



**Bear Stearns Global Credit Conference**  
**May 15, 2007**

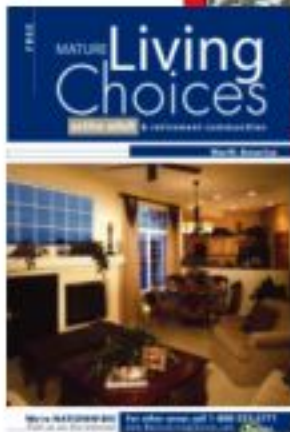
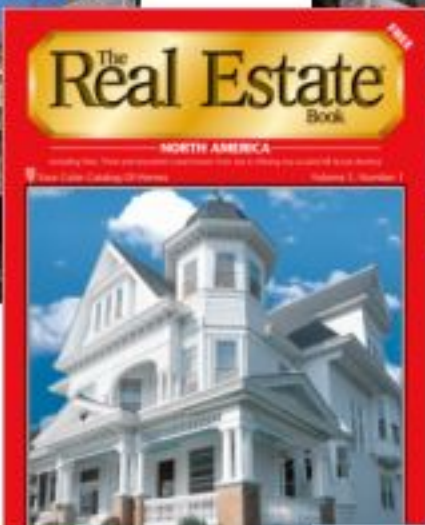
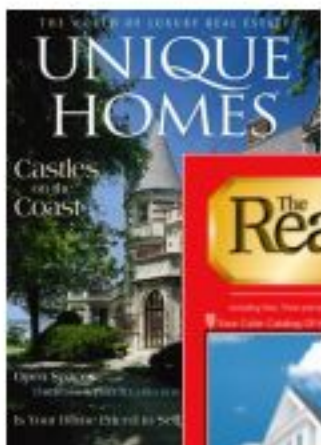
**Presenters:**  
**Daniel McCarthy, Chairman & CEO**  
**Gerry Parker, SVP & CFO**

# **Business Overview**

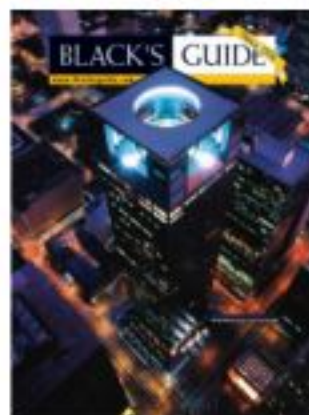
**Dan McCarthy**  
**Chairman & CEO**

# Leading Print & Online Publisher of Local Magazines for the Real Estate Market

## Home Sales



## Rental / Leasing



## Home Renovation



# 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 December 2006 Revenue<sup>(1)</sup> and EBITDA<sup>(1)</sup> of \$207.9 mm and \$49.7 mm, respectively

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

# 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

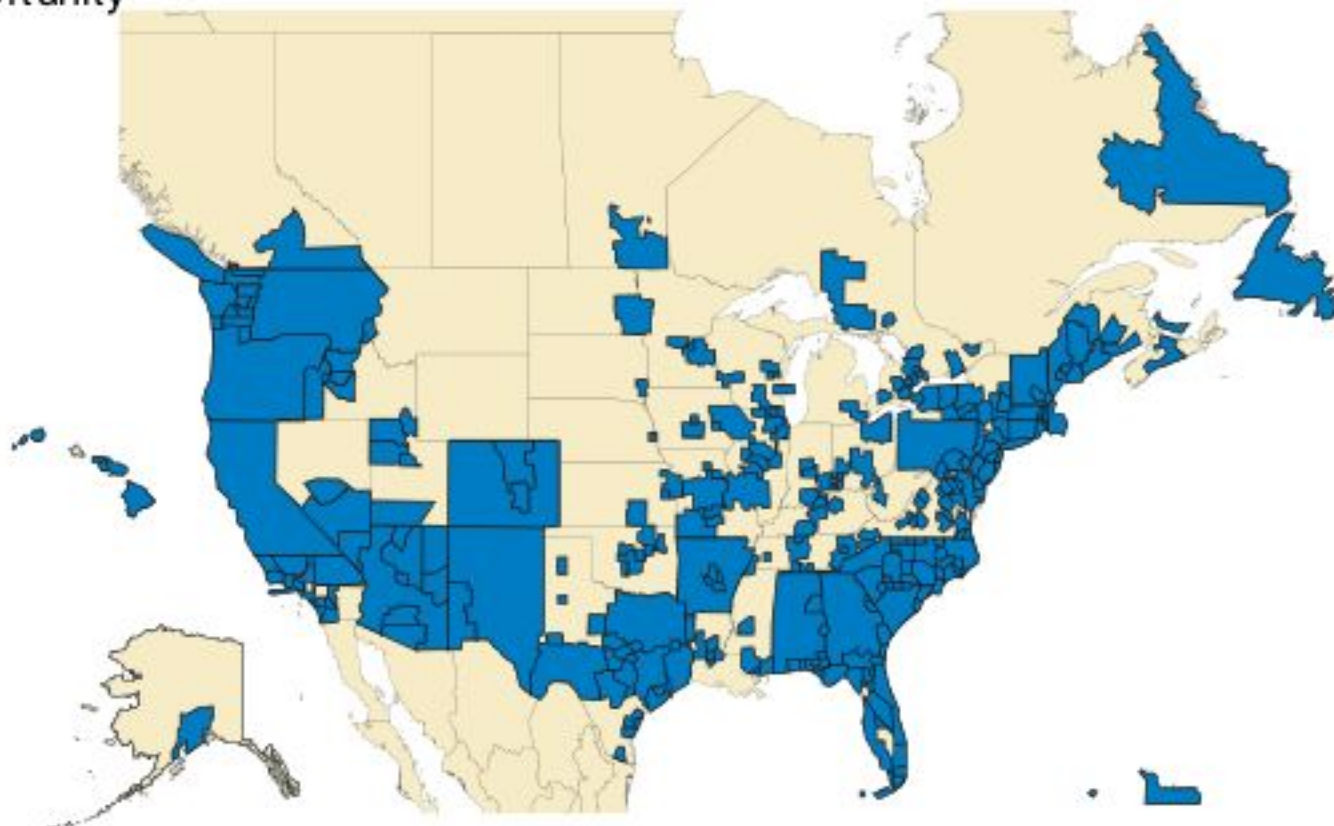
NCI's flagship brand, The Real Estate Book ("TREB") is the #1 free publication circulation in North America and the 6th largest circulation in the world

✦ 481 editions in circulation

Apartment Finder has 97 editions in circulation

NCI also distributes 74 editions of its other brands serving the housing industry

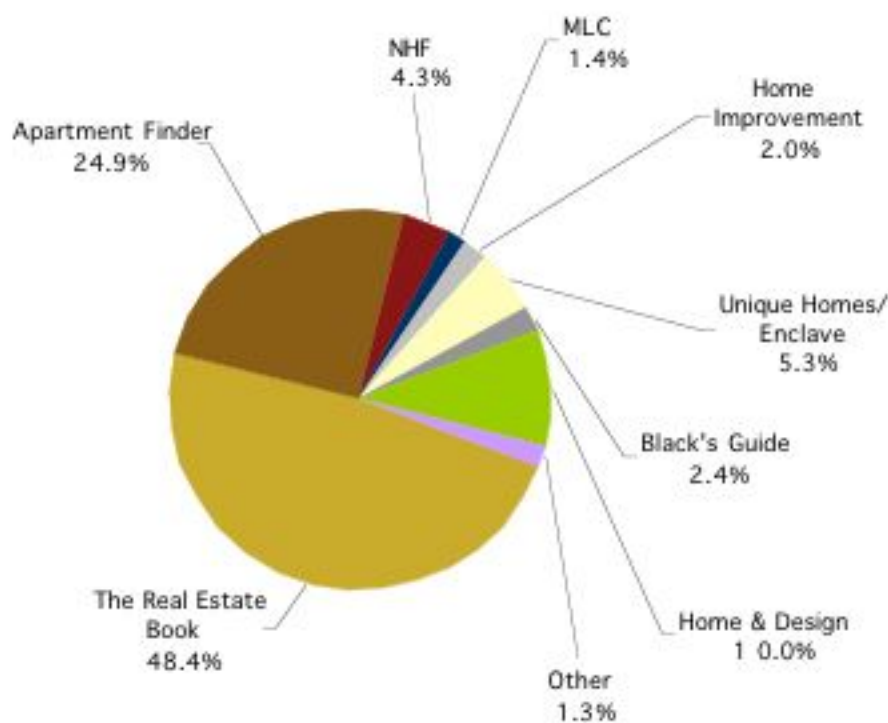
✦ Home Design & Improvement has 16 editions, with significant expansion opportunity



# 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 <sup>(1)</sup>



(1) Reported FY2007 Q3 YTD

# 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 2006, 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

# Broad-Based Online Distribution

70 million properties viewed online every month via *LivingChoices.com* and other online distribution partners

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 websites and others
- ✦ Exclusivity contracts with online partners
- ✦ Paid on a performance basis of lead generation

NCI internet traffic gained 56% in past 12 months, versus 11% decline for competitive sites.



# Vast Print Distribution Network

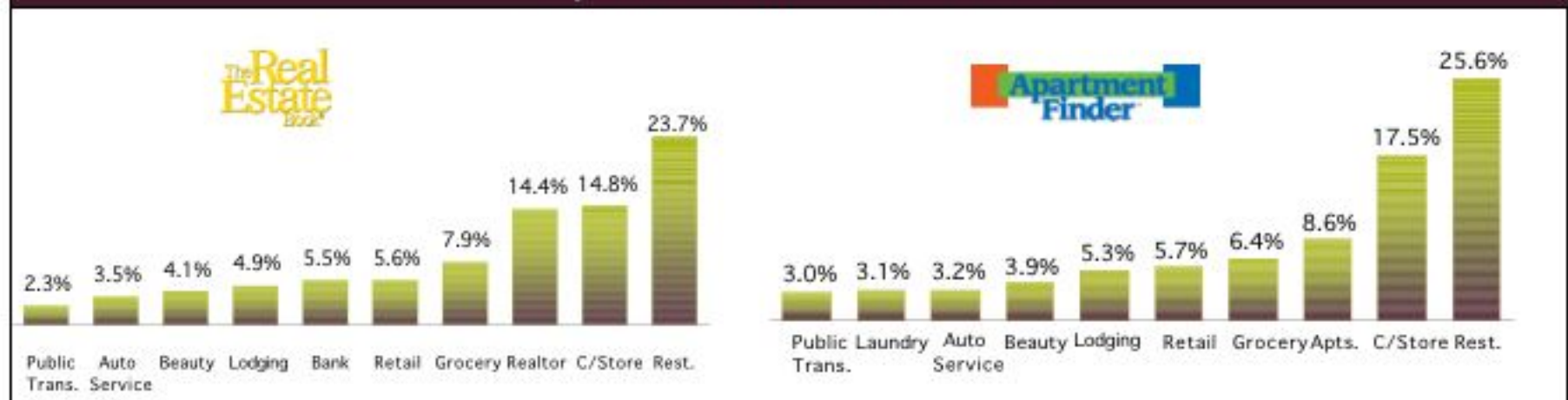
Over 10 million print publications distributed every month through 320,000+ distribution points

- 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

Print distribution drives calls for 3 months after book is initially distributed



## Top 10 Distribution Locations



Note: As of September 2005.

# 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

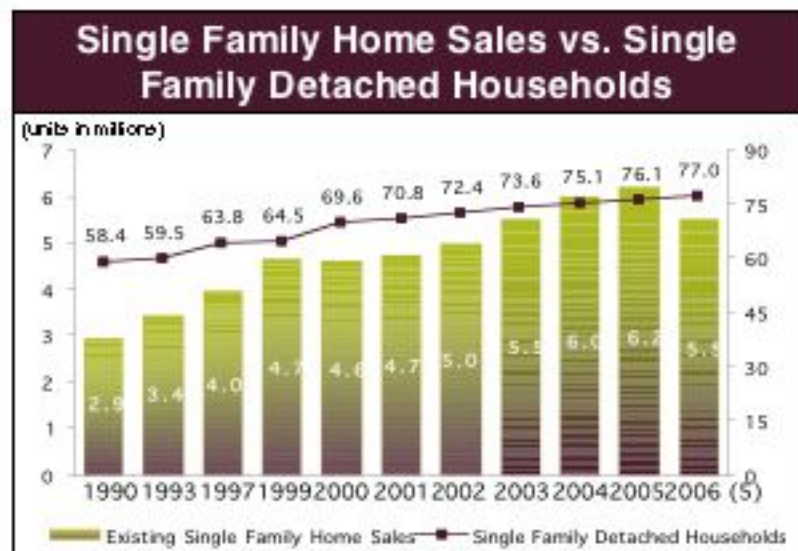
- ✦ The 45-64 age group is projected to grow at a CAGR of 8% through 2010

Influx of new immigrants and growing homeownership among minorities

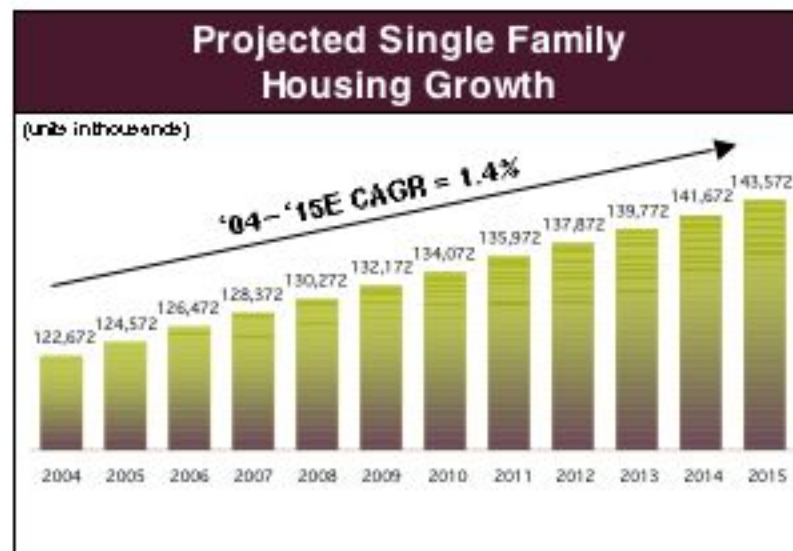
- ✦ Over the past 10 years, minorities have accounted for 40% of the growth in homeownership

- ✦ Net immigration projected to exceed 1.2 million annually between 2003 and 2013

Only 4% of FY 2007 revenues being driven by our new home publication



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.

# Real Estate Slowdown Has Impacted TREB Growth



	CY 05				CY 06			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Existing Homes - months of inventory	3.7	4.3	4.6	5.1	5.6	6.8	7.3	7.3
TREB Y-O-Y Revenue Growth	10.8%	12.8%	13.9%	15.8%	18.6%	17.0%	13.3%	9.2%

TREB posted high double-digit Y-O-Y growth as inventory built up

Growth slowed as inventory stretched out at an average of 7 months through 2006

Recent growth rates have tracked with historical averages period over period.

# Attractive Sector Investment Characteristics

## Implied Equity Value

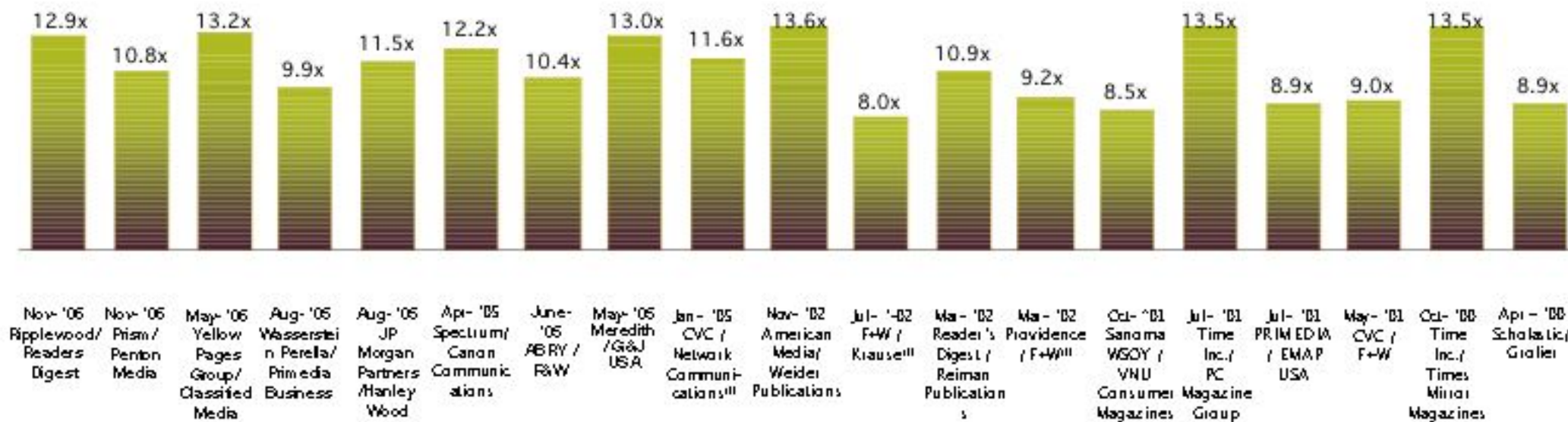
(\$ in millions)

	CVC Purchase Price LTM 12/3/06	M&A Comparables LTM 12/3/06
EBITDA Multiple	11.6x	10.9x
LTM Dec. 2006 EBITDA	\$49.7	\$49.7
Implied Enterprise Value	\$576.5	\$541.7
Funded Debt <sup>(1)</sup>	\$259.9	\$259.9
Cash <sup>(1)</sup>	3.1	3.1
Implied Equity Value	\$319.7	\$284.9
<b>Implied Equity Value as % of TEV</b>	<b>55.5%</b>	<b>52.6%</b>

Median = 10.9x

(1) Balance sheet as of 12/3/06

## Comparable Acquisition Transactions



(1) Estimated multiple.

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

# 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	4,997,000	3	27
Yahoo Real Estate	3,416,000	2	6
Homegain.com	3,337,000	1	3
Rent.com	3,112,000	2	12
Apartments.com	2,543,000	2	16
Homes.com	1,582,000	2	12
ForRent.com	1,533,000	2	11
<b>LivingChoices.com</b>	<b>1,323,000</b>	<b>2</b>	<b>10</b>
Apartmentguide.com	977,000	2	14
Realestate.com	818,000	2	7
HarmonHomes.com	355,000	2	11
HomesandLand.com	275,000	2	9

# 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

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

# **Growth Strategy**

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

# Continued Strong Organic Growth

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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 January 2007 successfully integrated 20 add-on acquisitions of 44 publications since 2002

- ♣ \$58.8 mm total acquisition price; average 6.1x multiple
- ♣ \$33.1 mm total revenue; \$9.7 million total EBITDA

Evaluate potential acquisitions based on price, products, revenue growth potential, cost savings opportunities and geographic market

Currently have healthy acquisition pipeline

# 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

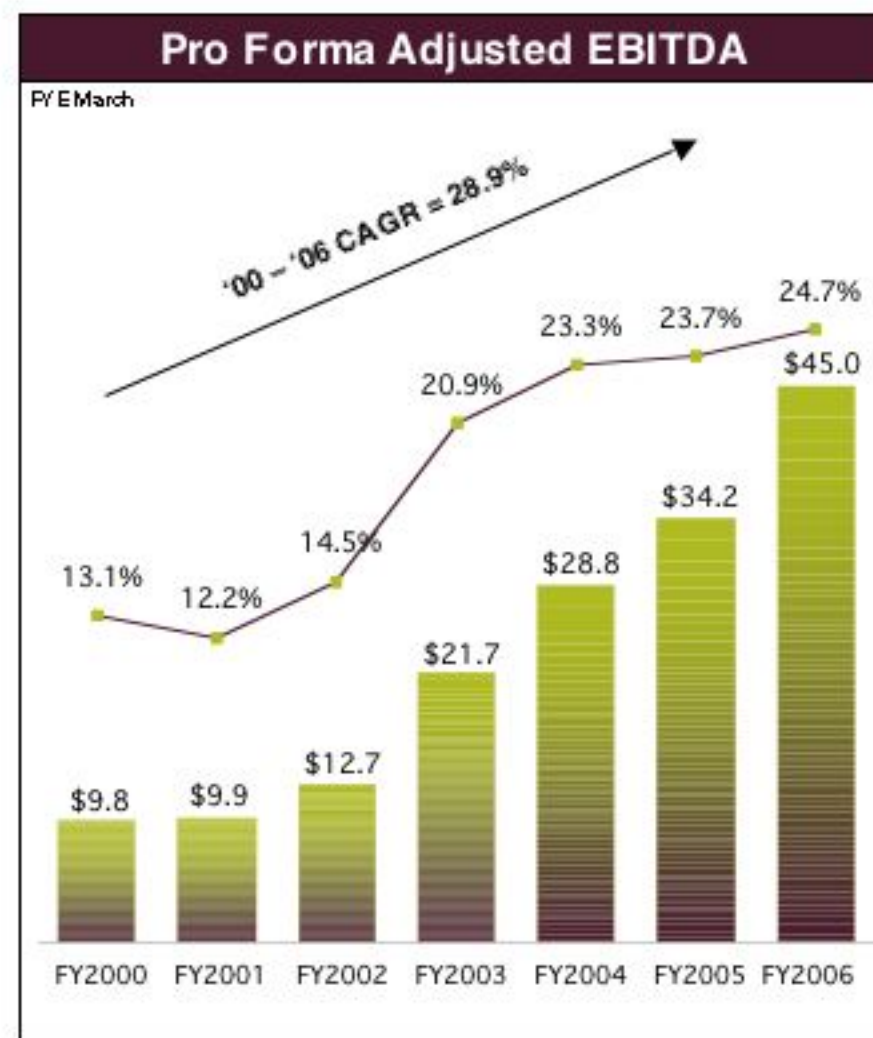
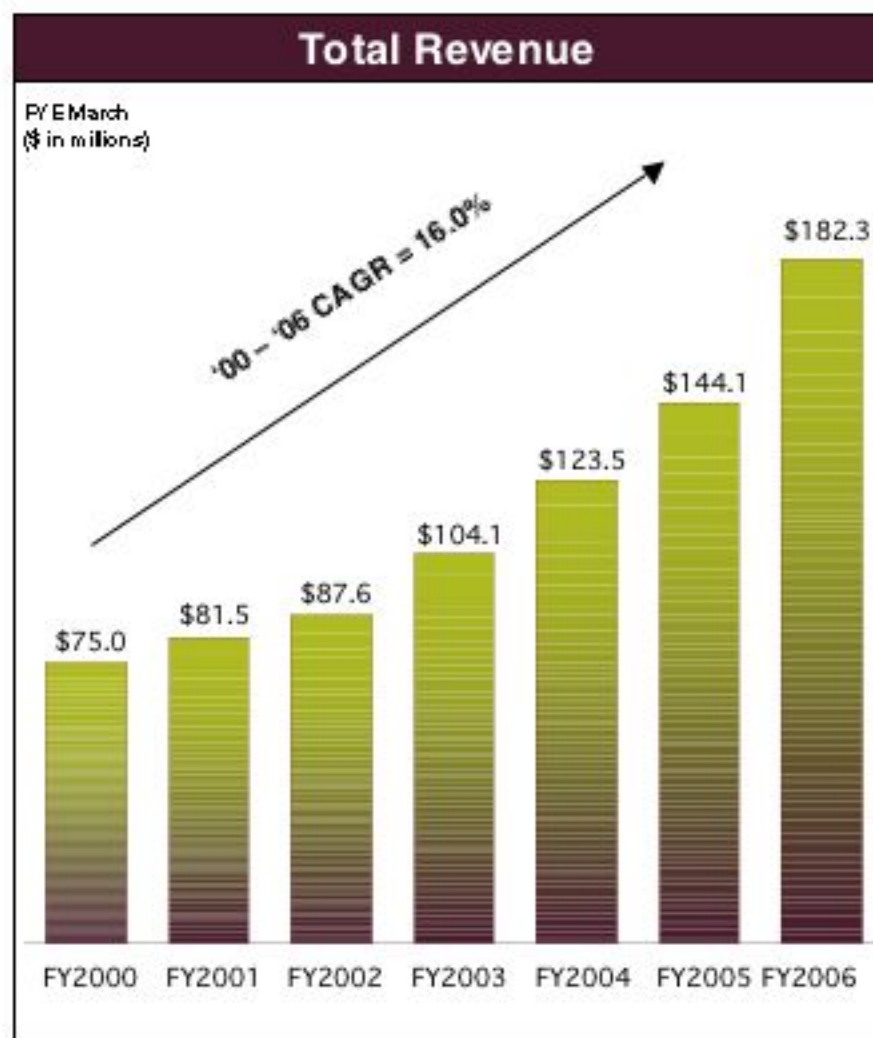
Develop effective tools to track consumer activity, lead generation and customer service in order to increase advertiser renewal rates

Maintain a disciplined expansion strategy by sustaining increases in advertising volume, expanding geographically and supplementing growth with opportunistic, accretive strategic acquisitions

# **Financial Overview**

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

# Historical Revenue and EBITDA Growth

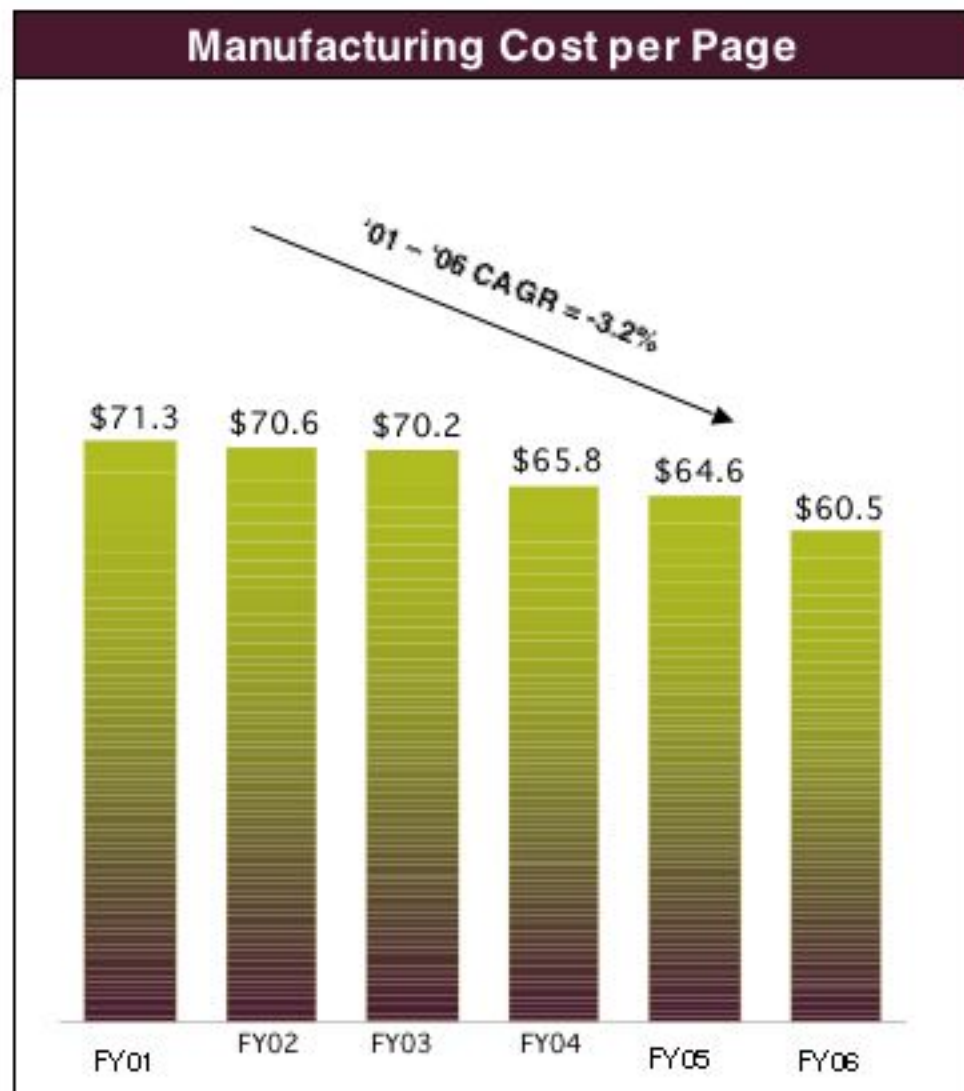
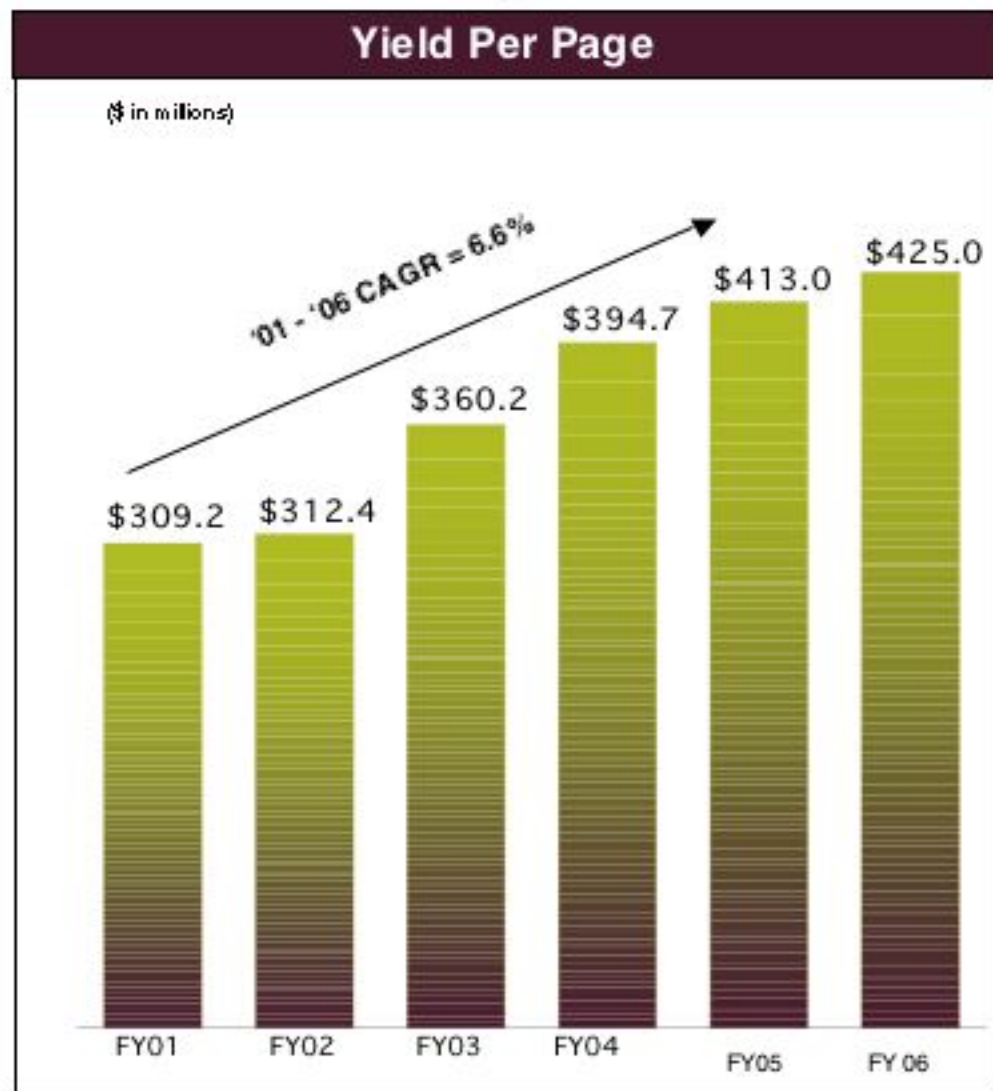


Note: FY03, FY04, FY05 and FY06 are pro forma to reflect full year results of all acquisitions in given year and adjusted for unrestricted subsidiary losses.

# 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: December (Q3 YTD) Update

## FY 2007 Q3 YTD vs. FY 2006 Q3 YTD Performance

Total NCI revenue growth of \$21.3 million, or 17.1%

Organic revenue growth of \$12.3 million, or 9.9%

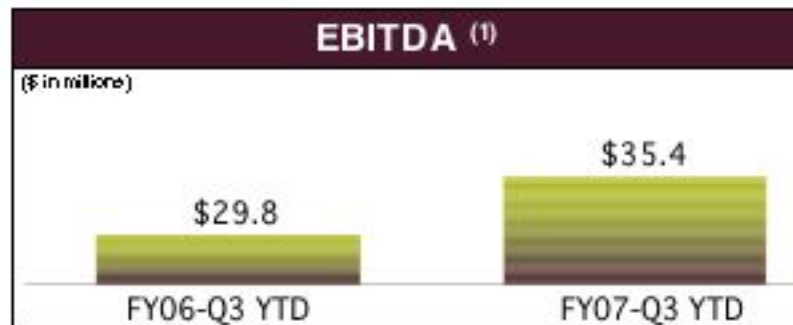
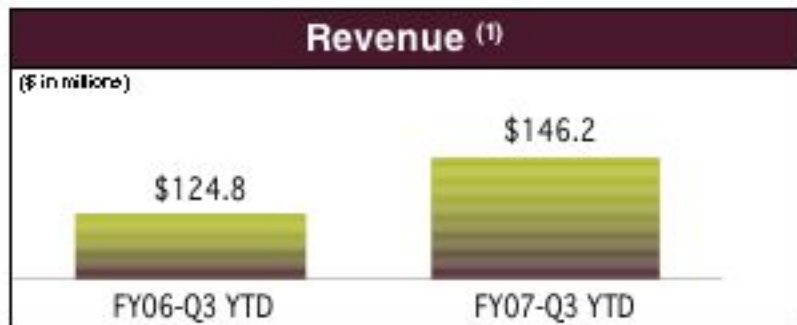
Acquisitions contributed \$9.0 million of revenue growth

EBITDA growth of \$5.6 million or 18.8%

Organic EBITDA growth of \$3.8 million or 12.6%

New market expansions continue to contribute to NCI's organic growth

- ✦ ID Channel: 24 new markets in FY 2006; 37 new markets in FY 2007
- ✦ Direct Channel: 8 new markets in FY 2006; 6 new markets in FY 2007



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

# Capitalization

(\$ in millions)

	Dec. 3, 2006	% of Cap
Cash	<u>\$3.1</u>	
Revolver <sup>(1)</sup>	\$7.0	1.5%
Term Loan B	49.6	10.8%
Senior Secured Debt	\$56.6	12.4%
Senior Notes	175.0	38.3%
Total Senior Debt	\$231.6	50.6%
Mezzanine Notes	31.2	6.8%
Total Debt	\$262.8	57.5%
Equity Investment	194.6	42.5%
Total Capitalization	\$457.4	100.0%

	LTM Dec. 2006
LTM Pro Forma Adj.EBITDA <sup>(2)</sup>	\$49.7
LTM Cash Capex	\$8.6
LTM Cash Maintenance Capex	\$4.0
Senior Secured Debt / PF Adj.EBITDA	1.1x
Senior Debt / PF Adj. EBITDA	4.7x
Net Debt / PF Adj.EBITDA	<u>5.2x</u>
PF Adj.EBITDA / PF Cash Interest Exp	2.1x
PF Adj.EBITDA - Maint. Capex / Cash Interest Exp	2.0x

(1) Total Revolver Facility size: \$35 million

(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 Dec. '06
PF EBITDA <sup>(1)</sup>	\$47.3
TL Principal Amortization	(0.5)
Maintenance Capital Expenditures	(4.0)
Changes in Working Capital	(1.1)
Cash Interest <sup>(2)</sup>	(23.8)
Cash Taxes	(5.4)
<b>After-Tax Free Cash Flow</b>	<b>\$12.5</b>

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

(2) Pro forma 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**