

WHO'S BUYING WHOM[®]

2003 VERSUS 2002 UPDATE

April 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."

SOLID FIRST QUARTER IN PUBLISHING, INFORMATION, TRAINING M&A SETS STAGE FOR ACTIVE 2004

New York, N.Y., April 15, 2004—M&A activity among publishing, information and training companies got off to a strong start in the first quarter of this year, boding well for deal-makers in the rest of 2004, reports merger and acquisition 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.

"As we predicted, M&A activity has picked up considerably," noted Whitestone President Baran Rosen. "The economy drives the stock market and, in turn, the pace of acquisitions. So with the stock market pushing ahead, acquisitions are following along.

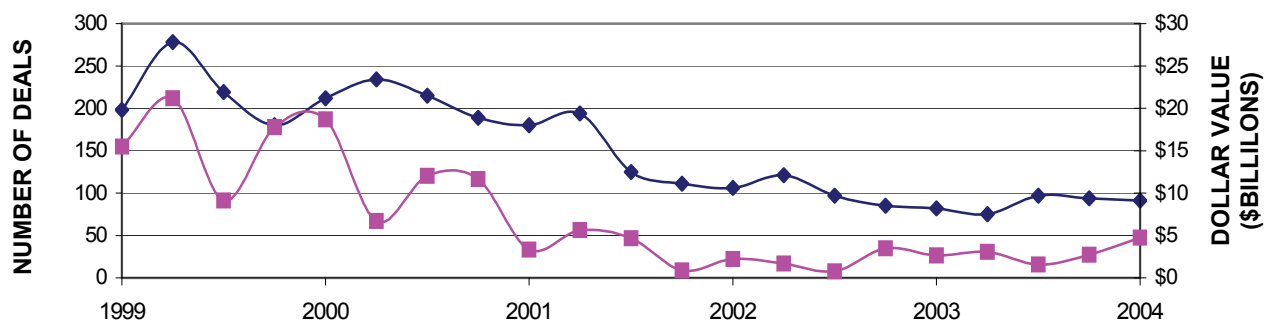
We are going to see a significant improvement for the year in the number and value of deals."

Excluding the mega Informa/Taylor & Francis merger, the number of deals in the first quarter totaled 90, up 27% over 2003, while the value of deals reached \$2.7 billion, up 7%. The Informa/Taylor & Francis merger alone was a \$2 billion transaction.

The areas showing the biggest increases in M&A activity were in the "Business, Legal" and "Education/Reference" segments. "Business, Legal" saw deals increase from seven to 18 while "Education/Reference" had a rise from six to 12.

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TOTAL NUMBER AND DOLLAR VALUE OF DEALS* IN THE PUBLISHING, INFORMATION AND TRAINING INDUSTRIES BY QUARTER, 1999-2004



* 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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Among the largest deals of the quarter besides the Informa/Taylor & Francis merger were:

- The \$410 million sale by private equity fund Castle Harlan of its American Achievement Corporation to another equity fund, Fenway Partners. American Achievement sells class rings, yearbooks, and student recognition products.
- \$400 million purchase by Thomson Corporation of TradeWeb Group, an online bond trading network.
- Ask Jeeves' \$343 million purchase of Interactive Search Holdings, owner of the search engines My Web Search, Excite, MaxOnline and iWon.

MAGAZINES

MODEST IMPROVEMENT ON THE MAGAZINE DEAL FRONT IN 1Q 2004

New York, N.Y., April 15, 2004—First quarter 2004 acquisition activity for magazine publishers was up modestly in terms of number of deals versus the first quarter 2003, reports M&A advisory firm Whitestone Communications.

"The first quarter showed the start of an increase in the deal pace we had predicted in the magazine field for 2004," said Whitestone Managing Director Sharon Sevrens.

"As magazine advertising picks up and publishers report improved results, we expect the buyers will feel more confident to make acquisitions and sellers will start to see prices that motivate them to sell. The main problem is, as widely reported, improvements in magazine advertising are slow in

coming and this may limit the increase in the deal pace."

The number of deals for trade magazines, consumer magazines and trade shows in the first quarter 2004 was 14 versus 11 in 2003. Deal value in 2004 at \$239 million was, though, well below the \$581 million in 2003 but last year included one transaction at \$508 million (the recapitalization of American Media).

Looking at the separate categories within these numbers:

- Trade magazine deals totaled eight valued at \$33 million versus prior year numbers of six at \$29 million.
- Consumer magazine deals were four valued at \$200 million versus just the one American Media deal last year at \$581 million.
- Trade show deals were two valued at \$5.5 million compared to four at \$44 million.

Helping push trade magazine acquisition totals higher in 2004 was the sale by VS&A Communication Partners II, L.P., of its Hart Publications group to management for an estimated \$20 million. Hart publications include Oil and Gas Investor, Hart's E&P, Energy Markets, PipeLine and Gas Technology and World Refining. Abroad and excluded from Whitestone calculations as it was a non-U.S. deal, was the \$334 million purchase by Sagard, a Canada-France fund, of Le Groupe Moniteur (France) from Aprovia, a consortium of Apax, Carlyle Group and Cinven private equity groups.

In the consumer magazine area, Centaur Communications, a group of general business interest magazines in the U.K., took its company public under a new name Centaur Holdings, with Griffin Land & Nurseries (U.S.) and other shareholders selling their stock. Griffin netted \$72 million plus 6.5 million shares in Centaur Holdings.

EDUCATION/REFERENCE

M&A UP SHARPLY IN EDUCATION/REFERENCE PUBLISHING

New York, N.Y., April 15, 2004—Acquisition activity in the education/reference publishing field in the first quarter of this year was up strongly compared to the same period 2003—the number of deals doubled and the dollar value quadrupled, reports M&A advisory firm Whitestone Communications.

"Buyers continue to look on the education/reference publishing field as having good business characteristics and positive long-term prospects," notes Whitestone President Baran Rosen. "Given state budget cuts hampering some educational sales, the big increase in acquisition activity is particularly exciting.

"In this year's first quarter, we saw deals in a range of areas within the broad definition of education and reference," said Rosen. "These included yearbook, school fundraising, educational software, and scientific databases."

The total number of deals in the first quarter 2004 was 12 with a value of \$518 million compared to six deals with a value of \$123 million last year.

Among the largest deals for the quarter by far was the \$410 million sale of American Achievement Corporation (see details in column one). Also notable was the sale by McGraw-Hill of certain K-12 product lines to School Specialty for \$45.7 million. The lines included Instructional Fair, Frank Schaffer, Judy Instructo and Spectrum.



**NEWSLETTERS/
DIRECTORIES**

**NEWSLETTER
ACQUISITION PACE
SLIGHTLY AHEAD**

New York, N.Y., April 15, 2004—
The pace of newsletter acquisitions showed a slight uptick in the first quarter of this year versus the same period 2003, reports M&A advisory firm Whitestone Communications.

“With the benefit of an improved economy, we were expecting an improvement to follow in the pace of acquisitions,” notes Whitestone Communications Associate Jenifer Lindenman. “While the first quarter improvement was modest, we expect the pace will pick up as the year goes on.”

The total number of deals in the first quarter 2004 was six with an estimated value of \$54 million compared to four deals with a value of only \$11 million in the first quarter 2003.

LRP Publications had a busy first quarter closing two transactions—the purchase of newsletters on security from Rusting Publications and newsletters on education from Aspen Publishing. Separately, two former ranking Thomson Corporation executives, Michael Danziger and Mark Lerch, completed their acquisition of Buyers Laboratory, a rating and database service for the printer,

copier and fax machine field.

In the U.K., in a transaction not included in the newsletter category because the companies’ newsletter revenue is small relative to their other businesses, Informa, publisher of newsletters, magazines and databases, completed a \$2 billion merger with academic publisher Taylor & Francis. Informa holds 51% of the combined businesses that had total 2003 pro forma revenue of more than \$900 million.

“This transaction probably is responsible for both Informa and Taylor & Francis having made deals at relatively high multiples in the period leading up to the deal announcement,” noted Lindenman.

TRAINING

**TRAINING COMPANY DEAL
PACE COOLS**

New York, N.Y., April 15, 2004—
After showing a large increase in 2003, the pace of acquisitions among training companies stabilized in the first quarter of this year, reports merger and acquisition advisory firm Whitestone Communications.

“Postsecondary school deals, one of the main drivers of the stronger deal activity in 2003, slowed considerably in the first quarter—maybe the deal-makers were just exhausted from the prior pace,” noted Whitestone Managing Director Gene Gartlan.

“Still, we expect that the full year 2004 is going to show another year of increased acquisitions in the training field, including postsecondary institutions.”

The number of deals in the first quarter 2004 totaled 19—about the same as the 20 recorded in 2003. But this year did not see the several \$200-300 million transactions that drove last year’s total deal value to \$1.25 billion. Instead, the first quarter 2004 deal values totaled just \$228 million.

The largest deal for the 2004 period was the \$120 million purchase of DigitalThink by Convergys Corporation. “The price was more than two times revenue—and this for a company that is still showing operating losses,” noted Gartlan. Digital Think recorded 2003 revenue of \$45 million and an operating loss of \$19.5 million.

In the postsecondary school field, Kaplan, part of Washington Post Co., continued its steady pace of acquisitions Sawyer College and Texas School of Business. Private equity funds were also busy in this area with Huron Capital Partners purchasing Miami-Jacobs Career College and Sterling Capital Partners acquiring Florida Coastal School of Law. ■

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