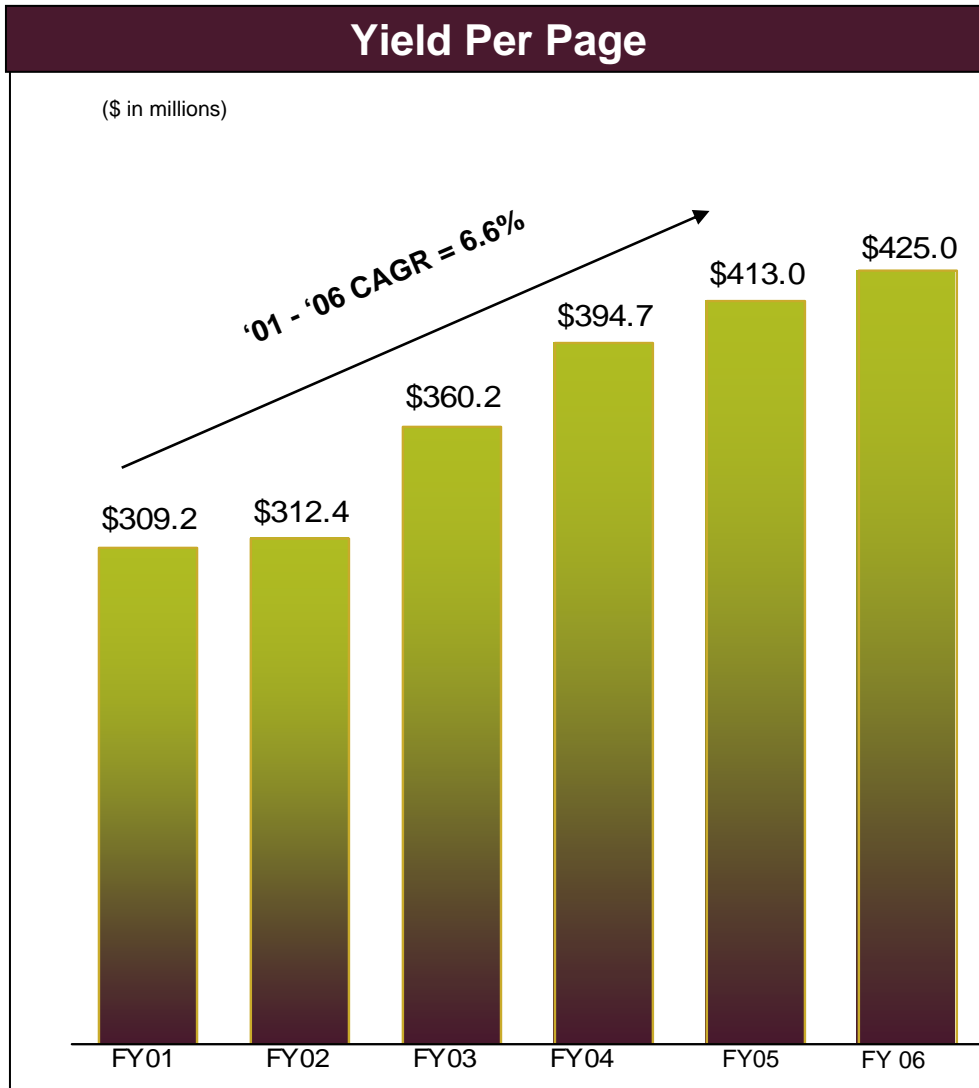
# Historical Revenue and EBITDA Growth



Note: FY03, FY04, FY05 and FY06 are pro forma to reflect full year results of all acquisitions in given year and adjusted for unrestricted subsidiary losses.

# Key Business Drivers

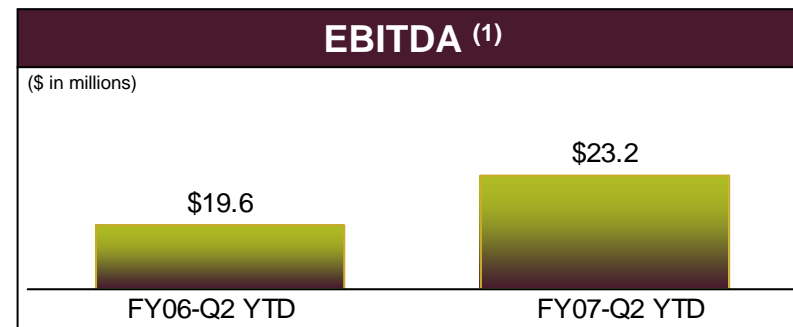
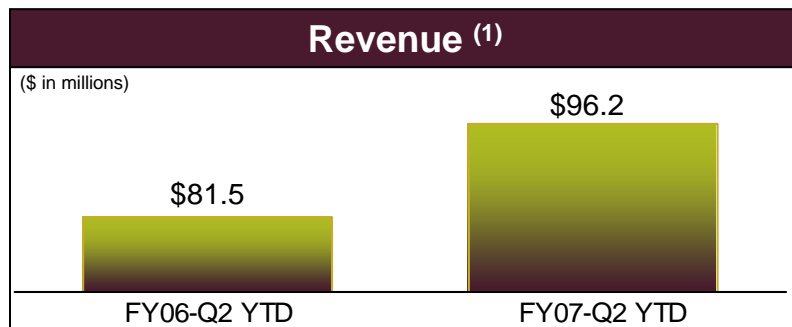
- ▶ Yield Per Page CAGR of 6.6% from FY 2001 to FY 2006
- ▶ Unit Cost Per Page decline from FY 2001 to FY 2006



# Recent Results: September (Q2 YTD) Update

## FY 2007 Q2 YTD vs. FY 2006 Q2 YTD Performance

- ▶ Total NCI revenue growth of \$14.7 million, or 18.0%
- ▶ Organic revenue growth of \$8.9 million, or 10.9%
- ▶ Acquisitions contributed \$5.8 million of revenue growth
- ▶ EBITDA growth of \$3.6 million or 18.5%
- ▶ Organic EBITDA growth of \$2.2 million or 11.2%
- ▶ New market expansions continue to contribute to NCI's organic growth
  - ID Channel: 24 new markets in FY 2006; 19 new markets in FY 2007 YTD
  - Direct Channel: 8 new markets in FY 2006; 3 new markets in FY 2007 YTD



(1) Reported financials with no pro forma adjustment for acquisitions or unrestricted subsidiary losses.

# Capitalization

(\$ in millions)

	Sept. 10, 2006	% of Cap
Cash	<u>\$14.9</u>	
Revolver <sup>(1)</sup>	\$0.0	0.0%
Term Loan B	49.8	9.9%
Senior Secured Debt	\$49.8	9.9%
Senior Notes	175.0	34.9%
Total Senior Debt	\$224.8	44.8%
Mezzanine Notes	30.4	6.1%
Total Debt	\$255.2	56.7%
Equity Investment	194.6	43.3%
Total Capitalization	\$449.8	100.0%

	LTM Sept. 2006
LTM Pro Forma Adj. EBITDA <sup>(2)</sup>	\$46.8
LTM Cash Capex	\$4.6
LTM Cash Maintenance Capex	\$3.3
Senior Secured Debt / PF Adj. EBITDA	1.1x
Senior Debt / PF Adj. EBITDA	4.8x
Net Debt / PF Adj. EBITDA	5.1x
PF Adj. EBITDA / PF Cash Interest Exp	2.0x
PF Adj. EBITDA - Maint. Capex / Cash Interest Exp	1.9x

(1) Total Revolver Facility size: \$35 million (undrawn as of 9/10/06).

(2) Proforma to reflect full year results of all acquisitions and adjusted for unrestricted subsidiary losses

# Pro Forma Free Cash Flow

Pro Forma Free Cash Flow	
(\$ in millions)	
	LTM Sept. '06
PF EBITDA <sup>(1)</sup>	\$44.3
Maintenance Capital Expenditures	(3.3)
Changes in Working Capital	2.0
Cash Interest <sup>(2)</sup>	(22.9)
Cash Taxes	(5.2)
After-Tax Free Cash Flow	\$14.9

(1) Proforma to reflect full year results of all acquisitions; no adjustment for unrestricted subsidiary losses

(2) Proforma for capital structure implemented in November 2005.

# Key Company Highlights

## Leading Publisher in North America

- ▶ National footprint with diverse geographic end-markets
- ▶ Serve over 630 local markets in North America
- ▶ Monthly print and online reach of over 11 million consumers

## High Barriers to Entry

- ▶ Proprietary network of over 320,000 high traffic distribution points
- ▶ Extensive database of over 1.8 million local residential real estate listings
- ▶ Local sales representatives focused on local real estate markets

## Stable and Diversified Revenues

- ▶ Broad customer base of over 45,000 local advertisers per month
- ▶ No single advertiser accounted for more than 0.4% of FY 2006 revenue
- ▶ Strong, long-term relationships with advertisers demonstrated by 63% of revenue under contract with renewal rate in excess of 75%

## Diverse End Market Strategy

- ▶ Serve the three largest and fastest growing segments of the real estate market
- ▶ Diverse focus on home resales and new sales, apartments and home renovation insulates us against downturns in any one segment

## Strong Free Cash Flows

- ▶ Stable, predictable cash flows have allowed us to delever rapidly
- ▶ Scalable business model allows minimal capital expenditures to grow



**Q & A**