



News on mergers and acquisitions in the publishing, information and training industries 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. 266, or email brosen@whitestonecommunications.com.

M&A MEDIA DEAL PACE RESILIENT

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New York, N.Y., June 2008—M&A activity and deal value among publishing, information and training companies was surprisingly resilient in the first quarter 2008, reports merger and acquisition advisory firm Whitestone Communications. Whitestone tracks media acquisitions and investments for its annual reference, *Who's Buying Whom*, the most comprehensive and detailed report on deals in the publishing, information and training fields.

"With the subprime crisis fostering doom and gloom on Wall Street and debt to finance transactions much harder to secure, one would have suspected M&A activity to have come crashing down," said Whitestone Communications President Baran Rosen. "But we actually saw a slight upturn in the number of transactions and a big increase in the dollar value of

deals in the first quarter of this year versus the fourth quarter of 2007."

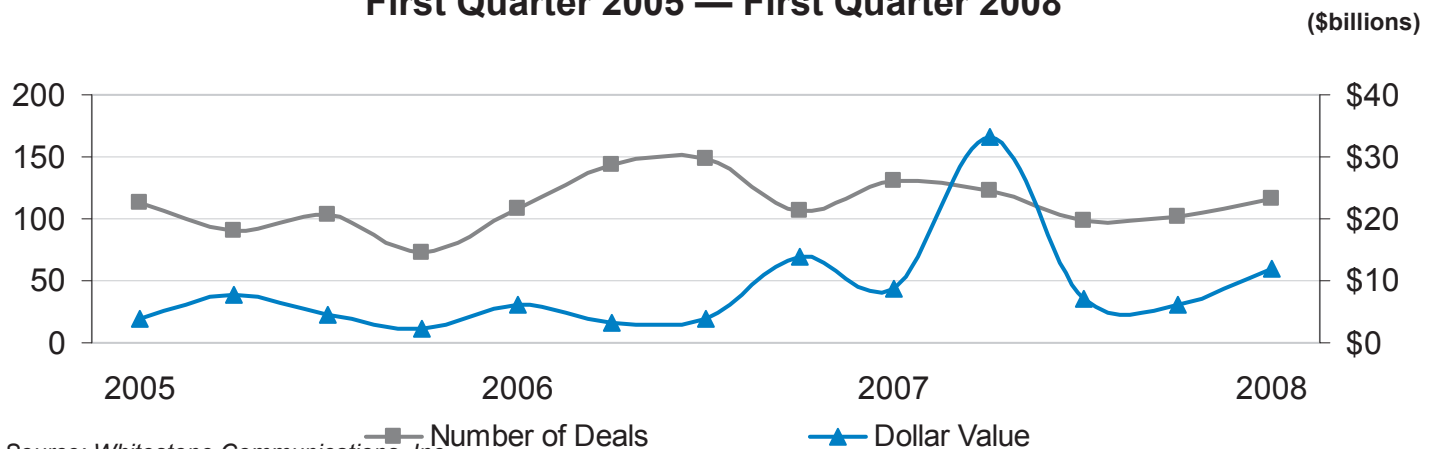
The number of deals in the first quarter reached 116 versus 101 in the prior quarter while dollar value soared to \$11.8 billion versus \$6.0 billion in the prior quarter. The big jump in dollar value is attributable to two major deals—Reed Elsevier buying ChoicePoint for \$4.1 billion and Hellman & Friedman buying Getty Images for \$2.4 billion.

Not surprisingly, the first quarter 2008 deal pace was off the first quarter 2007. The first half of 2007 was the strongest period for M&A activity in recent years, reflecting the rising stock and real estate markets at that time. The number of deals this year was down 11% from last year's 131 though the two big deals in the 2008 first quarter lifted the dollar value of deals above last year's total of \$8.8 billion.

Compared to the fourth quarter 2007, the largest increase in absolute number of deals in the first quarter 2008 was in the Business/Legal information segment, reaching 25 deals versus 13 in the earlier period, followed by the Finance/Real Estate information category with 16 transactions this year versus seven in the earlier period. Declines were largest in the content-related Internet segment, dropping to 17 from 29.

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Total Number and Dollar Value of Acquisitions Publishing, Information and Training Industries First Quarter 2005 — First Quarter 2008



Source: Whitestone Communications, Inc.

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Looking at the results year over year, the categories Business/Legal, Financial/Real Estate, Newsletters/Directories and Publishing/Information Industry Software were higher in number of deals in the first quarter 2008 versus the same period 2007.

Among the more noteworthy transactions in the first quarter of this year:

- Reed Elsevier's purchase of ChoicePoint for \$4.1 billion, a very robust multiple of 39 times 2007 EBITDA. Shortly prior to this purchase, Reed announced its planned sale of its trade magazine group, Reed Business Information, showing the company wants to lessen its dependence on print advertising.
- Private equity firm Hellman & Friedman's acquisition of Getty Images for \$2.4 billion, a multiple of 12 times 2007 EBITDA.
- Emap's sale in the UK of its Consumer Media business to Germany-based Heinrich Bauer Verlag for \$1.4 billion (this not included in *Who's Buying Whom* calculations as buyer and seller are non-U.S.) ■

MAGAZINES/SHOWS

B2B MEDIA DEAL PACE HOLDS STEADY IN FIRST QUARTER

New York, N.Y., June 2008—Deal activity in Business-to-Business media (which consists of trade magazines and trade shows) held even in the first quarter 2008 versus the last quarter of 2007, reports merger and acquisition advisory firm Whitestone Communications.

The number of deals in BtoB was 14 in the first quarter this year and dollar volume \$249 million, the latter up slightly from fourth quarter 2007. Both periods, though, were below the first quarter 2007, when M&A activity overall was stronger and BtoB recorded 19 deals valued at \$1.3 billion.

"M&A activity in BtoB media continues at a moderate pace, with buyers assuming some continued interest in print advertising despite the overwhelming trend of ad dollars going to the web," noted Whitestone Managing Director Ed Fitzelle. "The big deal to watch will be the announced auction of the Reed Business Information business with its big trade magazine component. We believe private equity firms will show great interest due to the potential billion dollar-plus size of the transaction, though the multiple to be paid may be lower than other deals of similar size due to the challenges facing print advertising and the financial uncertainty on Wall Street."

The top transactions for the B2B sector in the first quarter were:

- Two deals by Veronis Suhler Stevenson, picking up CBI Research's pharmaceutical/medical conferences and exhibitions for portfolio company Advanstar and acquiring Clarion Events, a U.K. exhibition business
- Private equity firm Arlington Capital Partners buying trade magazine and trade show business Virgo Publishing from another private equity firm Seaport Capital
- Private equity firm Investcorp acquiring trade magazine business Randall-Reilly Publishing, Investcorp's first significant U.S. publishing acquisition since its purchase of what is now called Source Media from Thomson Corporation. ■

CONSUMER MAGAZINES

CONSUMER MAGAZINE DEAL PACE CONTINUES AT "DOLDRUM" LEVELS

New York, N.Y., June 2008—Consumer magazine transaction activity remained slow in the first quarter 2008, reports merger and acquisition advisory firm Whitestone Communications.

The number of consumer magazine deals totaled just five, the same as the

count in the last quarter of 2007, and down from 12 in last year's first quarter. Dollar value was also modest in the first quarter this year, totaling \$27 million, down from \$122 million in the fourth quarter 2007 (excluding the mega \$2.8 billion Gemstar-TV Guide deal) and down from last year's first quarter total of \$410 million.

Outside the U.S. (and therefore not included in the *Who's Buying Whom* numbers), there was one major deal in Europe with Emap selling its Consumer Media business to Heinrich Bauer Verlag in Germany for \$1.4 billion. ■

EDUCATION/REFERENCE

DOLLAR VOLUME OF EDUCATIONAL PUBLISHING DEALS EVAPORATES

New York, N.Y., June 2008—The dollar volume of M&A activity in the education/reference publishing market decreased to near non-existent in the first quarter 2008, reports merger and acquisition advisory firm Whitestone Communications.

Whitestone calculated dollar volume for the quarter at \$30 million, down from \$779 million in the fourth quarter 2007 and down from \$460 million in the same year earlier period first quarter 2007. The number of education/reference deals was six in the first quarter 2008 versus seven in 4Q 2007 and 13 in 1Q 2007.

"We may be seeing a reflection of the recent consolidation that has taken place in the educational publishing field," noted Whitestone Managing Director Glenn Shapiro. "With Riverdeep's consolidation with Houghton Mifflin and Harcourt, for example, these traditionally active buyers are working through their integration plans and not buying. Also state budget cuts are impacting the availability of dollars for K-12 education spending."

One major school education publisher Voyager Expanded Learning, announced in January it had retained an

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investment bank to explore a sale. But as of mid-May, it did not appear a transaction was imminent. While the absence of a sale of Voyager could be a sign of less enthusiasm for buying educational publishers, the lack of a deal here could also be driven by buyers being wary of shareholder lawsuits involving the stock collapse of its parent company ProQuest.

Among acquisitions in the education sector in the first quarter of this year, Providence Equity, which bought Jones and Bartlett Publishers in late 2007, made two small add-on acquisitions for this academic and professional publisher—Physicians' Press and Compact Clinicals. Macmillan Publishers, part of Verlagsgruppe George von Holtzbrinck, acquired long-established college textbook publisher Hayden-McNeil. ■

TRAINING

TRAINING M&A DEAL PACE MATCHES PRIOR QUARTER

New York, N.Y., June 2008—The number of training industry acquisitions in the first quarter 2008 approximately matched the same performance as fourth quarter 2007—both at levels below the first quarter 2007, reports merger and acquisition advisory firm Whitestone Communications.

The training industry recorded 13 transactions in this year's first quarter with a dollar value of \$118 million. The last quarter of 2007 had 12 deals, with a value of \$139 million. The first quarter 2007 saw 16 deals at approximately \$600 million in volume, excluding the mega-deal purchase of Laureate Education for \$3.8 billion.

"In the post-secondary sector of training, we continue to see great interest on the part of buyers but with the area having been actively pursued by private equity and strategic buyers so actively, the number of remaining independents limits the upside in dealmaking," noted Whitestone Managing Director Susan Isserman. "In the corpo-

rate sector of training, buyers are wary of the impact of a possible recession on training budgets."

The largest deal in the training field in the first quarter 2008 was the \$38.4 million purchase (mostly in stock) by Princeton Review of Test Services, Inc., a Princeton Review franchisee.

- International training business Crestcom, which had been seeking a buyer on and off for several years, showed good timing in its sale of a majority position to Bear Growth Capital Partners, part of Bear Stearns—Bear Stearns' stock price collapsed within months thereafter in the wake of the sub-prime turmoil leading it to be taken over by JPMorgan Chase.
- Nobel Learning Communities made two acquisitions, buying private preschool operator Enchanted Care Learning Centers and pre-K and after-school program business IvyGlen Schools. ■

SPECIALIZED BUSINESS INFORMATION

SPECIALIZED BUSINESS INFORMATION DEAL PACE UP IN 1Q 2008

New York, N.Y., June 2008—The number of deals in the Specialized Business Information (SBI) sector—print and electronic businesses in the financial, real estate, business and legal markets—increased 29% in the first quarter 2008 versus the same year earlier period, reports merger and acquisition advisory firm Whitestone Communications.

"While we would have thought this area would decline with the subprime crisis impacting the overall M&A market, the sector did well particularly with more activity in the financial and real estate information area," noted Whitestone Communications Associate Matthew DeBlasio. "We do expect, though, that overall 2008 will not exceed full year 2007 as last year was a particularly strong time for M&A."

The SBI sector included the quarter's largest deal among all areas covered by Whitestone—Reed Elsevier's purchase of ChoicePoint for \$4.1 billion. Reed paid a very strong multiple of 39 times 2007 EBITDA.

The total number of deals in Specialized Business Information reached 45 in the first quarter 2008 versus 35 in the same year earlier period. Dollar volume, excluding the Reed/ChoicePoint transaction was approximately \$800 million versus \$1.3 billion last year.

Aside from the Reed/ChoicePoint deal, noteworthy transactions included:

- Bankrate, Inc., making two acquisitions: InsureMed, web site and network of insurance rates, for \$65MM plus up to \$20MM; and Lower Fees, local information and rates on mortgage-related products, for \$2.9 million
- Halyard Capital buying HCPro Holdings, a healthcare publishing and consulting service, from the Riverside Company which had been seeking a sale of the business for several years
- Questex Media Group's acquisition of FierceMarkets, provider of newsletters, web sites, webinar and live events on telecommunications, life science, healthcare IT and finance ■

INTERNET CONTENT

CONTENT-RELATED INTERNET DEAL PACE COOLS

New York, N.Y., June 2008—After heating up considerably in 2007, the pace of acquisitions among content-related Internet businesses cooled in the first quarter 2008 but still remained strong, reports merger and acquisition advisory firm Whitestone Communications, Inc.

"In the first quarter, we saw the level of activity in content-related Internet

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deals drop to strong from very strong last year,” noted Whitestone Associate Matthew DeBlasio. “The subprime credit crisis spread through to the stock market and inhibited valuations, meaning sellers were being offered lower prices and buyers were not as able to get bank funding for deals. All in all, this was a recipe for less deals getting done. Still, companies and private equity groups continue to show their confidence in the future of content-related Internet businesses, keeping this sector among the strongest we track.”

The number of deals in the content-related Internet sector in the first quarter 2007 was 17, versus 20-30 deals per quarter in the last three quarters of 2007 and 16 deals in the first quarter of 2008.

Dollar value of deals was robust at \$3.3 billion due mainly to the \$2.2 billion merger of HLTH Corporation into its 84%-owned subsidiary WebMD Health, both public companies. The merger eliminated both the controlling class of WebMD stock held by HLTH and WebMD’s existing dual-class stock structure. Dollar value of content-related Internet deals in the fourth quarter of 2007 was \$1.3 billion while the year ago first quarter was only \$191 million.

Other noteworthy transaction in this year’s first quarter:

- AOL spent \$850 million to buy Bebo, a leading global social media network. Together with its AIM and ICQ personal communications network, the acquisition will give AOL a

stronger position in the world of social media with a network of approximately 80 million unique users.

- Monster Worldwide acquired Affinity Labs for \$61 million. Affinity offers professional and vocational communities for people entering, advancing and networking in certain dedicated occupations
- U.K.-based Goindustry, a provider of capital asset auction and valuation services, paid \$37 million to buy DoveBid, a provider of auctions and valuations of used equipment. ■

M&A DEAL ACTIVITY Q1 2008 vs. Q1 2007 PUBLISHING, INFORMATION AND TRAINING INDUSTRIES

CATEGORY	Q1 2008		Q1 2007		% Change	
	No. of Deals	\$ Value (\$MM)	No. of Deals	\$ Value (\$MM)	No. of Deals	\$ Value
Trade Magazines/Trade Shows	14	249	19	1,306	-26%↓	-81%↓
Consumer Magazines	5	27	12	410	-58%↓	-94%↓
Trade Book & Other Consumer Publishing	7	2,733 ¹	15	734	-53%↓	272%↑
Education/Reference/Technical Publishing	6	30	13	460	-54%↓	-94%↓
Publishing-Related Software	9	381	5	26	80%↑	1,363%↑
Content-Related Internet	17	3,328 ²	16	191	6%↑	1,642%↑
Training	13	118	16	4,405 ³	-19%↓	-97%↓
Specialized Business Information						
<i>Finance/Real Estate Information</i>	16	4,351 ⁴	9	143	78%↑	2,942%↑
<i>Newsletters/Directories</i>	4	33	2	70	100%↑	-54%↓
<i>Business, Legal and Other</i>	25	548	24	1,068	4%↑	-49%↓
Subtotal	45	4,931	35	1,281	29%↑	285%↑
Total	116	\$11,796	131	\$8,814	-11%↓	34%↑

1. Includes the \$2.4 billion acquisition of Getty Images
2. Includes the \$2.3 billion merger between WebMD and HLTH Corporation
3. Includes the \$3.8 billion acquisition of Laureate Education
4. Includes the \$4.1 billion acquisition of ChoicePoint

Source: Whitestone Communications, Inc.