



News on mergers and acquisitions in the publishing, Internet, 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 DEAL PACE COOLS IN FOURTH QUARTER BUT 2008 FULL YEAR BEATS 2007

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New York, N.Y., February 2009—As anticipated due to the weakened economy, the deal pace and dollar value of deals dropped in the fourth quarter versus the prior quarter, while full year results showed a higher number of deals on markedly lower dollar volume versus prior year, 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, Internet, information and training fields.

"The 2008 results overall mask a weaker current M&A deal environment as the full impact of the depressed economy is going to show up more in the first quarter 2009," said Whitestone Communications

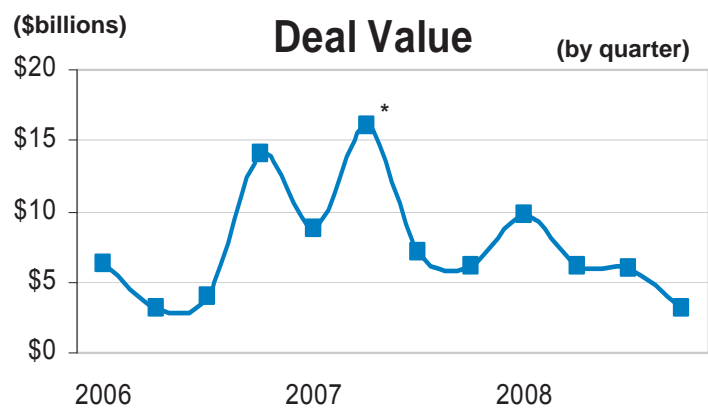
President Baran Rosen. "There was likely a pipeline of deals in the works before the rough times of the fourth quarter took roost. The key will be how the activity holds up in the first quarter 2009."

The dollar volume of acquisitions dropped 55% in 2008 showing that larger deals were getting tougher to complete. "With sellers having weakened P&L results, they know they cannot get a great price if they sell," noted Rosen. "And if they were open to selling, they know the buyers will have a tough time securing bank financing to close the deals. The result is a drop in the dollar volume of deals. Still, buyers are interested in doing deals they can finance and hopefully get lower prices now than they would a year ago. The net result there is the increase in deal pace for the year, though this too was down in the fourth quarter versus the third quarter."

Data highlights for the year show the total number of deals at 525, up 16% over 2007, while dollar volume was \$25 billion, down 55%. For the fourth quarter 2008 versus prior year fourth quarter, the number of transactions was 128 versus 101 and dollar volume was \$3.2 billion versus \$6 billion. The third quarter of 2008 showed 157 deals also at \$6 billion.

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Publishing, Information and Training Industries Acquisitions 2006—2008



* 2Q 2007 excludes the \$17.1 billion merger of Thomson-Reuters

Source: Whitestone Communications, Inc.

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The strongest increase in deal activity among the sectors tracked by Whitestone was Publishing-related Software transactions. The number of deals in this category tripled from 20 to 60 while dollar volume increased five fold from \$577 million to \$2.9 billion. Training (including postsecondary education) deals also climbed meaningfully from 56 in 2007 to 73 in 2008, but dollar volume dropped more than half from \$4.8 billion to \$2.2 billion. The situation was reversed with Consumer Book Publishing and other Consumer Media where the number of deals declined from 41 to 21 but dollar volume jumped three-fold from \$900 million to \$2.9 billion.

Among the more noteworthy transactions in 2008:

- Reed Elsevier's purchase of Choice-Point 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 wanted to lessen its dependence on print advertising. But in the fourth quarter, Reed pulled the sale of this group as bid prices kept falling
- Private equity firm Hellman & Friedman's acquisition of Getty Images for \$2.4 billion, a multiple of 12 times 2007 EBITDA
- CBS Corporation's \$1.8 billion purchase of CNET Networks, a provider of product information on consumer electronics, for 30.3 times EBITDA
- CCC Information Services \$1.4 billion merger with Mitchell International, both providers of information to insurance companies on auto repair costs
- 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.-based). ■

MAGAZINES/SHOWS

B2B DEALS UP, DOLLAR VOLUME DOWN FOR 2008

New York, N.Y., February 2009—Trade magazine and trade show buyers and sellers completed more transactions in 2008 but spent less money doing so compared to the prior year, reports merger and acquisition advisory firm Whitestone Communications.

The number of trade magazine/trade show deals in 2008 totaled 69 versus 55 in 2007, reported Whitestone. The dollar value of deals this year was \$773 million versus \$2.4 billion in 2007 (the latter including two exceptionally large acquisitions: the \$1.1 billion purchase of Advanstar by Veronis Suhler Stevenson and the \$630 million Incisive Media acquisition of American Lawyer Media).

Also of significance, Whitestone reported the number of deals in the fourth quarter held even with the prior quarter despite the worsening economic environment though dollar volume of deals dropped materially.

"My take away is that the lack of bank financing has limited dealmakers to making smaller buys," said Whitestone Communications Managing Director Ed Fitzelle. "But the fact that the number of deals held even in the fourth quarter versus prior and year earlier periods is remarkable given the financial crunch. Overall, though, we expect a slower deal pace and lower dollar volume in at least the first half of 2009."

The biggest deal that did not happen in this sector in 2008 was the planned divestiture of Reed Business Information by parent Reed Elsevier. Originally Reed Elsevier anticipated a selling price north of \$1 billion but offer prices apparently kept declining leading Reed Elsevier to ultimately pull the sale. Another major deal not closing was the planned sale of Entrepreneur Media.

Significant transactions for this sector that did close during the year were:

- Veronis Suhler Stevenson's acquisition of Clarion Events from HG Capi-

tal for \$224 million. Clarion serves a number of industries from retail to financial services

- Dmg world media divestiture of 38 consumer home shows to Marketplace Events for \$53 million
- Investcorp's acquisition of Randall-Reilly Publishing, a media company focused on the U.S. trucking and construction markets. ■

CONSUMER MAGAZINES

DOLLAR VOLUME OF CONSUMER MAGAZINE TRANSACTIONS VAPORIZED IN 2008

New York, N.Y., February 2009—The dollar volume of Consumer Magazine acquisitions declined dramatically in 2008 while the number of deals was down less significantly, reports merger and acquisition advisory firm Whitestone Communications.

"The Consumer Magazine deal market was reduced to tatters in 2008 due to two major forces striking at the same time," noted Whitestone Managing Director Ed Fitzelle. "We had the Internet taking more advertising dollars away from print media while the economy continued downward, reducing buyer interest in acquisitions in this segment."

The 24 transactions and \$173 million in dollar value for 2008 was far off the flurry of deals in 2007 which showed 30 deals valued at a total of \$5.1 billion (the latter including the megadeal \$2.8 billion sale of TVGuide to Macrovision). The fourth quarter of 2008 saw 4 deals at only \$34 million in deal value versus 9 deals for \$79 million in the prior quarter.

Noteworthy transactions for the consumer magazine sector for 2008 were:

- Sweden-based Bonnier Corporation, publisher of Parenting, Baby Talk and other magazines, acquired Working Mother Media (estimated revenue \$20-30 million) from MCG Capital
- Consumers Union acquired consumer watchdog blog, Consumerist.com from Gawker Media

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- Ascent Media Corp. divested AscentHealth, patient health education and information services. The buyer was M/C Venture Partners and Banc of America Capital Investors. ■

EDUCATION/ REFERENCE

DOLLAR VOLUME OF ED/REF PUBLISHING TRANSACTIONS NOSEDIVES IN 2008

New York, N.Y., February 2009—While the number of transactions in the Education/Reference publishing sector during 2008 remained nearly the same as the prior year, the total dollar value of deals nosedived, reports merger and acquisition advisory firm Whitestone Communications.

“We see the slowdown in number of deals due to major consolidations in 2007 and the decline in dollar volume due to less bank financing being available,” noted Whitestone Managing Director Glenn Shapiro. “We now have just three major players in educational publishing—McGraw-Hill, Pearson and Harcourt Houghton Mifflin. Because McGraw-Hill only makes education acquisitions intermittently and because Houghton Mifflin ran into financial problems due to its high bank leverage, this left only Pearson as a legitimate ongoing buyer. Fewer deal players means less deal activity. Cengage, the former Thomson Learning division, has been doing some deals but not enough to make up for the lack of activity elsewhere.”

The number of deals in Education/Reference Publishing in 2008 totaled 36 versus 37 in 2007 while dollar volume declined dramatically to \$312 million from \$14.1 billion (the latter included the \$7.75 billion divestiture of Thomson Learning and Nelson Canada to Apax Partners and OMERS Capital Partners; and the \$4 billion purchase of Harcourt Education, Harcourt Trade and Greenwood-Heinemann from Reed Elsevier by Houghton Mifflin Company).

In the fourth quarter of 2008, Education/Reference deal dollar volume shriveled down to \$153 million from \$179 million in the prior quarter while deals climbed from seven to 11.

Among notable deals in 2008:

- Pearson acquired an additional 35% stake of Maskew Miller Longman, a South African educational publisher for \$74.6 million. Pearson’s total stake is now 85%
- Reader’s Digest’s divested Books Are Fun, Ltd., display marketer, publisher and wholesaler of books, magazines and gifts, to Imagine Nation Books, Ltd. For \$17.5 million

Significant deals that were pulled in 2008 included the planned sales of educational publishers Voyager Expanded Learning and Hights Cross Communications (though the latter did divest two units—Oakstone Medical and Sundance/Newbridge.) ■

SPECIALIZED BUSINESS INFORMATION

SPECIALIZED BUSINESS INFO ACQUISITION ACTIVITY HOLDS STRONG IN 2008

New York, N.Y., February 2009—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 2008 with a 15% increase in the number of deals over prior year, reports merger and acquisition advisory firm Whitestone Communications.

“Businesses in the Specialized Business Information category tend to sell must-have information and these companies can withstand the economic variances in the market perhaps better than other categories,” Whitestone Communications Associate Matthew DeBlasio said. “Particularly encouraging was the dollar volume of the deals which held up very well while other categories we cover faced much lower dollar volumes.”

The number of transactions in the SBI sector totaled 140 in 2008 versus 122 in the prior year while dollar volume was \$10.9 billion compared to \$4.1 billion (the latter excluding the exceptionally large Thomson/Reuters merger at \$17.1 billion). In the fourth quarter of 2008, the number of deals was 27 versus 24 in the third quarter and dollar volume was \$401 million

versus \$623 million.

Major deals in the SBI sector in 2008 were:

- Reed Elsevier’s purchase of ChoicePoint for \$4.1 billion, a very robust multiple of 39 times 2007 EBITDA.
- CCC Information Services’s \$1.4 billion merger with Mitchell International, both providers of auto-related information, for insurance companies and collision repair facilities
- Spanish company Telvent’s \$445 million acquisition of DTN Holding Company, an information services provider for the agricultural, energy and environmental industries
- 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. ■

TRAINING

TRAINING DEAL PACE STRONG IN 2008 ON LOWER DOLLAR VOLUME

New York, N.Y., February 2009—The number of acquisitions in the Training industry rose sharply in 2008 but on lower dollar volume, reports merger and acquisition advisory firm Whitestone Communications.

The number of Training deals leaped to 73 in 2008, up from 56 in 2007. The dollar volume of transactions was \$2.2 billion, down from last year’s total of \$4.8 billion, which included the \$3.8 billion purchase of Laureate Education by a consortium of investors. The fourth quarter showed a decline in deals and dollar volume from the third quarter with deals down to 19 from 23 and dollar volume offer from \$675 million to \$283 million.

“The number of deals in the Training sector was driven, in part, by continued strong interest in postsecondary institution acquisitions, Whitestone Communications Managing Director Glenn Shapiro said. “In fact, the weak economy can be seen as a positive for postsecondary growth as the unem-

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played often return to school for better credentials to help them in job hunting when the job market is tough.”

Major training industry/educational institution transactions in the U.S. for 2008 were:

- DeVry Inc. purchase of 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
- Morgan Stanley Private Equity’s acquisition of Learning Care Group, a provider of early education services, for \$420 million
- Roark Capital Group’s purchase of Primrose Schools, a \$275 million revenue provided of education-based child-care services. This was Roark’s fourteenth acquisition of a franchise company.

Among major deals that did not happen in 2008 was the attempt by Knowledge Learning Corporation (KLC) to buy Nobel Learning Communities, operator of nonsectarian private schools, for \$186 million. KLC’s parent, Knowledge Universe Education, was founded by former junk-bond magnate Michael Milken and his brother Lowell Milken. Following the offer by KLC,

Nobel decided in early November to solicit multiple offers, retaining J.P. Morgan for the process. As of the end of January, no deal has been announced. ■

CONTENT-RELATED INTERNET

CONTENT-RELATED INTERNET TRANSACTION PACE HOLDS FIRM ON LOWER DOLLAR VOLUME

New York, N.Y., February 5, 2009—The acquisition pace among Content-related Internet companies was up slightly in 2008 while dollar volume of deals dropped, primarily due to one exceptionally large transaction in 2007, reports merger and acquisition advisory firm Whitestone Communications.

“In 2008, buyers put up big dollars to bet on the continued growth of the content-related Internet sector,” Whitestone Managing Director Susan Isserman commented. “Many business models have drawn suitors, including online equipment auction businesses, home improvement vendor reference services, and social networks of all stripes. But given the economic problems in the country, the bloom may fall

off the rose on the rush to these kinds of acquisitions.”

For the full year 2008, the number of Content-related Internet deals rose to 102 from 90 in the prior year while dollar value was \$4.7 billion compared to \$6 billion (the latter including the \$3.1 billion Google purchase of Double-click). In the four quarter of 2008 there were 29 deals valued at \$1.1 billion versus 38 valued at \$473 million in the prior quarter and 29 deals at \$1.3 billion in the year earlier period.

Major Content-related Internet deals in 2008 were:

- CBS Corporation acquired CNET Networks, the leader in news, reviews and guides for consumer electronics
- AOL (Time Warner, Inc.)’s \$850 million purchase of global social media network, Bebo
- Waterfront Media merging with Revolution Health Network for \$300 million, providers of online consumer-oriented healthcare information
- Getty Images acquired Jupiterimages for \$96 million from parent JupiterMedia. ■

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

CATEGORY	2008		2007		% Change	
	No. of Deals	\$ Value (\$MM)	No. of Deals	\$ Value (\$MM)	No. of Deals	\$ Value
Trade Magazines/Trade Shows	73	787	55	2,387	33%↑	-67%↓
Consumer Magazines	24	173	30	5,092	-20%↓	-97%↓
Trade Book & Other Consumer Publishing	21	2,943	41	893	-49%↓	229%↑
Education/Reference/Technical Publishing	37	319	37	14,081	0%	-98%↓
Publishing-Related Software	60	2,899	20	572	200%↑	407%↑
Content-Related Internet	102	4,735	90	6,024	13%↑	-21%↓
Training	73	2,212	56	4,752	30%↑	-53%↓
Specialized Business Information						
<i>Finance/Real Estate Information</i>	46	5,962	40	17,583	15%↑	-66%↓
<i>Newsletters/Directories</i>	10	149	8	92	25%↑	62%↑
<i>Business, Legal and Other</i>	85	4,825	74	3,557	15%↑	36%↑
Subtotal	141	10,935	122	21,232	16%↑	-48%↓
Total	531	\$25,003	451	\$55,033	18%↑	-55%↓

Source: Whitestone Communications, Inc.