

WHO'S BUYING WHOM

2009 vs. 2008 UPDATE

FEBRUARY 2010

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 646 723-9966 or email brosen@whitestonecommunications.com.

M&A DEALS DOWN ONLY MODESTLY FOR 2009 DESPITE BIG SLIDE IN 4Q

New York, N.Y., February 2010— The year 2009 could not end soon enough for deal makers in the information, publishing, Internet and training company fields.

M&A deal activity declined 23% in the fourth quarter from the third quarter and down 17% from the prior year same period. Still the year 2009 ended up with only a modest decline in deals—off 13% from 2008, a respectful showing given the economic turmoil of 2009. Among all industries the number of deals declined 12%.

These are the results reported by 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 information, publishing, Internet and training fields.

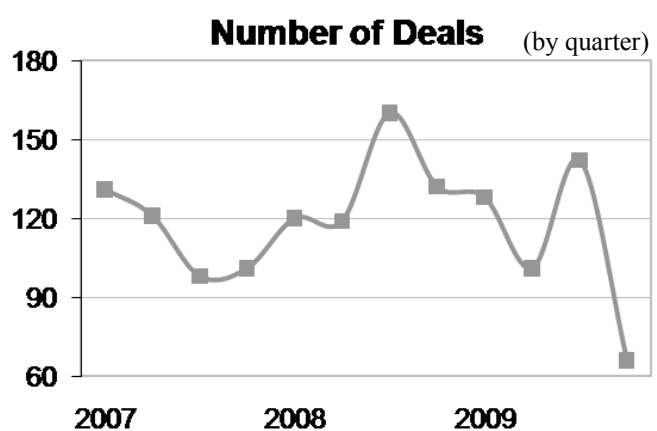
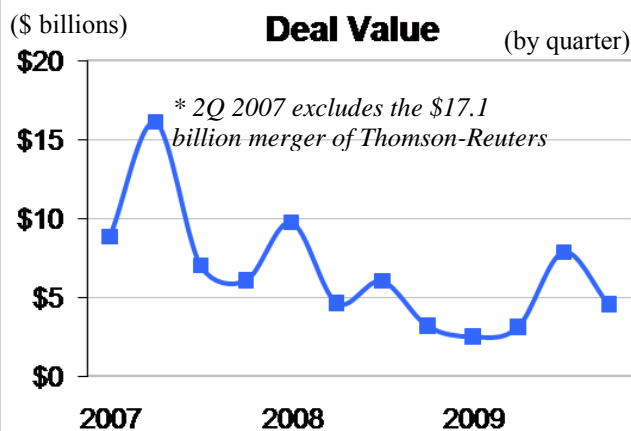
"The fourth quarter fall off in deal pace showed just how weak the acquisitions market was," said Whitestone Communications President Baran Rosen. "While everyone was talking about the recovering stock market, the acquisition market was still slumping. The reasons we saw for a depressed market were several fold. First, business owners were having weak results in 2009 and wanted to wait for improvement before considering a sale.

Second, buyers were thinking they could get businesses at bargain prices and so were keeping offers below what the limited number of sellers were willing to take. Third, banks were still not lending, or not lending on terms that buyers found sufficient to help them move forward to make purchases."

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Publishing, Information and Training Industries Acquisitions 2007—2009



Source: Whitestone Communications, Inc.

Looking at deal dollar volume, the picture looks markedly better though these numbers got a boost from one major deal—the purchase of IMS Health by TPG Capital and the Canada Pension Plan for \$5.2 billion. Deal dollar volume in 2009 totaled \$25.4 billion, up from \$23.6 billion in 2008. In the fourth quarter 2009, dollar volume totaled \$12.1 billion versus \$7.7 billion in the third quarter and \$3.2 billion in the fourth quarter 2008.

Among the 10 individual industry segments tracked by Whitestone, the highest number of transactions for 2009 was in the Content-related Internet sector which showed an increase in deals from 102 in 2008 to 109 in 2009. The second largest sector, Training (which includes postsecondary education and training), saw 62 deals, down from 72. Trade magazines/trade shows were next with 55 deals despite this being a major decline from 72 in 2008.

The decline in deals was particularly apparent by looking at the number of transactions by the major corporate players. For example, Whitestone tracked United Business Media as doing 16 acquisitions in 2008 (the highest among corporate players last year) but only five in 2009; Thomson Reuters at 15 in 2008 4 in 2009; and the Washington Post Co. at 10 in 2008, 4 in 2009. Among the largest deals in 2009, in addition to the IMS transaction, were:

- Walt Disney's acquisition of Marvel Entertainment for \$4 billion at multiples of 5.4 times revenue and 12.4 times EBITDA
- The acquisition by EQT Partners and GIC Special Investments of scientific/ technical/medical publisher Springer Science + Business Media for \$3.4 billion-- multiples of 2.6x revenue and 8.1x adjusted EBITDA

In the IMS deal, TPG Capital and the Canada Pension Plan paid 2.4 times revenue and 9.2 times EBITDA for IMS.

Whitestone also began tracking deals in a new category in late 2010— Internet Advertising and Marketing. In

this category, Adobe Systems bought audience analytics firm Omniture for \$1.8 billion. Multiples were 5.1x revenue and 50.3x EBITDA. The Adobe transaction represented an interesting convergence of the Web design world—Adobe—with the world of measuring the impact of what is on these Web pages to drawing customers—Omniture. ■

**CONTENT-RELATED
INTERNET**

**DEAL PACE UP, DOLLAR VOLUME
DROPS DRAMATICALLY**

New York, N.Y., February 2010— While the number of acquisitions of content-related Internet businesses climbed modestly higher in 2009, the total dollar value of deals dropped more than half, reports merger and acquisition advisory firm Whitestone Communications.

“From the numbers, it appears buyers of content-related Internet businesses were adjusting their valuation models on acquisitions to be better reflect the realities of the recession,” said Whitestone Managing Director Susan Isserman. “While there is still strong optimism about the future for this area, buyers would prefer to avoid overpaying like they did during the ‘dot com’ years of the early 2000s.”

For the year 2009, the number of deals reached 109, up from 102 deals. Meanwhile, dollar volume sank to \$2 billion from \$4.7 billion. For the fourth quarter 2009, the number of acquisitions totaled 30 with a dollar value of \$930 million versus 32 deals at \$749 million in the third quarter and 29 deals at \$1.1 billion in the fourth quarter 2008.

Major 2009 transactions in this segment were:

- In a \$350 million deal, GSI Commerce Inc., a provider of e-commerce and interactive marketing services, acquired Retail Convergence Inc. which operates RueLaLa.com, a leader in the private sale space, and SmartBargains.com, an off-price

e-commerce marketplace

- Electronic Arts acquired social gaming startup Playfish for \$275 million cash plus \$25 million in stock and another \$100 million potential in earnouts. Playfish's estimated annual revenues are \$75 million. Playfish operates social games on Facebook, MySpace, Hi5, and other social networks. Its top games include Pet Society, Restaurant City, and Country Story. ■

**SPECIALIZED
BUSINESS
INFORMATION**

**NUMBER OF DEALS DOWN,
DOLLAR VOLUME UP**

New York, N.Y., February 2010— The number of acquisitions in the Specialized Business Information (SBI) sector—print and electronic businesses in the financial, real estate, business and legal markets—declined markedly in 2009 while the total dollar value of deals climbed, reports merger and acquisition advisory firm Whitestone Communications.

“Deal activity in the Specialized Business Information sector in 2009 was bolstered by private equity funds which saw opportunity in buying significant public companies in this area,” noted Whitestone Communications Associate Sudharshan Vaidyanathan. “The funds are attracted to the subscription nature of these businesses which provide good cash flow characteristics and a good renewal base, minimizing risk.”

The SBI category had a total of 103 deals valued at \$10.2 billion in 2009 versus 140 deals valued at \$9.5 billion in 2008. In the fourth quarter, the number of deals was 28 valued at \$6.3 billion versus 42 deals at \$2 billion in the third quarter and 28 transactions worth \$411 million in the year ago same period.

Major deals in the SBI sector for 2009:

- The purchase of IMS Health, a major pharmaceutical industry intelligence company, by TPG

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Capital and the Canada Pension Plan for \$5.2 billion

- Charterhouse Capital Partners' acquisition of Wood Mackenzie, an energy research and consulting firm, for \$905 million
- TD Ameritrade's purchase of thinkorswim Group Inc., an online brokerage firm providing investor education, for \$606 million
- The sale of Bankrate, Inc., a consumer finance website, to APAX Partners for \$571 million. ■

**EDUCATION/
REFERENCE**

**EDUCATION / REFERENCE DEAL
ACTIVITY HOLDS STEADY**

New York, N.Y., February 2010— While most markets faced downturns in acquisition activity in 2009, the education/reference sector held steady, reports acquisition advisory firm Whitestone Communications.

"The education/reference field continued to have reasonable attraction for buyers as its businesses can be somewhat insulated, though not totally, from some of the more severe shocks of the recession," said Whitestone Communications Associate Managing Director Tracy Zhang. "Companies serving the k-12 market generally had a tougher time than other types of businesses in this category due to state budget issues. Still even within the k-12 area, the focus of some companies helped them avoid even those issues."

In the final quarter of 2009, the number of deals in this sector totaled 11, up from five in the third quarter and even with the year ago period. Dollar value of deals (excluding one major transaction) was \$66 million versus just \$17 million in the third quarter and \$153 million in the year ago period.

The one major deal noted was the \$3.4 billion sale of scientific/technical/medical publisher Springer Science + Business Media by Candover Investments Plc and Cinven Ltd. to Europe-based EQT Partners and Singapore's GIC Special

Investments.

Other noteworthy deals in the education/reference segment included:

- SunGard Data Systems acquiring instructional management software company Performance Pathways
- Veronis Suhler Stevenson's Cambium Learning merged with Voyager Learning Co. in a complex transaction in which Voyager shareholders received \$194 million. Voyager had been seeking a sale for several years.
- Providence Equity acquired Edline, focused on improving student / teacher / parent communications. ■

TRAINING

**TRAINING INDUSTRY DEAL COUNT
DOWN 14%, DOLLAR VOLUME UP
19%**

New York, N.Y., February 2009— The recession hit training deal activity head on in 2009 with the number of deals down 14% but large deals in the postsecondary institution sector of the training field pushed the dollar volume up 19%, reports merger and acquisition advisory firm Whitestone Communications.

"Among traditional training companies we saw many with revenue declines in the 20%-40% range, meaning they were not about to consider a sale," explained Whitestone Communications Managing Director Susan Isserman. "On the other hand, postsecondary education institutions had significant increases in revenue as laid off workers retooled their education credentials to find better jobs. And the optimism in this niche led to a number of large transactions."

Overall, the training sector recorded 62 deals with a dollar volume of \$2.6 billion in 2009 compared to 72 transactions with a dollar volume of \$2.2 billion in 2008. The fourth quarter of 2009 had 15 deals valued at \$1.3 billion versus 20 deals at \$283 million in the same 2008 period and versus

19 deals valued at \$200 million in the third quarter 2009.

Major transactions in the training sector for 2009 included:

- In July, a majority owned subsidiary of Apollo Group, Apollo Global, and minority Apollo Global shareholder Carlyle Group acquired education and training service provider BPP Holdings plc in the U.K. for \$607 million. BPP had revenue of \$331 million and adjusted operating profit \$54.4 million in 2008, putting the revenue multiple at 1.8x and an adjusted operating profit multiple of 11.2x.
- Investment funds advised by U.K.-based BC Partners acquired ATI Holding Company for \$581 million from a consortium led by private equity firm The Riverside Company. ATI operates 24 career training centers. A U.K. publication put ATI 2009 revenues at \$230 million and EBITDA at \$70 million, putting the deal multiples at 2.5 times current year revenue and 8.3 times current EBITDA.
- Vista Equity Partners beat Accel-KKR in public bidding battle for enterprise learning and performance management training company SumTotal Systems, paying \$160 million for the acquisition. SumTotal Systems had \$126.6MM in revenues in 2008 putting the revenue multiple at 1.2x. ■

**TRADE MAGAZINE /
TRADE SHOW**

**DEALS HIT RECESSION WALL
AMID BANKRUPTCY FILINGS**

New York, N.Y., February 2010— Impacted strongly by the recession, trade magazine and trade show businesses saw an equally strong decline in the number and dollar value of acquisitions in 2009, reports merger and acquisition advisory firm Whitestone Communications. At the

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same time, some major trade magazine players, including Cygnus Business Media and Questex Media Group Holdings, went into Chapter 11 bankruptcy proceedings while continuing operations.

The number of transactions declined 24% from 72 in 2008 to 55 in 2009 while dollar volume plunged more than half from \$782 million to \$329 million.

For the fourth quarter 2009, the number of deals was down but dollar volume up, the latter driven by Pluribus Capital and Guggenheim Partners' acquisition of eight Nielsen Business Media Brands. The number of deals totaled 15, down 21% from 19 in the prior quarter and down 29% from 21 in the year ago same period. Dollar volume in the fourth quarter 2009 was \$122 million, up 42% from the prior quarter total of \$86 million and up 68% from the prior year period of \$73 million.

"This category suffered a double hit—the move by advertisers to increase web spending versus print advertising and the recession," noted Whitestone Communications Managing Director Ed Fizzle. "Some are even speculating about the viability of trade magazines in the long run in the new web environment. To survive, trade magazines must move at least part of their business to the web."

The Pluribus/Guggenheim deal was of the more exciting transactions of the

year. Media entrepreneur James Finkelstein pulled together private equity backing for a major play to build on the recognition of a high profile group of trade magazines. Finkelstein's Pluribus Capital group teamed with Guggenheim Partners to form e5 Global Media to buy Hollywood Reporter and other advertising/entertainment titles and related events for a reported \$70 million from Nielsen Media. Besides Hollywood Reporter, Finkelstein, who will serve as chairman of e5 Global Media, continues to hold positions in other publishing properties including the Hill, a leading publication on federal government news. ■

CONSUMER MAGAZINE

TRANSACTIONS / DOLLAR VOLUME UP IN 2009 THOUGH TITLES CLOSED

New York, N.Y., February 2010—Despite consumer magazines facing a tough time in the recession and a number of titles folding, the pace of deals and dollar volume in this field picked up measurably in 2009, reports Whitestone Communications.

The number of consumer magazine deals totaled 32 with a deal value of \$383 million in 2009, representing increases of 33% and 121%, respectively, versus 2008. The positive

2009 showing came despite a major slowdown in deals in this sector in the fourth quarter when only two transactions were reported.

Among notable titles closing in 2009 were Gourmet, Metropolitan Home and Portfolio.

"The increase in deal activity for consumer magazines can likely be attributed to some bargain hunting among buyers while sellers were looking for exits on titles they might have otherwise folded," said Whitestone Communications Managing Director Ed Fizzle.

Dollar volume for the year got a major boost from one transaction. In the largest deal of 2009 in this sector, Macrovision sold the assets of TV Guide to Lions Gate Entertainment for \$225 million. Shortly following the deal, Lions Gate sold 49% of the TV Guide business for about \$123 million to One Equity Partners, an investment unit of J.P. Morgan Chase & Co. One Equity had attempted to buy the TV Guide assets before Lions Gate emerged with a rival offer.

Over the 2008-2009 period, Parenting and Babytalk publisher Bonnier Corp. was one of the most active buyers of consumer magazines. It acquired Conceive magazine and American Photo, Boating, Flying, Popular Photography and Sound & Vision magazines from Hachette Filipacchi Media U.S. ■

M&A DEAL ACTIVITY 2009 vs. 2008								
PUBLISHING, INFORMATION, INTERNET AND TRAINING INDUSTRIES								
CATEGORY	2009		2008		% Change			
	No. of Deals	\$ Value (\$MM)	No. of Deals	\$ Value (\$MM)	No. of Deals		\$ Value	
Trade Magazines/Trade Shows	55	329	72	782	-24%	▼	-58%	▼
Consumer Magazines	32	383	24	173	33%	▲	121%	▲
Trade Book & Other Consumer Publishing	25	4814	21	2943	19%	▲	64%	▲
Education/Reference/Technical	31	3716	37	319	-16%	▼	1066%	▲
Publishing-Related Software	44	1383	60	2899	-27%	▼	-52%	▼
Content-Related Internet	109	1973	102	4735	7%	▲	-58%	
Training	62	2618	72	2198	-14%	▼	19%	▲
Specialized Business Information								
<i>Business, Legal and Other</i>	50	7203	84	3425	-40%	▼	110%	▲
<i>Finance/Real Estate</i>	40	2935	46	5962	-13%	▼	-51%	▼
<i>Newsletters/Directories</i>	13	69	10	149	30%	▲	-53%	▼
Subtotal	103	10208	140	9535	-26%	▼	7%	▲
Total	461	\$ 25,424	528	\$ 23,584	-13%	▼	8%	▲