



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](mailto:brosen@whitestonecommunications.com).

# M&A DEAL PACE SURPRISINGLY RESILIENT IN THIRD QUARTER

### Inside this Report

#### Page 2

- ◆ B2B Deal Pace Steady
- ◆ Consumer Magazine Activity Moderate

#### Page 3

- ◆ Dollar Volume of Educational Publishing Deals Down
- ◆ Training Deal Pace Doubles
- ◆ Specialized Business Information Deal Making Active

#### Page 4

- ◆ Content-Related Internet Deals Increase with Lower Dollar Volume

New York, N.Y., November 2008— While the nation's press has recently been full of doom and gloom on the economy, the M&A deal pace among publishing, information and training companies was surprisingly resilient in the third quarter, reports merger and acquisition advisory firm Whitestone Communications. Whitestone tracks 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.

"A lot of people, I am sure, are surprised at these numbers," said Whitestone Communications President Baran Rosen. "The explanation is that much of this

deal activity was in process before the real economic problems began in October after the end of the third quarter. We certainly expect the fourth quarter deal pace to show a fall off in activity."

The number of transactions in the third quarter—158—increased 34% from the second quarter—118—while the dollar amount of deals decreased 11% to \$6.0 billion from \$6.8 billion.

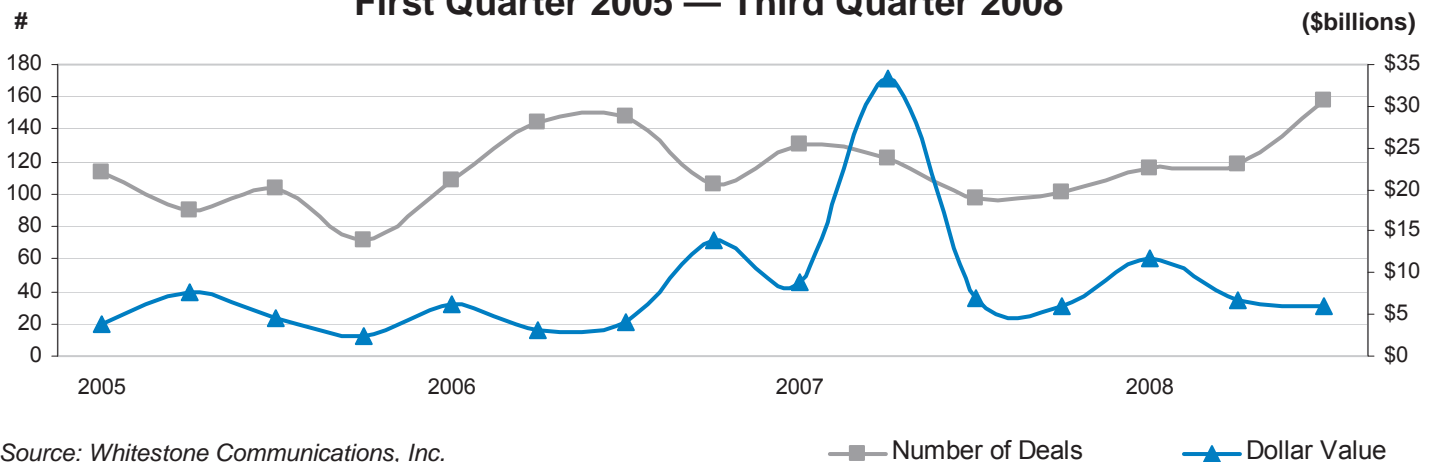
Compared to last year's third quarter the number of deals was up 63% from 97 while dollar value was markedly down 13% from \$6.9 billion (though last year's period included nearly \$4 billion from a single transaction—the sale of Houghton Mifflin).

From the second quarter to the third quarter of this year, there was significant increase in deal activity among three of the 10 individual segments tracked by Whitestone. Publishing-related software and Internet-content transactions at least doubled the prior quarter while Training nearly doubled.

Looking at the third quarter of 2008 versus the same period last year:

(continued on next page)

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



Source: Whitestone Communications, Inc.

(continued from previous page)

- The number of trade magazine and trade show deals nearly doubled to 17 and the number of consumer magazine deals nearly tripled to eight in 2008
- Publishing industry-related software transactions more than tripled to 25
- Training deals increased to 23 deals this year, up from 14 last year.

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

- Microsoft's purchase of Greenfield Online for \$486 million. Greenfield owns Ciao GmbH, one of Europe's leading price comparison, shopping and consumer reviews sites. The move further extends Microsoft's search and e-commerce services in Europe
- Telvent's acquisition of the agricultural, energy and environmental information provider DTN for \$445 million, or about two and a half times DTN's expected 2008 revenue of \$180 million. Spain-based IT services provider Televent did its first major deal in the U.S., moving the company more into the content field
- IHS's purchase of Global Insight for \$200 million. IHS for the first time took a major turn away from its main focus on energy and engineering information businesses and acquired this economics data company. Wall Street immediately drove down the stock price of IHS by some 20% indicating some thought either IHS overpaid or was straying from its strengths or both.

Knowledge Learning Corporation made an offer to acquire the rest of Nobel Learning Communities it did not already own for \$186 million (this deal not concluded at *Who's Buying Whom* press time.) ■

## MAGAZINES/SHOWS

### TRADE MAGAZINES/TRADE SHOW DEAL PACE STEADY

New York, N.Y., November 2008—While concerns spread about the potential for trade magazine and trade show revenue in the third quarter of 2008, M&A activity in this sector held

fairly steady relative to the prior quarter, reports merger and acquisition advisory firm Whitestone Communications.

"Buyers in the third quarter were still seeing the potential for avoiding a significant market downturn and were willing to move ahead on acquisitions," said Whitestone Communications Managing Director Ed Fitzelle. "But as the economic situation has worsened, we expect the pace of deals in this area will cool into at least early next year."

The most notable example of this cooling is perhaps the stalled divestiture of Reed Business Information, the major trade magazine division of Reed Elsevier. The parent company announced plans for this billion-dollar

**"We expect the pace of deals will cool into at least early next year."**

*Ed Fitzelle, Managing Director*

plus divestiture earlier this year but the news reports on the deal price keep coming down and a deal does not yet to appear to be in hand. Another major deal pulled from the market was the planned sale of Entrepreneur Media.

The number of trade magazine/trade show deals in the third quarter totaled 17 versus 19 in the second quarter of this year and 10 in the year ago same period. The dollar value of deals this past third quarter was \$194 million versus \$63 million in the second quarter and \$706 million in the same year ago period.

Significant transactions for this sector in the third quarter were:

- Marketplace Events LLC made two acquisitions; dmg world media's portfolio of 38 consumer home shows for \$53 million and Industrial Exhibitions' Denver Spring Home & Patio Show
- Guardian News & Media acquired ContentNext Media, a B-to-B media company covering digital media, entertainment, and technology. Estimated deal value was \$30 million
- Summit Business Media added to

its financial portfolio acquiring WeisnerMedia's Financial Group. ■

## CONSUMER MAGAZINES

### CONSUMER MAGAZINE DEAL ACTIVITY MODERATE

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

"While the Internet continues to be where the sizzle is for advertising driven media, consumer magazine interest continued at its generally moderate pace," noted Whitestone Managing Director Ed Fitzelle. "But these properties still can be very profitable and sustain growth if well focused so we expect this area to come back when the economy rights itself."

The eight transactions and \$79 million in dollar value topped second quarter results which showed six deals valued at a total of \$34 million. The third quarter 2008 significantly increased from the same period last year when three deals were done for \$21 million.

Noteworthy transactions for the consumer magazine sector in the third quarter were:

- Sweden-based Bonnier Corporation, publisher of Parenting, Baby Talk and other magazines, acquired Working Mother Media (estimated revenue \$20-25 million) from MCG Capital
- Active Interest Media added to its portfolio with the purchase of the Yellowstone Journal Corporation, enthusiast magazines serving the outdoor and Western travel markets
- Upscale publisher Sandow Media acquired InSync, the enthusiast magazine for watch connoisseurs and collectors, from World Publications. ■

(continued on next page)

(continued from previous page)

**EDUCATION/  
REFERENCE**

**DOLLAR VALUE OF DEALS IN  
EDUCATION/REFERENCE  
PUBLISHING EVAPORATES**

New York, N.Y., November 2008—While the number of transactions in the Education/Reference publishing sector in the third quarter of 2008 remained about level with the prior and year ago quarters, the total dollar value of deals nosedived, reports merger and acquisition advisory firm Whitestone Communications.

The dollar value of deals at \$28 million was down dramatically from the prior quarter total of \$805 million and last year's third quarter total of \$4.5 billion which included the \$4 billion purchase of Harcourt Education, Harcourt Trade and Greenwood-Heinemann from Reed Elsevier by Houghton Mifflin Company.

"While education/reference continues to be of strong interest to buyers and a relatively safe haven for investors in an economic downturn, there were relatively few good size transactions," Whitestone Managing Director Glenn Shapiro said. "We expect though that this field will continue to garner strong interest and for more sizeable deals to be back in the near future."

In the third quarter, Hights Cross Communications, a major educational publisher, seeking a sale of its entire business, only ended up selling off two smaller parts of its business—Oakstone Medical and Sundance/Newbridge Communications—but held on to the major parts of the company due to what the company considered unsatisfactory bids for the rest of the company.

Also in the third quarter Whitestone Communications represented early-childhood education book publisher Abrams & Company Publishers in its sale to Learning Trends LLC, a new company started by Roy Meyer, former owner of Options Publishing and president of Steck Vaughn Publishing. Abrams & Company publications include the long-established Letter People book line. ■

**SPECIALIZED BUSINESS  
INFORMATION**

**SPECIALIZED BUSINESS INFORMATI  
ON TRANSACTIONS ACTIVE**

New York, N.Y., November 2008—The pace of acquisitions in the Specialized Business Information (SBI) sector—print and electronic businesses in the financial, real estate, business and legal markets—remained active in the third quarter 2008 with about the same number of deals as in the prior quarter but ahead of the year ago quarter, reports merger and acquisition advisory firm Whitestone Communications.

"Businesses in the Specialized Business Information category tend to be subscription driven and a certain group of buyers are much more comfortable with that revenue model and are always actively seeking acquisitions in this area," Whitestone Communications Associate Matthew DeBlasio said. "Particularly encouraging was the dollar value of the deals which totaled more than 10 times the prior year quarter and up about 30% on the prior quarter."

The number of deals in the Specialized Business Information sector totaled 33 with a dollar value of \$3.2 billion in the third quarter 2008 versus 22 and dollar value of \$254 million in the same period last year and 35 deals at \$2.5 billion in the second quarter 2008.

Major deals in the SBI sector were:

- Microsoft Corporation's acquisition of Greenfield Online (see page 2)
- IHS was very active in the third quarter completing four transactions. Most notable was its acquisition of Global Insight, Inc. (see page 2)
- Forrester Research, a provider known for its IT research, acquired JupiterResearch, a provider of syndicated research and strong consumer data, from MCG Capital Corp for \$23 million. The purchase price was 1.6 times JupiterResearch's 2007 revenue of \$14 million, a solid multiple for a research business.
- Private equity firm Wicks Group acquired Harris Connect, a long-established publisher of alumni and

membership directories. Manta.com lists the company as having an estimated 80 employees. ■

**TRAINING**

**TRAINING DEAL PACE DOUBLES**

New York, N.Y., November 2008—The number of acquisitions in the Training industry for the third quarter nearly doubled from the prior and year ago quarters, reports merger and acquisition advisory firm Whitestone Communications.

The number of Training deals leaped to 23 in the third quarter up from 14 in the prior quarter and the year ago same quarter. The dollar volume of transactions was \$675 million, up from last year's third quarter total of \$123 million but down from the \$1.1 billion of this year's second quarter.

"I don't think there was any one factor leading to the increased activity in this deal sector," Whitestone Communications Managing Director Glenn Shapiro said. "There just may have been some buildup of a backlog of transactions all coming to fruition at the same time. We expect the Training sector as well as others to show a decline in activity in the fourth quarter."

The major transactions in the U.S. were:

- DeVry Inc. purchasing U.S. Education from private equity firm Clear-Light Partners for \$290 million. U.S. Education is the operator of Apollo College and Western Career College
- Knowledge Learning Corporation (KLC) made an offer of \$17 per share (\$186 million) for Nobel Learning Communities, operator of non-sectarian private schools. KLC's parent, Knowledge Universe Education, was founded by former junk-bond magnate Michael Milken and his brother Lowell Milken. As a result of the offer, Nobel decided in early November to solicit multiple offers, retaining J.P. Morgan for the process.

Outside the U.S. (and therefore not

(continued on next page)

(continued from previous page)

included in the Whitestone statistics) but still a notable transaction: The sale by UK-based Futuremedia, an active buyer of companies mostly in the trade show field, of its elearning division FM Learning to a Norwegian company, Edvantage Group. As part of the deal, Futuremedia acquired a small equity position in Edvantage. ■

## CONTENT-RELATED INTERNET

### MANY MORE DEALS, BUT LOWER DOLLAR VOLUME IN CONTENT- RELATED INTERNET SECTOR

New York, N.Y., November 2008—The acquisition pace among Content-related Internet companies jumped markedly on lower dollar volume in the third quarter compared to both the prior quarter and year ago same pe-

riod, reports merger and acquisition advisory firm Whitestone Communications.

“Social networking deals, which we include in this sector, has been the hottest area for acquisitions all year,” Whitestone Managing Director Susan Isserman commented. “These deals are generating the highest valuations and the most sizzle. We’ll see if investors are successful here or if this is just a dot-com type mirage.”

The number of third quarter deals in the Internet sector—39—was more than double the 19 of the second quarter this year and up 63% over last year’s 24. The dollar value of deals dropped to \$483 million in the third quarter compared to \$2.2 billion in the prior quarter and \$849 million in the third quarter 2008.

Major Internet deals in the third quarter

of 2008 were:

- Gannett acquired a 50.8% stake in CareerBuilder.com from Tribune Company for \$135 million. Following this deal, CareerBuilder.com purchased Lesjeudis.com, a French online recruitment company
- Napster, the online music community that rose from a dorm room project to become the scourge of the global recording industry, was acquired by Best Buy Co., Inc. for \$121 million
- Online banking company Bankrate, Inc., acquired CreditCardGuide.com from LinkSpectrum for \$32 million in cash plus \$2 million for working capital and up to \$10 million additional to be paid in an earnout. CreditCardGuide.com lets customers compare and apply for credit cards online. ■

## M&A DEAL ACTIVITY Q3 2008 vs. Q3 2007 PUBLISHING, INFORMATION AND TRAINING INDUSTRIES

CATEGORY	Q3 2008		Q3 2007		% Change	
	No. of Deals	\$ Value (\$MM)	No. of Deals	\$ Value (\$MM)	No. of Deals	\$ Value
Trade Magazines/Trade Shows	17	194	10	706	70%↑	-73%↓
Consumer Magazines	8	39	3	21	167%↑	86%↑
Trade Book & Other Consumer Publishing	6	158	9	46	-33%↓	242%↑
Education/Reference/Technical Publishing	7	28	8	4,503 <sup>1</sup>	-13%↓	-99%↓
Publishing-Related Software	25	1,257	7	426	257%↑	195%↑
Content-Related Internet	39	483	24	849	63%↑	-43%↓
Training	23	675	14	123	64%↑	449%↑
Specialized Business Information						
<i>Finance/Real Estate Information</i>	8	1,184	8	44	0%	2,592%↑
<i>Newsletters/Directories</i>	3	60	-	-	0%	0%
<i>Business, Legal and Other</i>	22	1,930	14	210	57%↑	819%↑
<b>Subtotal</b>	33	3,174	22	254	50%↑	1,149%↑
<b>Total</b>	<b>158</b>	<b>\$6,008</b>	<b>97</b>	<b>\$6,928</b>	<b>63%↑</b>	<b>-13%↓</b>

1. Includes the \$4 billion sale of Harcourt Education, Harcourt Trade and Greenwood-Heinemann from Reed Elsevier to Houghton Mifflin

Source: Whitestone Communications, Inc.