PENTON MEDIA INC
Form 10-Q
May 15, 2001

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549-1004

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 1-14337

PENTON MEDIA, INC.
(Exact Name of Registrant as Specified in its Charter)

DELAWARE	36-2875386
(State of Incorporation)	(I.R.S. Employer Identification No.)
1300 East Ninth Street, Cleveland, OH	44114
(Address of Principal Executive Offices)	(Zip Code)

216/696-7000
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date (May 11, 2001).

Common Stock 31,927,910

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PENTON MEDIA, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited; Dollars in thousands)

	March 31, 2001
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 15,193
Accounts and notes receivable, less allowance for doubtful accounts of $6,796 and $3,863 in 2001 and 2000, respectively	70,691
Inventories	1,687
Deferred tax asset	5,562
Prepayments, deposits and other	18,697
	111,830
PROPERTY, PLANT AND EQUIPMENT, at cost:	
Land, buildings and improvements	8,845
Machinery and equipment	65,725
	74,570
Less: Accumulated depreciation	39,525
	35,045
OTHER ASSETS:	

Goodwill, less accumulated amortization of $56,097 and $49,142 in 2001 and 2000, respectively	576,656
Other intangibles, less accumulated amortization of $16,585 and $14,901 in 2001 and 2000, respectively	52,936
Investments	10,779
	640,371
	$ 787,246

The accompanying notes are an integral part of these consolidated financial statements.

PENTON MEDIA, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited; Dollars in thousands)

	March 31, 2001
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Senior debt facility	$ 13,000
Accounts payable	10,873
Income taxes payable	-
Accrued earnouts	2,868
Accrued compensation and benefits	12,777
Other accrued expenses	18,093
Unearned income, principally trade show and conference deposits	54,599

	112,210
LONG-TERM LIABILITIES AND DEFERRED CREDITS:	
Revolving credit facility	126,000
Senior debt facility	196,188
Notes payable	3,513
Net deferred pension credits	15,517
Deferred tax liability	3,224
Other	2,245
	346,687
STOCKHOLDERS' EQUITY:	
Preferred stock, none issued	-
Common stock	319
Capital in excess of par value	227,948
Retained earnings	110,510
Notes receivable officers/directors	(10,845)
Accumulated other comprehensive income	417
	328,349
	$ 787,246

The accompanying notes are an integral part of these consolidated financial statements.

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PENTON MEDIA, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited; Dollars and shares in thousands, except per share data)

	Three Months E March 31, 2001
REVENUES	$ 112,693
OPERATING EXPENSES:	
Editorial, production and circulation	40,841
Selling, general and administrative	51,944
Depreciation and amortization	11,579
Restructuring charges	5,567
	109,931

OPERATING INCOME	2,762
OTHER EXPENSE (INCOME):	
Interest expense, net of interest earned	6,001
Gain on sale of investments	-
Miscellaneous, net	(51)
	5,950
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(3,188)
PROVISION (BENEFIT) FOR INCOME TAXES	(1,910)
INCOME (LOSS) FROM CONTINUING OPERATIONS	(1,278)
LOSS FROM OPERATIONS OF DISCONTINUED BUSINESS, (less applicable income tax benefit of $57 in 2000)	-
NET INCOME (LOSS)	$ (1,278)
EARNINGS PER COMMON SHARE - Basic:	
Income (loss) from continuing operations	$ (0.04)
Discontinued operations	-
Net income (loss)	$ (0.04)
EARNINGS PER COMMON SHARE - Diluted:	
Income (loss) from continuing operations	$ (0.04)
Discontinued operations	-
Net income (loss)	$ (0.04)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:	
Basic	31,876
Diluted	31,876

The accompanying notes are an integral part of these consolidated financial statements.

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PENTON MEDIA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000
(Unaudited; Dollars in thousands)

	2001	2000
Cash flows from operating activities:		
Net income (loss)	$ (1,278)	$ 66,338
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	11,579	7,653
Gain on sale of investments	--	(110,210)
Loss from discontinued operations	--	85
Retirement and deferred compensation plans	123	--
Provision for losses on accounts receivable	459	264
Restructuring charge	5,567	--
Changes in assets and liabilities, excluding effects from acquisitions and dispositions:		
Accounts and notes receivable	(1,005)	(2,078)
Inventories	(889)	(232)
Prepayment and deposits	(5,540)	(1,914)
Accounts payable and accrued expenses	(16,284)	39,308
Unearned income	(2,451)	15,755
Other changes, net	(208)	105
Net cash provided by (used for) operating activities	(9,927)	15,074
Cash flows from investing activities:		
Capital expenditures	(2,385)	(3,025)
Acquisitions and investments, net of cash acquired	(5,018)	(6,772)
Earnouts paid	(11,975)	(4,780)
Proceeds from sale of internet.com Corporation stock	--	113,100
Net proceeds from sale of discontinued operations	--	4,000
Net cash provided by (used for) investing activities	(19,378)	102,523
Cash flows from financing activities:		
Proceeds from senior debt facility	35,000	--
Repayment of senior debt facility	(1,938)	--
Employee stock purchase plan payments	(23)	--
Proceeds from deferred shares and options exercised	888	138
Dividends paid	(955)	(939)
Net cash provided by (used for) financing activities	32,972	(801)
Effect of exchange rate changes on cash	(79)	(43)
Net increase in cash and cash equivalents	3,588	116,753
Cash and cash equivalents at beginning of period	11,605	30,370
Cash and cash equivalents at end of period	$ 15,193	$ 147,123

The accompanying notes are an integral part of these consolidated financial statements.

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

For the three months ended March 31, 2001, Penton issued 20,000 shares to an officers under the executive loan program, marked to market its investment in internet.com Corporation stock by approximately $6.5 million and declared dividends of $1.0 million. In addition, Penton acquired Hillgate for approximately $4.1 million, of which $3.5 million was in the form of notes payable.

For the three months ended March 31, 2000, Penton issued 52,920 common shares valued at approximately $1.4 million in connection with New Hope's earnout. Penton also issued 400,000 shares during the quarter to officers and directors under the Company's executive loan program. In addition, Penton marked to market its investment in internet.com Corporation stock by approximately $119.3 million, and declared dividends of $0.9 million.

The foregoing transactions did not provide for or require the use of cash and, accordingly, are not reflected in the Consolidated Statements of Cash Flows.

The accompanying notes are an integral part of these consolidated financial statements.

PENTON MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited; Dollars in thousands)

NOTE 1 - NATURE OF BUSINESS AND FINANCIAL STATEMENT PRESENTATION

These consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles for interim financial information and the applicable rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. However, in the opinion of management, the interim consolidated financial statements reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the results of the periods presented. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

The accompanying unaudited interim consolidated financial statements should be read together with the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2000 financial statements to conform to the 2001 presentation.

USE OF ESTIMATES

The preparation of the consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2 - ACQUISITIONS

2001 ACQUISITIONS

During the first quarter of 2001, Penton acquired six companies for an aggregate purchase price of approximately $7.8 million in cash and $3.5 million in promissory notes, with potential contingent consideration of up to $2.9 million based on the achievement of specified business targets through 2003. The excess of the aggregate purchase price over the fair market value of net assets acquired of approximately $7.2 million is being amortized over a period ranging from 5 to 40 years.

2000 ACQUISITIONS

In addition, Penton acquired five companies for an aggregate purchase price of approximately $3.8 million in cash with potential consideration based on the achievement of specified business targets through 2001. The excess of the aggregate purchase price over the fair market value of net assets acquired of approximately $3.7 million is being amortized over a period ranging from 5 to 20 years.

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2000 ACQUISITIONS

In September 2000, Penton acquired the assets of Duke Communications International ("Duke") for $100.0 million in cash plus contingent consideration of up to $50.0 million based on the achievement of specified business targets through 2002. The excess of the aggregate purchase price over the fair market value of net assets acquired of approximately $103.3 million is being amortized over periods ranging from 15 to 40 years. Duke is a leading integrated media company serving the AS/400 and Windows 2000 operating systems markets.

In September 2000, Penton acquired the assets of Professional Trade Shows ("PTS") for $17.0 million in cash. The excess of the aggregate purchase price over the fair market value of net assets acquired of approximately $16.1 million is being amortized over 20 years. PTS produces 50 regional trade shows for the plant engineering and maintenance, material handling, buildings and facilities maintenance, design engineering, and machine tool industries.

In September 2000, Penton acquired the stock of Streaming Media, Inc. for $65.0 million in cash plus contingent consideration of up to $35.0 million based on the achievement of specified business targets in 2001. The excess of the aggregate purchase price over the fair market value of net assets acquired of approximately $62.9 million is being amortized over periods ranging from 15 to 20 years. Streaming Media, Inc., is a leading integrated media company serving the streaming media market.

2000 Acquisitions

In addition, Penton acquired five companies for an aggregate purchase price of approximately $3.8 million in cash with potential contingent consideration based on the achievement of specified business targets through 2001. The excess of the aggregate purchase price over the fair market value of net assets acquired of approximately $3.7 million is being amortized over a period ranging from 5 to 20 years.

For the three months ended March 31, 2001, Penton paid approximately $12.0 million in contingent consideration related to 2000 and 1999 acquisition, of which approximately $10.2 million was paid to New Hope.

NOTE 3 - DISCONTINUED OPERATIONS

During the first quarter of 2000, Penton completed the sale of the net assets of its Direct Mail segment for $4.0 million in cash. An additional operating loss through the date of sale of $0.08 million, net of a tax benefit of $0.06 million, was recorded and classified as loss from operations of discontinued business in the accompanying consolidated financial statements for the three months ended March 31, 2000. This loss was in addition to the $0.06 million that was accrued in 1999.

NOTE 4 - INVESTMENTS

In February 2000, Penton sold 2.0 million shares of internet.com Corporation stock as part of a 3,750,000 share offering. Penton received cash of $113.1 million and recognized a pre-tax gain of approximately $110.2 million. As of March 31, 2001, Penton maintains an 11.8% ownership interest, representing approximately 3.0 million shares, in internet.com Corporation. Penton does not have the ability to exercise significant influence, accordingly, the Company marks to market its investment in internet.com Corporation as it is an available for sale security. At March 31, 2001, Penton's investment totaled $10.8 million, including a cumulative mark to market adjustment in 2001 of $6.5 million, related adjustment in long-term deferred taxes of $2.6 million, and other comprehensive income of $3.9 million.

NOTE 5 - PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

The following unaudited pro forma financial information for the three months ended March 31, 2000 assumes that the 2000 acquisitions occurred as of the beginning of the period, after giving effect to certain adjustments, including the amortization of intangible assets, interest expense on acquisition debt and related income tax effects. The pro forma information excludes the effects of synergies and cost reduction initiatives directly related to all acquisitions. These actions have already commenced and are expected to continue in the year 2001. Pro forma results for the three months ended March 31, 2001 have not been presented because the impact of the 2001 acquisitions was immaterial.

The pro forma information is presented for information purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had these transactions been consummated at the beginning of the period presented (in thousands, except per share data):

	Three Months Ended March 31, 2000
Pro forma revenues	$ 88,103
Pro forma income from continuing operations	$ 63,020
Pro forma net income	$ 62,935
Per share data:	
Earnings per common share - basic:	
Income from continuing operations	$ 1.99
Net income	$ 1.99
Earnings per common share - diluted:	
Income from continuing operations	$ 1.98
Net income	$ 1.98

The pro forma information above does not include the operations of the 2001 acquisitions as well as the acquisition of Profit.Net, Inc., Leisurehub.com and ComMunic, which were acquired in 2000, as the historical information is immaterial.

NOTE 6 - DEBT

Penton maintains a credit agreement with several banks under which it may borrow up to $340.0 million. The agreement provides for a revolving credit facility of up to $125.0 million, a long-term loan of $140.0 million ("Term Loan A") and a long-term loan of $75.0 million ("Term Loan B").

The credit facility is collateralized by all tangible and intangible assets of Penton, including the equity interests in all of its U.S. subsidiaries and not less than 65% of the equity interests of any of its foreign subsidiaries. Under the terms of the agreement, Penton is required to maintain certain financial ratios and other financial conditions. The agreement also prohibits Penton from incurring certain additional indebtedness; limits certain investments, advances or loans; and restricts substantial asset sales and cash dividends. At March 31, 2001, Penton was in compliance with all covenants.

In October 2000, Penton amended its Credit Agreement to give the Company the option to increase, in the aggregate, its Term Loan A, Term Loan B and/or its Revolver by $100.0 million. The Term Loans and the Revolver cannot be increased on more than three separate occasions, and any increase must take place by September 30, 2001.

In April 2000, Penton amended its Credit Agreement to give the Company the flexibility to sell assets of up to $30.0 million and the ability to monetize the Company's joint venture investments.

The revolving credit facility bears interest, at Penton's option, at either the Alternative Base Rate ("ABR"), defined as the higher of the Administrative Agent's Prime Rate or the Federal Funds Rate plus 0.50%, or at

LIBOR, plus a rate margin ranging from 0.25% to 2.125% based on Penton's consolidated leverage ratio, as defined. Up to the full amount of the revolving credit facility may be borrowed, repaid and reborrowed until maturity on August 31, 2006; however, the revolving credit facility commitment shall be reduced as of September

30, 2003, by 7.5% per quarter until September 30, 2005, at which time it will be reduced by 10% per quarter until maturity. At March 31, 2001, $126.0 million was outstanding under the revolving credit facility. Penton has agreed to pay a commitment fee ranging from 0.375% to 0.50%, based on Penton's consolidated leverage ratio, on the average unused portion of the revolving credit facility commitment.

Term Loan A bears interest, at Penton's option, at either the ABR rate or at LIBOR, plus a rate margin ranging from 0.25% to 2.125%, based on Penton's consolidated leverage ratio. Interest on ABR loans is payable quarterly in arrears, while interest on LIBOR loans is payable in arrears at the end of each applicable interest period not to exceed three months. At March 31, 2001, the rate in effect was 6.3125%. The loan, which requires quarterly principal payments starting in September 2000, will mature on August 31, 2006. At March 31, 2001, $134.8 million was outstanding under Term Loan A.

Term Loan B bears interest, at Penton's option, at either the ABR rate or at LIBOR, plus a rate margin ranging from 0.5% to 2.50%, based on Penton's consolidated leverage ratio. Interest on ABR loans is payable quarterly in arrears, while interest on LIBOR loans is payable in arrears at the end of each applicable interest period not to exceed three months. At March 31, 2001, the rate in effect was 6.8125%. The loan requires quarterly principal payments of approximately $0.2 million starting in September 2000, and four balloon payments of $17.6 million beginning in September 2006, and will mature on August 31, 2007. At March 31, 2001 $74.4 million was outstanding under Term Loan B.

The Credit Agreement requires Penton to hedge not less than 50% of the term loans outstanding for a period of at least three years (see Note 11).

Cash paid for interest for the three months ended March 31, 2001 and 2000, was $5.4 million and $3.0 million, respectively. Included in interest expense in the Consolidated Statements of Income are $0.5 million and $1.6 million of interest income for the three months ended March 31, 2001 and 2000, respectively.

NOTE 7 - NOTES PAYABLE

The Company's long-term notes payable at March 31, 2001 of $3.5 million represents indebtedness resulting from the acquisition of Hillgate in February 2001. The notes are denominated in British pounds, bear interest at 1% and mature in April 2002 ($2.9 million) and July 2004 ($0.6 million).

NOTE 8 - NET INCOME PER COMMON SHARE

The following table sets forth the reconciliation of basic and diluted earnings per share (in thousands) for the three months ended March 31, 2001 and 2000:

	Three Month Period Ended March 31,	
	2001	2000

Numerator:		
Income (loss) applicable to common shareholders	$ (1,278)	$ 66,338
Denominator (Number of shares):		
Basic - average shares outstanding	31,876	31,577
Effect of dilutive securities:		
Stock options	--	212
Diluted - average shares outstanding	31,876	31,789

Due to the net loss from operations for the three months ended March 31, 2001, any outstanding options, restricted stock units, deferred shares, and contingent shares would have been antidilutive. Accordingly, they were excluded from the calculation of diluted earnings per share. For the three months ended March 31, 2000, restricted stock units, deferred shares, and contingent shares were not included as the effect would have been antidilutive.

NOTE 9 - COMMON STOCK AND COMMON STOCK AWARD PROGRAMS

STOCK OFFERINGS

In September 2000, Penton arranged a secondary offering in which existing stockholders, other than management, offered 3,638,320 shares of common stock at a price of $30.00 per share. The Company did not receive any proceeds from this offering.

STOCKHOLDERS RIGHTS AGREEMENT

In June 2000, the Company adopted a Shareholder Rights Agreement (the "Rights Agreement"). Under the plan, the rights will initially trade together with the Company's common stock and will not be exercisable. In the absence of further board action, the rights generally will become exercisable and allow the holder to acquire the Company's common stock at a discounted price if any person or group acquires 20 percent or more of the outstanding shares of the Company's common stock. Rights held by the persons who exceed the applicable threshold will be void.

Under certain circumstances, the rights will entitle the holder to buy shares in an acquiring entity at a discounted price. The plan also includes an exchange option. In general, after the rights become exercisable, the Penton Board may, at its option, effect an exchange of part or all of the rights, other than rights that have become void, for shares of Penton Media, Inc. common stock. Under this option, Penton Media, Inc. would issue one share of common stock for each right, subject to adjustment in certain circumstances.

The Penton Board may, at its option, redeem all rights for $0.01 per right, generally at any time prior to the rights becoming exercisable. The rights will expire June 27, 2010, unless earlier redeemed, exchanged or amended by the Penton Board. The Rights Agreement has no impact on the consolidated financial statements or earnings per share.

EMPLOYEE STOCK PURCHASE PLAN

Effective January 2000, the Company established an Employee Stock Purchase Plan, with the intent of aligning the interests of Penton's employees and its stockholders by allowing employees the opportunity to purchase shares of Penton. The plan, which was effective January 1, 2000, allows employees to purchase common stock at 85% of the lower of the market price at the beginning or end of each quarter. This plan was deemed to be non-compensatory pursuant to the appropriate sections of the Internal Revenue Service Codes.

MANAGEMENT STOCK PURCHASE PLAN

Effective January 2000, the Company established a Management Stock Purchase Plan for designated officers and other key employees. Participants in the plan may elect to receive restricted stock units ("RSUs") in lieu of a designated portion of up to 100% of their annual incentive bonus. Each RSU represents the right to receive one share of Penton common stock. RSUs are granted at a 20% discount from fair market value on the date awarded. RSUs vest two years after the date of grant and are settled in shares of common stock after a period of deferral (of no less than two years) selected by the participant, or upon termination of employment. In February 2001 and 2000, 31,942 and 25,507 RSUs were granted at a fair market value of $25.10 and $25.94 per

share, respectively. At March 31, 2001, 57,449 RSUs were outstanding. The discount is recorded as compensation expense over the minimum vesting period.

EXECUTIVE LOAN PROGRAM

In January 2000, the Company established the Executive Loan Program, which allowed Penton to issue an aggregate of up to 400,000 shares of Penton common stock at fair market value to six key executives, in exchange for full recourse notes. In addition, on October 27, 2000, the Board of Directors authorized one additional executive to borrow up to $1.0 million under the Executive Loan Program for the purchase of Penton stock at fair value in exchange for a full recourse note. All notes bear interest compounded semiannually, at a rate equal to the applicable interest rate as published by the Internal Revenue Service, and mature on or before the fifth anniversary of the first loan date. No principal or interest payments are required until maturity, at which time all outstanding amounts are due.

At March 31, 2001, 430,000 shares had been issued under the Executive Loan Program and the outstanding loan balance was approximately $10.8 million (including $0.7 million of accrued interest), which is classified in the Stockholders' Equity section of the balance sheet as notes receivable from officers and directors.

EQUITY AND PERFORMANCE INCENTIVE PLAN

Stock Options

In February 2001 and 2000, 539,500 options and 512,600 options, respectively, were granted under the Company's Performance Incentive Plan. Options granted under the plan generally vest equally over three years from the date of grant. However, most options granted are not exercisable until the third anniversary. All options granted pursuant to the plan will expire no later than 10 years from the date the option was granted. Option grants do not have any associated compensation charge as all grants are issued at fair market value.

Deferred Shares

At March 31, 2001 and 2000, 56,249 deferred shares, which were granted in 1999, were outstanding. Of these shares, 47,553 shares vest on the third anniversary of the grant date, while the remaining 8,696 shares vest at the rate of 20% per year over a five-year period from date of grant. Compensation expense is being recognized over the related vesting period based on the fair value of the shares at the date of grant. At March 31, 2001 and 2000, approximately $0.09 million, respectively, was charged to expense for these shares.

Performance Shares

In February 2001, the Board of Directors approved a grant of 139,985 performance shares to certain key executives, subject to the attainment of certain performance goals over a three-year period from January 1, 2001, through December 31, 2003. The grantee is eligible to receive between 50% and 150% of the granted shares.

In June 2000, the Board of Directors approved a grant of 20,000 performance shares to two key executives, subject to the attainment of certain performance goals over a three-year period, from January 1, 2000 through December 31, 2002. The grantee is eligible to receive between 10% and 150% of the granted shares.

In February 2000, the Board of Directors approved a grant of 136,054 performance shares to certain key executives, subject to the attainment of certain performance goals over a three-year period from January 1, 2000, through December 31, 2002. For 99,000 of the shares, the grantee is eligible to receive between 50% and 150% of the granted shared.

Performance shares are not issuable until earned. Compensation expense related to these shares is recorded over the performance period. For the three months ended March 31, 2001 and 2000, approximately $0.6 million, respectively, was charged to expense for these shares.

NOTE 10 - COMPREHENSIVE INCOME

Total comprehensive income (loss) for the three months ended March 31, 2001 and 2000 was $(8.1) million and $(13.3) million, respectively.

	Current Comprehensive Income	Common Stock	Capital in Excess of Par Value	Retai Earni
Balance at December 31, 2000	$ --	$ 318	$ 226,446	$ 112
Dividends	--	--	--	
Executive loan shares issued	--	--	477	
Receivable from officers/directors	--	--	--	
Contingent shares issued	--	--	--	
Issuance of shares related to exercise of stock options	--	1	1,048	
Employee Stock Purchase Plan	--	--	(23)	
Comprehensive Income:				

Net income	(1,278)	--	--	(1
Unrealized gain (loss) on securities reported at fair value	(4,126)	--	--	
Net loss on cash flow hedges	(2,177)	--	--	
Foreign currency translation adjustment	(547)	--	--	
Balance at March 31, 2001	$ (8,128)	$ 319	$ 227,948	$ 110

	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2000	$ 7,267	$ 336,569
Dividends	--	(957)
Executive loan shares issued	--	477
Receivable from officers/directors	--	(638)
Contingent shares issued	--	--
Issuance of shares related to exercise of stock options	--	1,049
Employee Stock Purchase Plan	--	(23)
Comprehensive Income:		
Net income	--	(1,278)
Unrealized gain (loss) on securities reported at fair value	(4,126)	(4,126)
Net loss on cash flow hedges	(2,177)	(2,177)
Foreign currency translation adjustment	(547)	(547)
Balance at March 31, 2001	$ 417	$ 328,349

NOTE 11 - HEDGING ACTIVITIES

ADOPTION OF FAS 133

The Company adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended by Statement of Financial Accounting Standards No. 137, Accounting for Derivative Instruments and Hedging Activities Deferral of the Effective Date of FASB Statement No. 133, an amendment of FASB Statement No. 133, and Statement of Financial Accounting Standards No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133 (referred to hereafter as "FAS 133"), on January 1, 2001.

The Company recorded a $1.4 million, net-of-tax, cumulative-effect adjustment in other comprehensive income as of January 1, 2001. The transition adjustment recorded in other comprehensive income will be reclassified to earnings on a quarterly basis as interest payments occur. The Company expects that within the next twelve months it will reclassify to earnings $0.9 million of the transition adjustment that was recorded in accumulated other comprehensive income.

During the first quarter, the Company had the following activity in other comprehensive income related to derivatives:

Total cumulative effect of adoption on other comprehensive income, net of tax, at January 1, 2001	$ 1,351
Net change related to current period hedging transactions	941
Net amount reclassified to earnings	(115)
Net deferred loss on cash flow hedges at March 31, 2001	$ 2,177

ACCOUNTING POLICY FOR DERIVATIVES AND HEDGING ACTIVITIES

All derivatives are recognized on the balance sheet at their fair value. On the date that the Company enters into a derivative contract, it designates the derivative as (1) a hedge of (a) the fair value of a recognized asset or liability or (b) an unrecognized firm commitment (a "fair value" hedge); (2) a hedge of (a) a forecasted transaction or (b) the variability of cash flows that are to be received or paid in connection with a recognized asset or liability (a "cash flow" hedge); (3) a foreign-currency fair-value or cash flow hedge (a "foreign currency" hedge); (4) a hedge of a net investment in a foreign operation; or (5) an instrument that is held for trading or non-hedging purposes (a "trading" or "non-hedging" instrument).

Changes in the fair value of a derivative that is highly effective as, and that is designated and qualifies as, a fair-value hedge, along with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk (including changes that reflect losses or gains on firm commitments), are recorded in current-period earnings. The Company did not have any fair value hedges during the three months ended March 31, 2001.

Changes in the fair value of a derivative that is highly effective as, and that is designated and qualifies as, a cash flow hedge, to the extent that the hedge is effective, are recorded in other comprehensive income, until earnings are affected by the variability of cash flows of the hedged transaction (e.g., until periodic settlements of a variable-rate asset or liability are recorded in earnings). Any hedge ineffectiveness (which represents the amount by which the changes in the fair value of the derivative exceed the variability in the cash flows of the forecasted transaction) is recorded in current-period earnings. The Company had interest rate swaps and caps which were designated as cash flow hedges for the three months ended March 31, 2001.

Changes in the fair value of a derivative that is highly effective as, and that is designated and qualifies as, a foreign-currency hedge is recorded in either current-period earnings or other comprehensive income, depending on whether the hedging relationship satisfies the criteria for a fair-value or cash-flow hedge. If, however, a derivative is used as a hedge of a net investment in a foreign operation, the changes in the derivative's fair value, to the extent that the derivative is effective as a hedge, are recorded in the cumulative-translation-adjustment account within other comprehensive income. Changes in the fair value of derivative trading and non-hedging instruments are reported in current-period earnings. For the three months ended March 31, 2001, the Company did not have any foreign-currency or net investment hedges.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as fair-value, cash flow, or foreign-currency hedges to (1) specific assets and liabilities on the balance sheet or (2) specific firm commitments or forecasted transactions. The Company also formally assesses (both at the hedge's inception and on an ongoing basis) whether the derivatives that are used in hedging transactions have been highly effective in offsetting changes in the fair value or cash flows of hedged items and whether those derivatives may be expected to remain highly effective in future periods. When it is determined that a derivative is not (or has ceased to be) highly effective as a hedge, the Company discontinues hedge accounting prospectively, as discussed below.

The Company discontinues hedge accounting prospectively when (1) it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item (including hedged items such as firm commitments or forecasted transactions); (2) the derivative expires or is sold, terminated, or exercised; (3) it is no longer probable that the forecasted transaction will occur; (4) a hedged firm commitment no longer meets the definition of a firm commitment; or (5) management determines that designating the derivative as a hedging instrument is no longer appropriate. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the Company will carry the derivative at its fair value on the balance sheet, recognizing changes in the fair value in current-period earnings.

At March 31, 2001, Penton had the following derivative instruments in effect (in thousands):

	NOTIONAL AMOUNT	RATE	PERIOD
Interest rate swap	$26,875	6.22%	1/00-10/02
Interest rate swap	$35,832	6.77%	5/00-11/02
Interest rate swap	$25,000	7.09%	6/00-12/01
Interest rate swap	$17,916	5.95%	9/99-10/02
Interest rate cap	$26,875	8.50%	10/99-10/02

At March 31, 2001 the interest rate instruments had fair values of ($2.8) million recorded in Other Accrued Expenses on the balance sheet. The Company is exposed to credit loss in the event of non-performance by the other parties to the interest rate swap and cap agreements. However, the Company does not anticipate non-performance by the other counter-parties as they are major financial institutions. The Company controls the credit risk of its interest rate swap agreements through credit approvals, limits and monitoring procedures. The Company also maintains a policy of requiring that all swap derivative contracts be pursuant to the International Swaps and Derivatives Association Master Agreement.

RISK MANAGEMENT

In the ordinary course of business, Penton is exposed to fluctuations in interest rates and foreign currency rates. Penton maintains assets and operations in Europe and Asia, and as a result, may be exposed to cost increases relative to the markets in which it sells; however, Penton does not manage this risk using derivative instruments. The Company is exposed to interest rate risk due to the variable interest rate of the $340 million Credit Agreement. The Company maintains an overall interest rate risk-management strategy that incorporates the use of derivative instruments to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. Derivative instruments that are used as part of the Company's interest rate risk-management strategy include primarily interest rate swaps and interest rate caps.

CASH FLOW HEDGES

The Company uses interest rate swaps to convert a portion of its variable-rate debt to fixed-rate debt. The specific terms and notional amounts of the swaps are determined based on management's assessment of future interest rates, the requirements under the Credit agreement (see Note 6), and other factors. The Company purchases interest rate caps to minimize its exposure to volatility in LIBOR. The level of fixed rate debt, after the effects of interest rate swaps and caps have been considered, is maintained at a level that is greater than 50% of the total Company debt.

For the three months ended March 31, 2001, the Company recognized a net loss of $0.1 million (reported as interest expense in the Consolidated Statements of Income), which represents the total ineffectiveness of all cash flow hedges, including the time value of option contracts. All components of each derivative's gain or loss were included in the assessment of hedge effectiveness except for the time value of interest rate caps (option contracts).

During the three months ended March 31, 2001, the Company reclassified $0.1 million from accumulated other comprehensive income to current period earnings (reported as interest expense in the Consolidated Statements of Income). The net deferred loss recorded in accumulated other comprehensive income will be reclassified to earnings on a quarterly basis as interest payments occur. As of March 31, 2001, $1.0 million of deferred losses on derivative instruments accumulated in other comprehensive income is expected to be reclassified as earnings during the next twelve months. As of March 31, 2001, the maximum term over which the Company is hedging its exposure to the variability of future cash flows is nineteen months.

NOTE 12- RESTRUCTURING CHARGES

Penton continues to adjust its portfolio of Internet media products to focus on those that are demonstrating revenue growth, customer acceptance and near-term opportunity for profit. To that end, Penton announced a restructuring program in February 2001 with the intent of discontinuing certain Internet operations that have significantly diminished expectations of future profitability. Penton incurred a pre-tax charge of $5.6 million for this restructuring program in the first quarter of 2001. The charge was reported as a component of operating expenses.

An analysis of restructuring charges recorded in the Consolidated Statement of Income at March 31, 2001, and the amount accrued in the Consolidated Balance Sheet at March 31, 2001 is as follows:

Description	Expense	Accrued
Severance, outplacement and other personnel costs (cash outlay)	$ 1,913	$ 260

Impaired assets (non-cash)	2,054	567
Other exit costs (cash-outlay)	1,600	1,370
Total	$ 5,567	$ 2,197

Asset impairment costs primarily included the write-off of capitalized software costs associated with the discontinuance of the industry exchange component of New Hope Natural Media's Healthwell.com. Employee termination costs are associated with the reduction of approximately 58 employees at Healthwell.com as well as a reduction of workforce in a number of other Internet initiatives throughout Penton. Employee termination costs included payments for severance and earned vacation as well as the costs of outplacement services and the provision of continued benefits to personnel. Other exit costs reflect expenses associated with office space under lease and other contractual obligations.

NOTE 13- SEGMENT INFORMATION

Historically, Penton had three reportable segments: Media Services, Printing and Direct Mail. Due to the sale of the Printing segment in 1999 and the Direct Mail segment in 2000, Penton currently has only one segment. The Media Services segment serves specific industries with integrated product offerings.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements and the notes thereto. Historical results and percentage relationships set forth in the consolidated financial statements, including trends which might appear, should not be taken as indicative of future operations. Penton considers portions of this information to be forward-looking statements within the meaning of Section 27A of the Securities Exchange Act of 1933 and Section 21E of the Securities Exchange Act of 1934, both as amended, with respect to Penton's expectations for future periods. Although Penton believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," "seeks," "estimates" and similar expressions are intended to identify forward-looking statements. A number of important factors could cause Penton's results to differ materially from those indicated by such forward-looking statements, including, among other factors, pending litigation, government regulation, competition, technological change, intellectual property rights, capital spending, international operations and Penton's acquisition and Internet strategies.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2001 COMPARED WITH THE THREE MONTHS ENDED MARCH 31, 2000

REVENUES

Total revenues increased $36.9 million, or 48.6%, from $75.8 million for the three months ended March 31, 2000 to $112.7 million for the same period in 2001.

Publishing revenues increased $4.2 million, or 8.0%, from $52.9 million for the three months ended March 31, 2000 to $57.2 million in the same period in 2001, due primarily to the following: (i) the addition of Windows 2000 Magazine, Business Finance Magazine, SQL Magazine and the NEWS/400 magazine, which were part of the Duke acquisition in September 2000; (ii) the launch of Streaming Media magazine in the fourth quarter of 2000; (iii) year-over-year increases in Supply Chain Technology News and Transportation and Distribution magazines, and (iv) the addition of Group Computing magazine, which was acquired in December 2000. These increases were offset somewhat by the discontinuance of the IW Growing Companies magazine during the first quarter of 2000, the absence of the Fluid Power Handbook and Directory, which is published every other year, and a significant decrease in revenues from Internet World magazine.

Trade show and conference revenues increased $29.8 million, or 132.6%, from $22.5 million for the three months ended March 31, 2000 to $52.3 million for the same period in 2001, due primarily to the following: (i) the timing of the Internet World Spring and eCRM trade shows which were held in the first quarter of 2001 compared with the second quarter of 2000; and (ii) the successful launches of the Internet World Wireless East and ASPCON Spring shows in New York and the m-Commerce World show in London. These increases were somewhat offset by the move of the eCRM and Service Management Europe shows from the first quarter of 2000 to the second quarter of 2001.

Web revenues increased $2.8 million from $0.4 million for the three months ended March 31, 2000 to $3.3 million for the same period in 2001, due primarily to the addition of Duke's Web business which was acquired in September 2000.

OPERATING EXPENSES:

Operating expenses increased $37.5 million, or 51.8%, from $72.4 million for the three months ended March 31, 2000 to $109.9 million for the same period in 2001. As a percentage of revenues, operating costs increased from 95.5% in 2000 to 97.5% in 2001. The increase is due primarily to the addition of approximately $5.6 million in restructuring charges taken in the quarter. Excluding restructuring charges, operating costs, as a percentage of revenues, actually decreased from 95.5% to 92.6%. The improvement in operating expenses as a percentage of revenues was due primarily to higher margins earned from the trade shows held during the quarter, especially, Internet World Spring, offset in part by higher corporate costs and higher depreciation and amortization related to acquisitions and capitalized costs related to the move of the Company's corporate headquarters.

Editorial, Production and Circulation.

Total editorial, production and circulation expenses grew to $40.8 million for the three months ended March 31, 2001 compared with $30.3 million for the same period in 2000, representing an increase of $10.5 million, or 34.7%. The increase was due primarily to the acquisitions of Duke, Streaming Media and PTS in September 2000, as well as costs associated with the Internet

World Spring and eCRM trade shows, which were held in the second quarter of 2000.

As a percentage of revenues, editorial, production and circulation expenses decreased from 40.0% in 2000 to 36.2% in 2001. The decrease was due largely to higher margins earned from the Internet World Spring trade show held during the quarter.

Selling, General and Administrative.

Total selling, general and administrative expenses grew $17.5 million, or 50.7%, from $34.5 million for the three months ended March 31, 2000 to $51.9 million for the same period in 2001. The increase is primarily due to the acquisitions of Duke, Streaming Media and PTS in September 2000, as well as costs associated with the Internet World Spring and eCRM trade shows, which were held in the first quarter of 2001, compared with the second quarter of 2000, and increased corporate spending, especially related to health care costs.

As a percentage of revenues, selling, general and administrative expenses increased from 45.5% in 2000 to 46.1% in 2001. The increase was due largely to an increase in corporate costs, especially related to health care.

Depreciation and Amortization.

Depreciation and amortization increased $3.9 million, or 51.3%, to $11.6 million for the three months ended March 31, 2001. The higher expense was the result primarily of the amortization of intangible assets from acquisitions and higher depreciation associated with increased capital expenditures.

Restructuring Charge.

As a result of the current economic environment, Penton continues to adjust its portfolio of Internet media products to focus on those initiative that are demonstrating revenue growth, customer acceptance and near-term opportunity for profit. To that end, Penton announced a restructuring program in February 2001 with the intent of discontinuing certain Internet operations that have failed to demonstrate prospects for future viability and profitability. Penton incurred a pre-tax charge of $5.6 million for this restructuring program in the first quarter of 2001. The charge was reported as a component of operating expenses. The following sets forth additional detail concerning the principal components of the charge:

- Asset impairment costs totaled $2.1 million. These costs primarily included the write-off of capitalized software costs associated with the discontinuance of the industry exchange component of New Hope Natural Media's Healthwell.com.

- Employee termination costs of $1.9 million associated with the reduction of 58 employees at Healthwell.com as well as a reduction of workforce in a number of other Internet initiatives throughout Penton. Employee termination costs included payments for severance and earned vacation as well as the costs of outplacement services and provision for certain continued benefits to terminated employees.

- Charges of $1.6 million reflecting exit costs associated with office space under lease and other contractual obligations.

OPERATING INCOME

Overall, Penton's operating income decreased $0.6 million, or 18.4%, from $3.4 million for the three months ended March 31, 2000 to $2.8 million for the same period in 2001. Operating income as a percentage of revenue decreased from 4.5% in 2000 to 2.5% in 2001 due primarily to the restructuring charges discussed above.

OTHER EXPENSE (INCOME)

Interest expense increased $3.3 million to $6.0 million for the three months ended March 31, 2001, compared with $2.7 million for the same prior year period, due to a higher average debt balance outstanding for the three months ending March 31, 2001 when compared with the same prior year period, as well as a decrease in interest earned on the Company's cash balance compared with the prior year.

In February 2000, Penton sold 2.0 million shares of internet.com Corporation stock as part of a 3,750,000 share secondary offering. Penton received cash of $113.1 million and recognized a pre-tax gain of approximately $110.2 million.

EFFECTIVE TAX RATES

The effective tax rates from continuing operations were 60.0% and 40.0% for the three months ended March 31, 2001 and 2000, respectively. The increase in the effective tax rate is due to Penton's sale of a portion of its investment in internet.com Corporation in the first quarter of 2000. The sale resulted in the recognition of a gain of $110.2 million in pre-tax income, which was taxed at a rate of approximately 40.0%.

ADJUSTED EBITDA

Net income (loss) before interest, taxes, depreciation and amortization, and nonrecurring items ("adjusted EBITDA") is a widely used and commonly reported standard measure utilized by analysts and investors in the analysis of the media industry. Adjusted EBITDA is not a measure of performance under GAAP because it excludes those items listed above that are significant components in understanding and evaluating the Company's financial performance. However, the following adjusted EBITDA information can provide additional information for determining the ability of the Company to meet its debt service requirements and for other comparative analyses of the Company's operating performance relative to other media companies. The Company's calculation of adjusted EBITDA is as follows (in thousands):

	Three Months Ended March 31, 2001	Three Months Ended March 31, 2000
Net income (loss)	$ (1,278)	$ 66,33

Interest expense, net of interest earned	6,001	2,73
Gain on sale of investments	--	(110,21
Provision (benefit) for income taxes	(1,910)	44,41
Restructuring charges	5,567	--
Depreciation and amortization	11,579	7,65
Loss from operations of discontinued business, net	--	8
Miscellaneous, net	(51)	2
Adjusted EBITDA	$ 19,908	$ 11,03

For the three months ended March 31, 2001, the Company's adjusted EBITDA increased $8.9 million, or 80.4%, to $19.9 million from $11.0 million for the same period in 2000. The increase was due primarily to the following: (i) the timing of the Internet World Spring and eCRM trade shows, which were held in the second quarter of 2000 and in the first quarter of 2001; (ii) the acquisition of Duke in September 2000, and (iii) the successful launches of Streaming Media magazine and Internet World Wireless East, ASPCON Spring, and m-Commerce World trade shows. These increases were offset in part by a significant revenue decrease in Internet World magazine, the absence of the Fluid Power Handbook and Directory, which is published every other year, and was published in 2000, and higher corporate and period costs. Adjusted EBITDA margins increased to 17.7% for the quarter compared with 14.6% in the same year ago period primarily due to higher margins from the Internet World Spring show.

Penton's calculation of adjusted EBITDA by product is as follows (in thousands):

	Three Months Ended March 31, 2001	2000
Publishing and other	$ 6,769	$ 11,044
Trade shows & conferences	25,360	8,960
Internet	(987)	(785)
Corporate	(11,234)	(8,182)
Adjusted EBITDA	$ 19,908	$ 11,037

For the three months ended March 31, 2001, adjusted EBITDA for the Company's publishing operations decreased $4.3 million, or 38.7%, when compared with the same prior-year period. The adjusted EBITDA decrease for publishing operations were due primarily to the significant decrease in Internet World magazine and the absence of the Fluid Power Handbook and Directory which is published every other year.

For the three months ended March 31, 2001, adjusted EBITDA for the Company's trade shows and conferences operations increased $16.4 million, when compared with the same prior year period. The increase was due primarily to: (i) the timing of the Internet World Spring and eCRM trade shows in the first quarter of 2001 compared with the second quarter of 2000; and (ii) the successful launches of the Internet World Wireless East and ASPCON Spring shows in New York and the m-Commerce World show in London.

For the three months ended March 31, 2001, adjusted EBITDA for the Company's Internet operations increased from a loss of $0.8 million to a loss of $1.0 million. The increase was primarily due to the increase in various costs associated with the development of market-focused Web sites.

For the three months ended March 31, 2001, corporate costs increased $3.1 million, when compared with the same prior year period. The increase was primarily due to the higher compensation expense and a significant year-over-year increase in healthcare costs.

FOREIGN CURRENCY

The functional currency of the Company's foreign operations is their local currency. Accordingly, assets and liabilities of foreign operations are translated to U.S. Dollars at the rates of exchange on the balance sheet date; income and expenses are translated at the average rates of exchange prevailing during the year. There were no significant foreign currency transaction gains or losses for the periods presented.

LIQUIDITY AND CAPITAL RESOURCES

During the periods presented, Penton financed its operations primarily through cash generated from operating activities, borrowings under its credit facilities and the sale of investments and assets.

Cash provided by (used for) operating activities was ($9.9) million, and $15.1 million for the three months ended March 31, 2001 and 2000, respectively. Operating cash flows for the three months ended March 31, 2001 reflect the Company's net loss of $1.3 million in addition to a net working capital decrease of approximately $26.4 million and non-cash charges (depreciation and amortization, and restructuring charge) of approximately $17.1 million.

The decrease in operating cash flows for the three months ended March 31, 2001 compared to the same 2000 period was due primarily to decreases in working capital items. The most significant working capital changes in 2001 were attributable to prepayments and deposits, accounts payable and accrued expenses, and unearned income. The prepayments and deposits change is due primarily to the timing of when payments are made and when the shows are held. The change in accounts payable and accrued expenses is due primarily to timing of vendor and other payments. The change in unearned income is due to the timing of when events are held.

Investing activities used $19.4 million in 2001, primarily for acquisitions (including Hillgate, NBI and TCI) and earnouts paid during the year, as well as capital expenditures. Investing activities provided $102.5 million in 2000, primarily from proceeds from the sale of 2.0 million shares of internet.com Corporation stock and proceeds from the sale of the Direct Mail segment. These proceeds were partially offset by the uses for acquisitions and investments (including Cayenta and bakery-net.com) and earnouts paid during the year, as well as capital expenditures.

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Financing activities provided $33.0 million in 2001, primarily from borrowings under the Company's revolving credit facility and proceeds from options exercised, offset partially by debt repayments and dividends paid to stockholders. Financing activities used $0.8 million in 2000, primarily for the payment of dividends to shareholders.

In October 2000, the Company amended its Credit Agreement to give the Company the ability to increase its Term Loan A, Term Loan B and/or Revolver up to an aggregate of $100.0 million. The Term loans and the Revolver cannot be increased on more than three separate occasions and the increase must take place by September 30, 2001.

On April 3, 2000, Penton amended its Credit Agreement to give the Company the flexibility to sell assets of up to $30.0 million and the ability to monetize the Company's joint venture investments.

On September 1, 1999, Penton entered into a credit agreement with several banks under which it can borrow up to $340.0 million. The agreement provides for a revolving credit facility of up to $125.0 million, a long-term loan of $140.0 million ("Term Loan A") and a long-term loan of $75.0 million ("Term Loan B"). The proceeds of this credit agreement were used to repay Penton's debt outstanding under the $325.0 million credit facility obtained when Penton purchased IWM. At March 31, 2001, Penton had $209.2 million outstanding under its term loans and $126.0 million outstanding under its revolving credit facility.

On November 24, 1998, the Company entered into a credit agreement with several banks under which it could borrow up to $325.0 million. The agreement provided for a revolving loan facility of up to $25.0 million, a long-term loan of $175.0 million (Term A Loan) and a long-term loan of $125.0 million (Term B Loan). The proceeds of this credit agreement were used to repay Penton's debt outstanding under the $75.0 million revolving credit facility obtained at the spinoff date and to purchase IWM (formerly known as Mecklermedia). On March 31, 1999, the Company and the banks amended this agreement to enable the Company to borrow an additional $15.0 million as part of the Term Loan B facility. In September 1999, this debt was refinanced with the current $340.0 million senior debt facility.

Based upon current and anticipated levels of operations, management believes that cash on hand and cash flow from operations, combined with borrowings available under Penton's credit facilities, will be sufficient to enable Penton to meet current and anticipated cash operating requirements, including scheduled interest and principal payments, capital expenditures and working capital needs. However, actual capital requirements may change, particularly as a result of any acquisitions that Penton may make. Penton's ability to meet current and anticipated operating requirements will depend upon its future performance, which, in turn, will be subject to general economic conditions and to financial, business and other factors, including factors beyond Penton's control. Depending on the nature, size and timing of future acquisitions, Penton may be required to raise additional capital through additional financing arrangements or the issuance of private or public debt or equity securities. Management cannot assure that such additional financing will be available at acceptable terms. Substantially all of Penton's debt bears interest at floating rates. Therefore, Penton's liquidity and financial condition are, and will continue to be, affected by changes in prevailing interest rates.

SEASONALITY

The introduction of trade shows and conferences into Penton's product mix through the acquisition of INDEX and ISOA in late 1997, the acquisition of IWM in November 1998, the acquisition of New Hope in May 1999 and the acquisition of Streaming Media in September 2000 has changed the seasonal pattern of revenue and profit because all five companies have pronounced seasonal patterns in their businesses. The majority of the trade shows of ISOA, Streaming Media and IWM are held in the second and fourth quarters and, accordingly, the majority of their revenue is recognized in these quarters. Furthermore, the majority of the INDEX shows historically have been held in the fourth quarter, and the New Hope shows have been held in the first and third or fourth quarters. Accordingly, these acquisitions have had and will have a positive impact on revenue and profit for these quarters.

Penton also may experience seasonal fluctuations as trade shows and conferences held in one period in the current year may be held in a different period in future years.

INFLATION

The impact of inflation on Penton's results of operations has not been significant in recent years.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). Penton was required to adopt this statement in the first quarter of 2000. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133, an Amendment of FASB Statement No. 133" ("SFAS 137"). SFAS 137 deferred the effective date of adoption of SFAS 133 to all fiscal quarters of all fiscal years beginning after June 15, 2000. SFAS 133 was subsequently amended by SFAS 138 "Accounting for Certain Derivative and Certain Hedging Activities--an Amendment of FASB Statement No. 133" (SFAS 138). Penton adopted this statement effective January 1, 2001. See Note 11 for additional information.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." SAB 101 provided guidance on applying existing generally accepted accounting principles to revenue recognition issues in financial statements. The Company adopted SAB 101 during the fourth quarter of 2000. The adoption of SAB 101 did not have a material effect on the Company.

EURO CONVERSION

On January 1, 1999, 11 of the 15 participating countries that are members of the European Union established a new uniform currency known as the Euro. The currency existing prior to such date in the participating countries will be phased out during the transition period commencing January 1, 1999, and ending January 1, 2002. During this transition period, both the Euro and the existing currency will be available in the participating countries. Although Penton generates revenues in some of the participating countries, management does not anticipate that the introduction and use of the Euro will materially affect Penton's business, results of operations or financial condition.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange and interest rates. Penton does not enter into derivatives or other financial instruments for trading or speculative purposes.

In the normal course of business, Penton manages fluctuations in interest rates through swap agreements to hedge up to 50% of its floating rate borrowings. Penton's objective in managing this exposure is to reduce fluctuations in earnings and cash flows associated with changes in interest rates.

Penton maintains assets and operations in Europe, and as a result, may be exposed to cost increases relative to the markets in which it sells. At March 31, 2001, a hypothetical 10% strengthening of the U.S. dollar relative to the currencies of foreign countries in which Penton operates was not material.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS ON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

None

(b) REPORTS ON FORM 8-K AND/OR 8-K/A

Date of Report	Items Reported
None	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Penton Media, Inc.
(Registrant)

By: /s/Joseph G. NeCastro
Joseph G. NeCastro
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

Date: May 15, 2001