

WHO'S BUYING WHOM[®]

2003 VERSUS 2002 UPDATE

January 2004

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."

FEWER BUT BIGGER DEALS MARK M&A TREND FOR 2003; DEAL INCREASE FORECAST FOR 2004

New York, N.Y., January 15, 2004—While the economy moved from intensive care to recovery in 2003, acquisition activity among publishing, information and training companies saw a slight drop in the number of transactions but an increase in the total value of deals for the year, reports merger and acquisition advisory firm Whitestone Communications. Whitestone tracks acquisitions and investments for its annual reference, *Who's Buying Whom*, the most complete report on deals in the publishing, information and training fields.

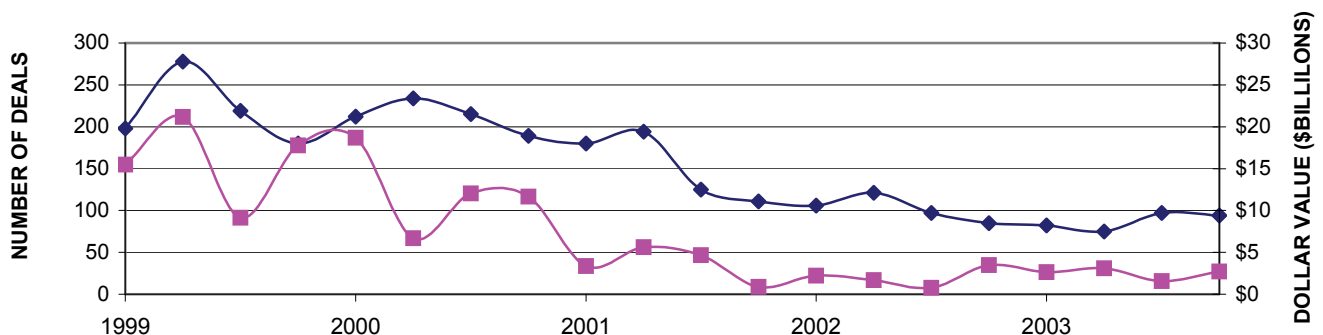
"On balance, considering the bleak economic picture at the start of 2003, we think M&A turned in a respectable performance for the year," noted Whitestone President

Baran Rosen. "In fact, by the end of the year we were seeing a re-born enthusiasm for deal-making unlike anything we have seen since the dot-com bust. This doesn't mean a return in 2004 to dot-com deal levels, but it does mean a measurable increase, perhaps in the 15-25% range, over 2003."

The hottest area for M&A in 2003 was in post-secondary schools. In the category of training (which includes post-secondary schools) tracked by Whitestone, the number of acquisitions leaped from 56 to 92 while the dollar value of transactions increased five-fold from \$686 million to \$3.4 billion. (While post-secondary schools are not tracked separately by

(continued on next page)

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



* 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, also in Q1 2000.

Source: Whitestone Communications, Inc.

◆ Number of Deals
■ Dollar Value



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Whitestone, they made up the majority of deals in the training category for 2003).

Among the school deals in 2003, the top three accounted for some \$840 million in deal value:

- Career Education Corp. announced the \$230 million purchase of Whitman Education Group
- DeVry acquired Ross University, a medical and veterinary school in the Caribbean, for \$310 million
- Educate Operating Company acquired the k-12 education businesses of Sylvan Learning Systems for \$275-300 million.

The second most significant group of acquisitions was in the Education/Reference category which included the year's largest deal, the sale of Jostens, Inc., a school yearbook publisher and ring maker, to DLJ Merchant Banking Partners for \$1.1 billion. Still, even with this large transaction, the dollar value of Education/Reference deals was down significantly—32%—from 2002, while the number of deals also declined, but more modestly—9%.

"While there was much coverage during the year about reduced advertising spending and its impact on trade magazines and trade shows, this category did surprisingly well," added Rosen. The number of acquisitions was up only slightly to 32, but deal value doubled to \$355 million.

Looking at the five-year trend in M&A activity, Rosen said, "Hopefully 2002 and 2003 represent the bottoming of a trough in M&A deal-making. In the last two years, the number of transactions was still about one-third of 1999 levels. We clearly have a ways to go to getting back to the 'good old days.'"

MAGAZINES

TRADE MAGAZINE/SHOW DEALS UP, CONSUMER MAGAZINE DEALS DOWN FOR 2003

New York, N.Y., January 15, 2004—Trade magazine/trade show acquisition activity for 2003 moved ahead of 2002 while consumer magazine activity declined, reports merger and acquisition advisory firm Whitestone Communications.

"The stock market shooting upward combined with hopes for an improved magazine advertising climate helped push trade magazine deal-making up in 2003," notes Whitestone Managing Director Sharon Sevrens. "We expect the rising tide of business optimism to also lift the consumer magazine deal pace in 2004, producing a good year for dealmakers in both segments.

"We see both buyers and sellers being more ready to do deals as 2004 gets underway," Sevrens said. "The buyers are being driven by confidence that acquired businesses will do well in an improving advertising environment, and the sellers are becoming more inclined to sell as they can show an uptick in their results."

The number of trade magazine/trade show acquisitions was 32 in 2003, up from 29 in 2002, while deal value more than doubled to \$355 million from \$175 million. On the consumer side, the number of deals and deal value both declined by 50%—the number of deals at 12 in 2003 versus 24 in 2004 and deal value at \$790 million versus \$1.7 billion.

Among the larger trade magazine deals in 2003 were two physician magazine transactions—Advanstar's purchase of Medical Economics for \$135 million and the United Business Media purchase of SCP Communications for \$37.5 million.

EDUCATION/REFERENCE

M&A DEAL TRENDS FOR EDUCATION/REFERENCE PUBLISHERS OFF MODESTLY FOR 2003

New York, N.Y., January 15, 2004—Acquisition activity in the education/reference publishing field in 2003 was down slightly compared to 2002, reports merger and acquisition advisory firm Whitestone Communications.

"Education/reference publishing continues to be a highly attractive field for investors," notes Whitestone President Baran Rosen. "However, buyers were more cautious about this field in 2003 in light of the slow down in school spending. This slow-down was due to tighter state budgets resulting from the weakened economy producing lower tax revenues for the states.

"Looking ahead to 2004, we expect the economic recovery to add more tax revenues to state budgets and for the states to start to increase school spending on books for the school year 2004-2005," Rosen said. "With this uptick, we expect to see increased deal activity following along, rising 15-20% for 2004."

In 2003, only one acquisition was more than \$1 billion and it only bordered the traditional content businesses that make up the bulk of the market focused on by Whitestone. This deal was the sale of Jostens, Inc., a school yearbook publisher and ring maker, to DLJ Merchant Banking Partners for \$1.1 billion.

For 2003, the number of acquisitions was down 9% to 31 from 34, while the dollar value of transactions was down 32% to \$1.8 billion from \$2.6 billion.



**NEWSLETTERS/
DIRECTORIES**

**NEWSLETTER
ACQUISITION PACE
STEADY FOR 2003**

New York, N.Y., January 15, 2004—Feeling the impact of the recent recession, newsletter company acquisition activity finished 2003 at about the same level as 2002, reports merger and acquisition advisory firm Whitestone Communications.

“While 2003 finished about even with the prior year, the deal pace picked up in the fourth quarter and we see signs of expanded activity for 2004,” notes Whitestone Communications Associate Jenifer Lindenman. “The stock market is running at recent record highs and buyers are feeling good about the near-term future of the economy. This combination means more deals are going to be done.”

Signs of this increased interest include:

- The 2003 fourth quarter had six deals, double the number for the same period in 2002.
- In the U.K., Informa Group announced the largest newsletter acquisition deal in recent years—the purchase of PJB Publications for \$210.5 million—at a high multiple of 13.2 times operating profit.

TRAINING

**TRAINING AND POST-
SECONDARY SCHOOL
ACQUISITION ACTIVITY
AT FOUR-YEAR HIGH**

New York, N.Y., January 15, 2004—While the economy climbed shakily out of recession in 2003, acquisition activity in the training (including post-secondary schools) market moved ahead sharply over the prior year’s pace and scored the highest numbers since 1999, reports merger and acquisition advisory firm Whitestone Communications.

“Post-secondary schools have become one of the hottest markets for M&A, boosted by strong operating results in the field and optimism for the continued success of these businesses,” noted Whitestone President Baran Rosen. “The recession was driving customers to the post-secondary schools to seek new skills that would help them land a job. And given what has been so far a ‘jobless’ recovery, the near-term continues to look good for these businesses.”

Looking at training, Rosen noted that testing and assessment businesses were an active segment for acquisitions, partially due to an increase in corporate security measures. General business training companies saw light deal activity.

The number of acquisitions in 2003 nearly doubled—to 92 from 56—while the value of the transactions *increased nearly five times*—to \$3.4 billion from \$686 million.

Among the career school deals in 2003:

- Career Education Corp. announced the \$230 million purchase of Whitman Education Group, paying a premium multiple of nearly 14 times earnings before interest, taxes and depreciation.
- DeVry acquired Ross University, a medical and veterinary school in the Caribbean, for \$310 million at a multiple of 12.4 times earnings before interest, taxes, and depreciation.
- Educate Operating Company acquired the k-12 education businesses of Sylvan Learning Systems for \$275-300 million, paying a multiple of 8.1 times earnings before interest, taxes, depreciation and amortization.

Training Company Acquisitions	2003	2002	% Change
Number of Deals	92	56	64%
Dollar Value (\$MM)	\$3,421	\$686	399%

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