

W WHITESTONE COMMUNICATIONS, INC.

WHO'S BUYING WHOM[®]

3RD QUARTER 2003 VERSUS 3RD QUARTER 2002

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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 President Baran Rosen at 212-957-7100, ext. 209, or email "brosen@whitestonecommunications.com."

ARE THE M&A DOLDRUMS OVER? SOME POSITIVE INDICATORS SAY YES

New York, N.Y., October 3, 2003—"Stock prices at 12-month highs, initial public offerings being completed, \$100-million-plus transactions happening in the US and UK. All these developments in the third quarter of this year add up to the possible end of the M&A doldrums for the publishing, information and training industries," pronounced Whitestone Communications President Baran Rosen based on his firm's quarterly review of M&A activity. A leading mergers and acquisitions firm, Whitestone tracks deal activity for its annual reference *Who's Buying Whom*.

While the number of transactions in the third quarter of 2003 still only matched the number for the same period

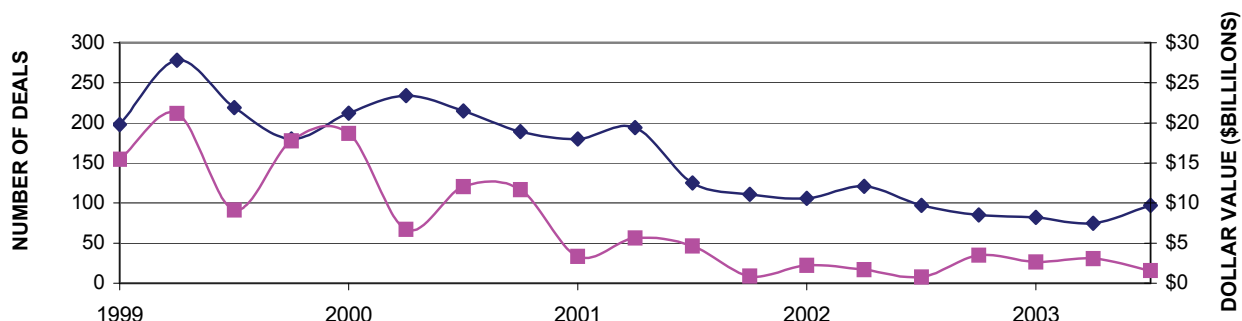
last year, Whitestone reports the total value of transactions more than doubled. This year's third quarter saw 84 deals worth nearly \$1.5 billion while last year there were 87 deals valued at \$664 million.

"Although the total number of deals didn't budge from last year, we are seeing signs of more active interest on the part of buyers and sellers," Rosen said. "And the multiples being paid on some of the transactions that have been completed are increasing."

Among the deals done with higher range multiples in the third quarter:

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TOTAL NUMBER AND DOLLAR VALUE OF DEALS* IN THE PUBLISHING, INFORMATION AND TRAINING INDUSTRIES BY QUARTER, 1999-2003 Q3



* 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 in Q1 2000.

Source: Whitestone Communications, Inc.

◆ Number of Deals
■ Dollar Value



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- United Business Media buying Aprovia trade publication group in the U.K. for \$126 million—13.3 times earnings before interest, taxes, depreciation and amortization (EBITDA). A multiple north of 9 or 10 is generally considered robust for this size transaction.
- eCollege paid \$60 million or 11.3 times EBITDA for Datamark, an enrollment marketing services company serving the postsecondary market.
- Advanstar paid \$135 million or 1.5 times revenue for advertising-driven healthcare magazines of Thomson Corporation including the Medical Economics Communications Group.

As another sign of M&A deal acceleration, a transaction reminiscent of the heady Internet boom was announced in the third quarter—Yahoo's \$1.6 billion planned acquisition of Overture Services (this transaction is excluded from Whitestone's *Who's Buying Whom* statistics as it is slightly outside the report's industries of coverage). Overture is engaged in Pay-for-Performance search on the Internet. The search service is comprised of advertiser's listings, which are screened for relevance and accessed by consumers and businesses through Overture's affiliates, a network of Web properties that have integrated its search service into their sites or that direct user traffic to Overture's own site. Overture revenues for the 12 months ended June 30, 2003 were \$862 million.

MAGAZINES

MAGAZINE DEAL VALUES CLIMB IN THIRD QUARTER

New York, N.Y., October 1, 2003—Thanks to a large trade magazine deal, magazine and trade show deal values more than doubled last year's third quarter results, according to M&A advisory firm Whitestone Communications

"While the number of deals was about the same—14 this year versus 13 last year—the big news was the robust vote of confidence shown by Advanstar in making one of the largest trade magazine deals of the year in the third quarter," said Whitestone Managing Director Sharon Sevrens. Advanstar ponied up \$135 million for a group of medical professional titles from Thomson Corporation. The acquisition included Medical Economics Communications Group, Dental Products Report Group, and Veterinary Healthcare Communications Group.

"This has been an exciting quarter relative to the doldrums of the past two years," said Sevrens. "Not only did we have the large Advanstar deal here in the U.S., but in the U.K., we also had another large deal with United Business Media paying \$126 million for Aprovia, a publisher of trade papers and an event organizer."

"It is also important to note that the valuation multiples paid for these two large deals were quite impressive given the recent weak economic environment," Sevrens said. "The Advanstar purchase was done at 1.5 times revenue—this is slightly on the high side of where we would expect advertising-driven physician magazines to be changing hands." The United deal came at even more robust multiples—2.5 times revenue and 13.3 times earnings before interest, taxes, depreciation and amortization," Sevrens noted.

EDUCATION/ REFERENCE

EDUCATION/ REFERENCE COMPANY DEAL PACE DOWN

New York, N.Y., October 1, 2003—The pace and value of acquisitions in the education/reference publishing area in the third quarter 2003 showed a marked slow-down from the same year-earlier period, reported M&A advisory firm Whitestone Communications.

"Tight state budgets continue to be a drag on the K-12 portion of educational publishing sales, helping contribute to the general slowdown in deal activity," noted Whitestone President Baran Rosen. "However, the overall market for educational publishing is quite attractive and we expect the deal pace to accelerate next year."

The largest deal for the third quarter was ProQuest's acquisition of SIRS Publishing. SIRS, based in Boca Raton, Fla., provides online, CD-ROM and print reference databases to more than 50,000 libraries worldwide. SIRS' proprietary published products address curriculum-oriented, research-based information needs that arise as students study social problems, science, health, controversial current issues, legal issues, ethics and more. SIRS' databases place their editorial emphasis on balanced coverage of both current and enduring social topics.

The total number of deals in the second quarter was eight, down from 12 in the year-earlier period. The value of transactions was \$62 million, about half of last year's \$135 million.

Whitestone Communications

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



**NEWSLETTERS/
DIRECTORIES**

**NEWSLETTER
ACQUISITION DEAL
ACTIVITY CONTINUES
TO MATCH LAST
YEAR'S PACE**

New York, N.Y., October 1, 2003—As it did in the first two quarters of this year, the number of newsletter/directory acquisitions in the third quarter paralleled performance in the same year-earlier period, according to M&A advisory firm Whitestone Communications.

“Newsletter publishers are continuing to face challenges dealing with the Internet and lower direct mail results,” said Whitestone Associate Jenifer Lindenman. “With growth currently curbed, buyers and sellers are both on the sidelines. And while the number of deals this past quarter was about the same as last year’s, the dollar value was down significantly.”

The number of deals in the third quarter of 2003 was four with a total value of \$4 million compared to five deals last year valued at \$21 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., October 1, 2003—The dollar value of acquisition deals in the training area leaped skyward in the third quarter of this year versus the same period last year just as they did in the first and second quarters, according to M&A advisory firm Whitestone Communications.

The dollar value of deals in the third quarter was \$461 million on 26 transactions versus \$91 million on 11 deals in the same year-earlier period. In the second quarter, the total 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.

A mix of for-profit public school, postsecondary school and postsecondary school software businesses highlighted the third quarter activity. “Financial and strategic buyers continue to trawl for good buys in the school field, whether buying schools themselves or the businesses that can profit from their growth,” noted Whitestone President Baran Rosen. The largest deal of the

quarter was Liberty Partners purchase of Edison Schools, a for-profit public school system, for \$174 million.

“The market attractiveness of the postsecondary school vendor market was highly in evidence by the multiple that eCollege paid for Datamark, an enrollment marketing services business,” said Rosen. “eCollege paid \$60 million for Datamark—nearly two times revenue and 11.3 times earnings before interest, taxes, depreciation and amortization. This is a high-end price that will require strong continued growth to make the acquisition price worthwhile.”

Corinthian Colleges was the most active buyer of postsecondary schools in the third quarter with its purchases of:

- Career Choices for \$56 million
- 89% of CDI Education for \$32 million plus assumption of \$10 million in debt
- East Coast Aero Tech.

Training Company Acquisitions	2003 3Q	2002 3Q	% Change
Number of Deals	26	11	136%
Dollar Value (\$MM)	\$461	\$91	406%

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