

cribb greene **Report**

*A report on newspaper merger
and acquisition activity*

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January 2012

Pick up in closed deals through year end

Cribb Greene 2011 transactions

Ludington, Michigan: Shoreline Media, Inc.:
Daily newspaper, weekly cluster

The David Jackson Family has sold the Ludington Daily News, Ocean's Herald Journal and the White Lake Beacon to Community Media Group of West Frankfort, Illinois, according to John Cribb, Cribb, Greene & Associates, who represented the seller in the transaction. The sale's effective date was January 1, 2012.

The Ludington Daily News is a six-day daily newspaper with approximately 7,500 paid circulation, and the sale includes the weekly Herald Journal and White Lake Beacon as well as a number of free and niche publications. The area served by the publications is on the western coast of Lake Michigan, in a region from Manistee to the north and Muskegon to the south. The transaction included several buildings and a web printing operation.

David Jackson, a member of the selling family, was quoted as saying "They are newspaper people [referring to the purchaser Community Media Group]". "They love the news business, and that's important to me. They are going to make changes, obviously, but they are committed to putting out



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"Our commitment is to do the best possible job for our client in every aspect of our assignment."



Market *at a Glance*

EBITDA valuation multiples for mid and small market papers range from 3x to 5x

Publishing company values are currently in the 3x to 5x trailing EBITDA range although some transactions are higher or lower. Buyers typically look at the most recent performance, and

good newspapers." Community Media Group owns and operates daily and weekly newspapers in five states including Michigan.

Clarksburg, West Virginia; Clarksburg Publishing Company:

Daily newspaper, weekly cluster

Brian Jarvis and his mother, Rebecca Jarvis, have purchased the outstanding stock of Clarksburg Publishing Company DBA The Exponent Telegram daily newspaper in Clarksburg, West Virginia, according to John Cribb and Gary Greene of Cribb, Greene & Associates who represented the selling Highland Family in the transaction. The transaction was effective as of December 31, 2011.

The Exponent Telegram is an 146 year old daily newspaper publishing approximately 14,500 paid circulation copies seven days a week. The newspaper



serves the county seat community of Clarksburg, Harrison County and the surrounding communities and counties in North Central West Virginia Civil war Confederate hero Thomas "Stonewall" Jackson was born in Clarksburg. The newspaper also includes several weekly newspapers and a web printing operation.

Brian Jarvis, acting President of The Exponent Telegram said, "keeping The Exponent Telegram locally owned and operated insures its viability as a pillar of local communities. The Exponent Telegram will continue to be a reliable unbiased source for North Central West Virginia."

Columbus, Ohio; Dispatch Printing Company/ACN Ohio:
Suburban weekly newspaper/niche publishing cluster

The Dispatch Printing Company has acquired the publications of Columbus Media Enterprises from American Community Newspapers (ACN). John Cribb of Cribb, Greene & Associates

the multiples indicated here are based on stable or improving performance.

Companies with declining revenues and EBITDA tend to be valued at the lower end of the multiple scale.

Some of these transactions include significant amounts of seller financing as conventional bank financing is still difficult to obtain, at least at terms deemed reasonable by newspaper buyers.

Transaction:
Maryville,
Tennessee

The Daily Times



The Daily Times, a 21,000 circulation six-day daily newspaper serving Maryville, Tennessee has been sold by Horvitz Newspapers to the John M. Jones family/Jones Media Inc. of Greeneville, Tennessee according to **Gary Greene, Cribb, Greene & Associates, who represented the buyers in the transaction.**

is pleased to have represented The Dispatch in this transaction. The publications in this cluster include:

*Columbus Monthly, an award-winning city magazine for 35 years

*Suburban News Publications, a group of 22 community newspapers serving Central Ohio

*Columbus C.E.O., a monthly business magazine

*A dozen specialty magazine publications, including Columbus Bride, CityGuide, Restaurant Guide and the Official Columbus Visitors Guide

*The Other Paper, a news and entertainment weekly

*Supporting niche local news and information websites, including columbusmonthly.com, columbusbride.com and columbuslocalnews.com.



Transaction:
Bozeman,
Montana

Distinctly
Montana
Magazine



Distinctly Montana Magazine has been sold by founder Michael Blevins to Bill Muhlenfeld and Anthea George of Bozeman, Montana, according to **John Cribb, Cribb, Greene & Associates, who represented the seller in the transaction.**

Distinctly Montana Magazine is a high quality glossy product published quarterly and distributed throughout Montana and most of the nation. The magazine, founded in 2001, is a resource guide for all things Montana and includes local features, literary pieces and high quality art and photography. Included in the sale is the magazine website at distinctlymontana.com.

Bolivar, New York; Moneysaver Shopping Guide and News:

Free weekly paper

Mr. Bill Jones has sold the Moneysaver Shopping Guide and News in Bolivar, New York to Tioga Publishing Company, an affiliate of Community Media Group according to John Cribb, Cribb, Greene & Associates, who represented Mr. Jones in the transaction. The Moneysaver Shopping Guide and News has served the Bolivar area since its inception in 1953 and circulates 13,266 issues weekly via direct mail.

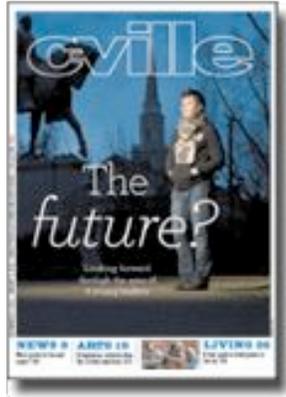


Charlottesville, Virginia; C'Ville:
Alternative newsweekly

Transaction:
Greenville, Illinois

The owners of two alternative weekly newspaper in Charlottesville, VA, C'Ville and The Hook, have merged at the corporate level and intend to continue publishing two competing newspapers.

Both tabloid-style weekly newspapers have a long history of competition. The Hook was founded in 2002 and C'Ville in 1989. Both have competed for advertising and readership and that will continue. The merger will permit shared services in the back end of the businesses, including printing and distribution, but advertising and news gathering will remain independent in separate offices.



The publications are distributed free across Central Virginia with emphasis on Albemarle County and Charlottesville. The Hook emphasizes investigative reporting, while C'ville is strong in general news, including local arts and entertainment. Gary Greene of Cribb, Greene & Associates represented C'Ville owner, Bill Chapman, on the transaction.

Chicago, Illinois: American Field:

Niche journal

American Field is the oldest, continually published sporting dog journal in the United States, established in 1874. That year it covered the first-ever recorded pointing dog field trial competition, an event that launched a sport that would grow nationally. Each week the American Field provides its readers with the latest news on purebred sporting dogs and field trial competition results. Gary Greene of Cribb, Greene & Associates represented the family in the transaction.



Augusta, Georgia: Metro Spirit:

Alternative newsweekly

The Advocate



The Greenville Advocate, a paid circulation twice weekly newspaper with accompanying shopper located in Greenville and Bond County, Illinois, has been sold to the owners of the Macoupin County Enquirer-Democrat in Carlinville, Illinois, according to **John Cribb, Cribb, Greene & Associates, who represented the sellers in the transaction.** The Greenville Advocate was sold by Rich and Ronda Reeves who are third generation family owners of the paper. The buyers, Jay and Paula Endress own the Carlinville paper and have owned newspapers in Indiana as well.

Transaction: Rock Springs, Wyoming Rocket- Miner



The McCracken family recently purchased from the Guthrie family its

The assets of Metro Spirit have been purchased by former Sales Director and Publisher, Joe White, according to Gary Greene, Cribb, Greene & Associates who represented the seller in the transaction.

An alternative weekly, Metro Spirit has been Augusta's Independent Voice since 1989.

The publication has been published on Wednesdays and distributed to 300 locations in Georgia and South Carolina. The area's economic engines include Augusta State University, Fort Gordon, and six hospitals including the Medical College of Georgia.



CG&A values above market level

Cribb, Greene selling prices well above most transactions

Cribb, Greene & Associates transaction values ranged from trailing EBITDA multiples of 3x to 6.8x in 2011, with an average multiple of 4.9x for the year.

The typical range of multiples for publishing company sales in the past year was 3x to 5x, with an average of 4x trailing EBITDA. Of the last eight CG&A sales, seven were over the 4x average.

The sales included daily newspapers, weeklies and clusters and included both cash (bank financed) and seller financed transactions.

In addition to brokerage and appraisal

Consulting services available

Cribb, Greene & Associates offers a variety of consulting

partial ownership interest in the Rocket-Miner newspaper in Rock Springs, Wyoming, according to **John Cribb of Cribb, Greene & Associates, who assisted in the process.** The purchase gives the McCrackens controlling interest of the 8,500 paid circulation daily that serves southwest Wyoming. The McCrackens, who have been in the newspaper business in Wyoming since 1926, also own dailies in Cheyenne, Laramie, Rawlins, and Worland.

Transaction: Fulton, New York Valley News



Scotsman Press, one of central New York's largest newspaper and shopper publishers as well as commercial printers, has acquired the Fulton-based Valley News as well as its companion publications,

The Valley News Advertiser and The Fulton Patriot, according to **Gary Greene of Cribb, Greene & Associates who represented the seller in the transaction.** The recent acquisition was completed February 3 and Scotsman assumed operations of the Fulton publications Thursday, February 4.

The Fulton newspapers had been owned and operated for many years by Vincent Caravan and his

services to its clients, including:

- Strategic planning
- Board Organization and goal setting
- Operations
- Organizational structuring
- Employee psychological evaluations
- Key executive placement

All work is confidential and fees are based on the scope of the engagement. An initial no-cost assessment is provided.

A tried and true deal structure approach for many publication sales

Seller financing a good tool for completing newspaper transactions

Nearly all mid and small newspaper transactions fifteen years ago were financed by the seller, with the change to all-cash deals in recent years coming from the availability of conventional bank loans. However, in the current market conventional bank financing for newspaper transactions is difficult to obtain, at least on terms that feel reasonable to borrowers.

Seller financing, where an owner holds an interest-bearing note from the buyer of his newspaper for most of the money to make the acquisition, can be an effective tool to get transactions closed. For years smaller newspaper sales were mostly seller financed (larger newspaper transactions have always been cash sales), but this tapered off in the last few years due to low interest rates and aggressive lending by banks and other lending groups. The near collapse of financing from these sources has created new interest in the seller financed sale.

Seller financing may not be a possibility when the newspaper already has substantial bank debt. Nearly all banks will require that debt be repaid to them before the newspaper can be sold.

son Ronald. The papers had been in the Caravan family for 38 years prior to the ownership transfer.

Transaction: Northwest Arkansas Newspapers LLC



The publications of Northwest Arkansas Newspapers LLC - the Northwest Arkansas Times, Springdale Morning News, Rogers Morning News, Benton County Daily Record, Northwest edition of the Arkansas Democrat-Gazette and associated weekly papers - began their new partnership Sunday, November 1, 2009.

The 50-50 joint venture between Stephens Media LLC and the Arkansas Democrat-Gazette Inc. was announced Sept. 3 after both parties reported revenue losses related to higher newsprint costs and sluggish advertising sales and after an attempt had been made by Stephens to sell their newspapers. The partnership follows a decade of head-to-head competition. The Justice Department's investigation of the deal was completed on Oct. 23, clearing the way to proceed. **Cribb, Greene & Associates assisted and advised Stephens Media in both**

A typical seller financed sale structure looks like this:

Cash down payment of 20% to 30% of the purchase price.

Balance paid over 5 to 10 years at 5% to 7% interest per annum, many times including a longer amortization period with a balloon payment.

Part of the balance may be in the form of a non-compete agreement which does not bear interest.

Seller financing allows buyers to make acquisitions without dealing with difficult or impossible traditional financing terms and rates. With seller financing, newspapers can be bought and sold that otherwise would not be saleable in the current market. Owners often receive a higher purchase price when financing the sale, as a reward for their additional risk. Also, with these transactions the seller earns interest on a large part of the purchase price, as opposed to receiving cash at closing, paying income/capital gain taxes, and then investing what's left over at low(er) rates. Sellers that have a use for cash may be able to borrow against the seller-held note, allowing the payments on the note to service the new loan for cash.

Typically, the security a seller has in this deal structure is a first security interest in the newspaper sold, although it can be a secondary interest behind a bank if the buyer borrows some of the down payment. If the newspaper deteriorates after the sale, and the buyer defaults on the loan, the seller may be faced with taking his newspaper back and could be in a poor position to do so. Most sellers, particularly those at retirement age, don't want to go back and operate the newspaper, which may be in shoddy condition. This means that choosing a high quality buyer, striking a reasonable deal, and obtaining the best possible guarantees are critical to a seller financed sale. A good buyer/operator has a better chance of improving the newspaper, and a "reasonable" sale price gives the buyer a better chance at making payments and avoiding default.

its efforts to sell and merge its newspapers.



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Transaction:
Roscommon, MI

THE ROSCOMMON COUNTY
HERALD-NEWS
Having its origin Roscommon County since 1881

The Houghton Lake Resorter has purchased assets of the Roscommon County Herald-News, according to **John Cribb of Cribb, Greene & Associates**, who represented the Perlberg family in the transaction.

The end of an era accompanies this issue of the Roscommon County Herald-News, but it also signals the beginning of another.

The Herald-News will

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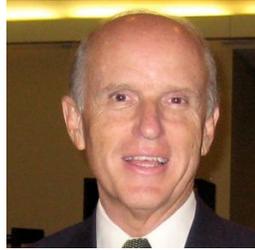


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cease publication as of this issue, publisher Robert Perlberg announced. The effects of the recession on the newspaper industry led to "a difficult decision that had to be made," Perlberg said.

The Houghton Lake Resorter will continue its mission to provide all of Roscommon County with comprehensive news coverage that has earned the paper a reputation as one of Michigan's leading community newspapers.

The Resorter has been published continuously for 69 years at Houghton Lake, and under the ownership of the Hamp family for 48 years. Robert J. Hamp Jr. was the publisher from 1961 to 1982. Current Resorter publishers are Thomas W. and Eric M. Hamp.

Transaction: Eagle Newspapers Syracuse, NY and Albany, NY



Eagle Newspapers, Central New York's award-winning community weeklies and Spotlight Newspapers, the Capital District's award-winning weeklies were purchased Oct. 1, 2009 by Community Media Group LLC, according to **Gary Greene of Cribb, Greene**