

# WHO'S BUYING WHOM<sup>®</sup>

2ND QUARTER 2003 VERSUS 2ND QUARTER 2002

July 2003

News on mergers and acquisitions in the publishing, information and training markets from Whitestone Communications, Inc., a leading M&A advisory firm. For a complimentary valuation of your business, or to learn more about how Whitestone can help your company meet its strategic goals, please contact Whitestone Managing Director Sharon Sevrens at 212-957-7100, ext. 210, or email "ssevrens@whitestonecommunications.com."

## BIGGER, BUT FEWER, DEALS STILL THE M&A THEME

New York, N.Y., July 10, 2003—For the second quarter in a row, acquisition activity among publishing, information and training companies was marked by much larger, but fewer, deals than the same period last year, reported Whitestone Communications, a leading M&A advisory firm which tracks merger and acquisition activity for its annual reference *Who's Buying Whom*.

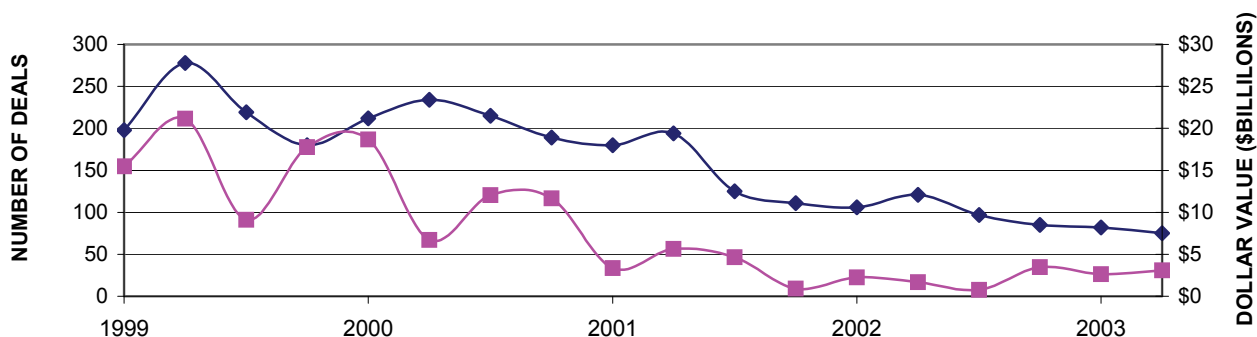
"We have had some large dollar deals provide excitement to a market that otherwise is facing a slow pace of transactions," said Whitestone Managing Director Sharon Sevrens. The total number of deals was 69 in this year's second quarter versus 91 last year, but the total value of the transactions climbed to

\$3.0 billion from \$1.3 billion. In the first quarter, the tally was 71 deals versus 85 last year, with the value of transactions up to \$2.6 billion from \$1.9 billion.

"Once again, most active was the training/adult education area, accounting for 38% of the deals and 35% of the deal value," said Sevrens. Large deals in the training area included DeVry's \$310 million purchase of Ross University and Knowledge Learning's \$250 million purchase of ARAMARK, an early childhood education provider.

Topping the list in of deals in dollar size was the \$1.1 billion purchase of *(continued on next page)*

### TOTAL NUMBER AND DOLLAR VALUE OF DEALS\* IN THE PUBLISHING, INFORMATION AND TRAINING INDUSTRIES BY QUARTER, 1999-2003 Q2



\* Deals-- Includes acquisitions and investments  
Excludes unusually large transactions--AOL Time Warner Merger in Q1 2000 valued at \$106 billion and United News & Media's acquisition of Carlton Communications for \$12 billion.

Source: Whitestone Communications, Inc.

◆ Number of Deals  
■ Dollar Value



*(continued from prior page)*

Jostens, Inc., by DLJ Merchant Banking Partners. According to Mergerstat, the enterprise value on the transaction is 6.3 times EBITDA. "At that level of multiple, DLJ is acquiring the business for a reasonably good price," noted Sevrens. "On a transaction this size, the multiple could have run slightly higher." In fact, the seller was reportedly looking for \$1.3 billion.

The seller was Investcorp, a Bahrain-based investment group with offices in New York, which owned 88 percent of Jostens' shares. Investcorp acquired Jostens in 2000 for \$920 million in cash and assumed debt.

While not included in Whitestone's numbers because the deal was done outside the U.S., the purchase of BertelsmannSpringer for \$1.2 billion by Cinven and Candover Investments, both of the U.K. was, in fact, the largest transaction of the second quarter. Cinven and Candover will merge the business with Kluwer Academic Publishing which it acquired in 2002. The buyers reportedly beat competition from rival consortia—one made up of Blackstone and CVC Capital partners, another formed by British publisher Taylor & Francis and Apax Partners.

"Cinven and Candover have rapidly become one of the world's largest publishers," noted Sevrens. "With the BertelsmannSpringer and Kluwer deals, they have quickly thrust themselves to center stage among major players."

**Whitestone Communications**

**The Leading M&A Advisory Firm in the Publishing, Information and Training Industries**

## MAGAZINES

### MAGAZINE DEAL PACE HOLDS STEADY

New York, N.Y., July 10, 2003—Magazine and trade show deal activity in the second quarter of this year matched the pace in the same year-earlier period, according to M&A advisory firm Whitestone Communications.

"We hope the results of the second quarter mean that deal volume is finally bottoming out," said Whitestone Managing Director Sharon Sevrens. "Thanks to Hearst buying Seventeen for \$182 million, the magazine industry was able to turn in a respectable deal performance. If the stock market's big second quarter jump is a sign of economic recovery, we expect increased deal activity to follow."

Comparing the second quarter of 2003 with the same period in 2002, Whitestone reports the number of acquisitions totaled seven this year versus nine last year while deal value totaled \$227 million versus \$236 million.

As an indication that the magazine industry has a long way to go to recover to the more active pace of the last economic boom, Sevrens notes the second quarter 2003 pace in number of deals is about one-tenth 1999 levels and about 50% of 2000 levels.

Both trade magazine/trade show and consumer magazine activity in the second quarter 2003 approximated their year-earlier results.

The trade magazine/trade show category included two trade shows with deal value of \$35 million in the second quarter 2003 versus the same number of trade shows with deal value of \$10 million in 2Q 2002.

## EDUCATION/ REFERENCE

### EDUCATION/ REFERENCE COMPANY M&A ACTIVITY SLOW

New York, N.Y., July 10, 2003—The pace and value of acquisitions in the education/ reference publishing area in the second quarter 2003 showed a marked slow-down from the same year-earlier period, reported M&A advisory firm Whitestone Communications.

"With the K-12 portion of educational publishing dealing with state budget cuts on education, the momentum to do transactions has stalled," noted Whitestone President Baran Rosen. "We fully expect, though, that with an expected economic recovery approaching, the value of educational publishing businesses will be attractive to buyers in the long run."

While there was one major transaction in the educational publishing area, it only bordered the traditional content businesses that make up the bulk of the market focused on by Whitestone. This transaction was the sale of Jostens, Inc., a school yearbook publisher and ring maker, to DLJ Merchant Banking Partners for \$1.1 billion.

The total number of deals in the second quarter was four, down from 10 in the year-earlier period. The value of transactions, excluding the Jostens deal, was just \$3 million versus \$87 million in 2002.

(These numbers also exclude the \$1.21 billion acquisition of BertelsmannSpringer in Germany by Candover Investments of the U.K., as the Whitestone totals for its *Who's Buying Whom* publication exclude foreign transactions.)



**NEWSLETTERS/  
DIRECTORIES**

**NEWSLETTER  
ACQUISITION DEAL  
ACTIVITY MATCHING  
LAST YEAR'S PACE**

New York, N.Y., July 10, 2003—As it did in the first quarter of this year, newsletter/directory merger and acquisition activity in the second quarter paralleled performance in the same year-earlier period, according to M&A advisory firm Whitestone Communications.

"We believe the three-year decline in M&A activity may be over," said Whitestone Associate Jenifer Lindenman. "Some larger properties are now on the market and we expect larger deals to be announced in the third quarter. Also, assuming the economy improves, more buyers and sellers will have confidence to move ahead on transactions."

The number of deals in the second quarter of 2003 was four with a total value of \$11 million compared to seven deals last year valued at \$12 million. Looking back to busier M&A times, Whitestone noted that approximately 10 deals per quarter were being done in 2001 and 10-20 deals per quarter in 2000.

**TRAINING**

**TRAINING COMPANY  
TRANSACTION DEAL  
VALUES LEAP— AGAIN**

New York, N.Y., July 10, 2003—The dollar value of acquisition deals in the training area leaped skyward in the second quarter of this year versus the same period last year just as they did in the first quarter, according to M&A advisory firm Whitestone Communications.

The dollar value of deals in the second quarter was \$1.1 billion on 26 transactions versus \$329 million on nine deals in the same year-earlier period. The first quarter deal value in 2003 totaled \$1.3 billion on 20 transactions versus just \$142 million on 16 deals last year.

The hottest area in training deals continues to be postsecondary schools. "Financial and strategic buyers are competing actively to acquire postsecondary schools," noted Whitestone President Baran Rosen. "The macro trends supporting business in this area are highly favorable and this has not gone unnoticed by investors seeking good opportunities. We expect deal activity here to continue to be impressive."

Large training/education school acquisitions for the second quarter included:

- DeVry's \$310 million purchase of Ross University
- Knowledge Learning's \$250 million purchase of ARAMARK, an early childhood education provider
- Leonard Green & Partners' \$130.9 million acquisition of Varsity Brands, a trainer of cheerleaders and dancers.

Commenting on his company's acquisition of Ross University, DeVry Chairman and co-chief executive officer Dennis J. Keller said, "The Ross University acquisition will bring immediate positive financial benefits to DeVry and provides excellent opportunities to leverage Ross' medicine and health sciences expertise with the technology and business offerings of DeVry University and Becker Conviser Professional Review." Ross University becomes the third division of DeVry, joining DeVry University and Becker Conviser Professional Review.

The training deal scoreboard is as follows:

Acquisitions	2003 2Q	2002 2Q	% Change
Number of Deals	26	9	189%
Dollar Value (\$MM)	\$1,069	\$329	225%

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