

WHO'S BUYING WHOM

FIRST QUARTER 2010

APRIL 2010

News on mergers and acquisitions in the Internet, information, publishing 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.

Internet/Information Deal Making Rockets Back to Life

New York, N.Y., April 2010— Deal making among Internet and information companies came back strongly in the first quarter 2010 versus the recession-hammered year-earlier period, reports merger and acquisition advisory firm Whitestone Communications. The number of deals in the first quarter jumped 54% while deal value more than doubled.

"A slow but improving economy helped drive the stock market higher leading to a return of optimism that helped to drive a rebound in buying," Whitestone Communications President Baran Rosen said. "Buyers will not put up millions of dollars for an acquisition if they think the economy is heading downward. So with signals of better times ahead, the buyers jumped backed in, seeking good deals before the market gets overheated."

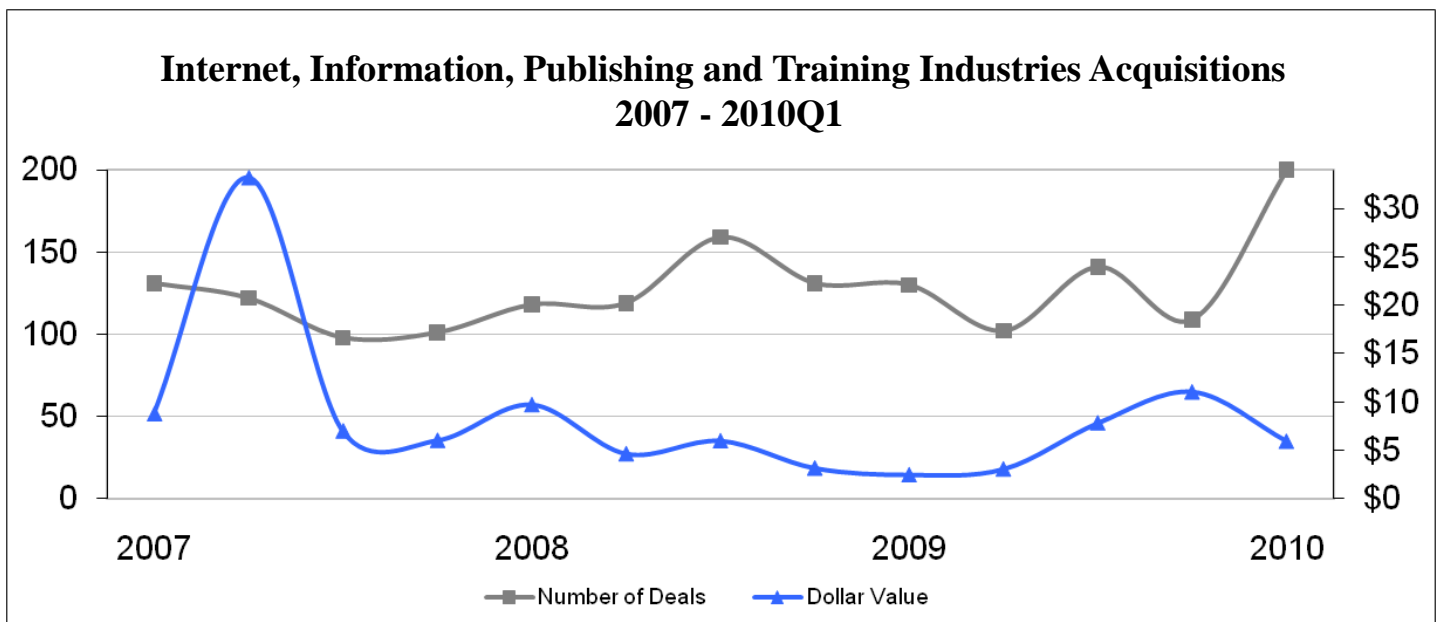
The signs of deal making health included billion-dollar and other transactions:

- MCSI, an investment decision support tools business, acquired RiskMetrics Group, a provider of risk management and corporate governance

products and services, in a cash and stock transaction valued at approximately \$1.55 billion, a multiple of approximately five times 2009 revenue.

- Advent International, Bain Capital Partners and Berkshire Partners acquired e-learning company Skillsoft for \$1.1 billion, a multiple of 3.5 times FYE January 31, 2010 revenue.

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- CCMP Capital acquired database marketing company Infogroup (formerly known as InfoUSA) for \$635 million, including debt, a multiple of 1.3 times 2009 revenue.
- Yahoo took a big loss on its sale of HotJobs to Monster Worldwide for \$225 million. Yahoo had paid \$439 million for the business in 2002.
- Online learning company PLATO Learning was acquired by private equity group Thoma Bravo for \$143 million, a multiple of 2.1 times 2009 revenue.

The number of deals in the first quarter 2010 among Internet and Information sectors, including publishing and training companies, totaled 200 versus 130 in the first quarter 2009 and 109 in the fourth quarter 2009. The \$5.9 billion in deal value of transactions in the first quarter 2010 was 138% ahead of \$2.5 billion in the first quarter 2009. However, compared to the fourth quarter 2009, deal value fell 46% from \$11 billion.

Among the ten individual business segments tracked by Whitestone, the Content-related Internet segment continued to show the most deal activity, accounting for 60 of the deals tracked, or 30% of all transactions in this year's first quarter versus 24% in last year's same period. The Business, Legal information, Publishing-Related Software and Trade Magazine/Trade Show categories each accounted for 15%, 15% and 10%, respectively, compared to 12%, 8% and 9%, respectively, last year. ■

**CONTENT-RELATED
INTERNET**

INTERNET DEAL PACE DOUBLES

New York, N.Y., April 2010—The number of Content-related Internet company acquisitions in the first quarter of 2010 doubled compared with the previous quarter and the same period last year, reports merger and acquisition advisory firm Whitestone Communications.

“Content-related Internet businesses

have not suffered as much as other information businesses in the recession,” notes Susan Isserman. “In fact, many are booming. So as the recovery has faded, it is not a surprise that this sector is enjoying a fast resurrection.”

The number of deals in this year's first quarter was 60 and dollar volume \$641 million compared to 31 deals at a relatively low \$140 million in the same period last year. The fourth quarter in 2009 showed 30 deals valued at a \$930 million.

Noteworthy content-related Internet deals were:

- Monster Worldwide acquired online job board, HotJobs, for \$225 million from Yahoo
- AOL acquired Internet video company StudioNow for \$36.5 million
- Google made two acquisitions in this category including:
 - o Social search engine Aardvark
 - o Online photo-editing service Picnik.■

**SPECIALIZED
BUSINESS
INFORMATION**

**MORE FINANCIAL INFORMATION
DEALS PUSH ACTIVITY HIGHER
FOR SBI SECTOR**

New York, N.Y., April 2010—The number of transactions in the Specialized Business Information (SBI) sector (print and electronic information businesses in the financial, real estate, business and legal markets) climbed in the first quarter 2010—up 138% in number of deals versus same period last year and up 104% over the prior quarter, reports merger and acquisition advisory firm Whitestone Communications.

“Deals in the financial information area helped lift the number of deals in the SBI sector,” noted Whitestone Associate Sudharshan Vaidyanathan. “Perhaps as this area had been one of those most hurt by the recession, buyers were seeing the most potential for upside here as well and moving to make deals before the full economic

recovery began.”

Still the dollar volume of deals was down in the SBI sector versus the previous quarter indicating buyers were more willing to do smaller deals but not ready to step up to larger transactions. The number of deals in the Specialized Business Information sector totaled 57 with a dollar value of \$2.5 billion in the first quarter 2010 versus 24 and dollar value of \$981 million in the same period last year. The fourth quarter of 2009 saw 28 deals with a total volume of \$6.3 billion.

- *Financial* - MCSI, an investment decision support tools business, acquired RiskMetrics Group, a provider of risk management and corporate governance products and services, in a cash and stock transaction valued at approx. \$1.55 billion.
- *Directory* – Yellow Pages Group acquired Canadian local search and directories publisher, Canpages, from HM Capital Partners for \$225 million
- *Business* – Informatica Corp acquired Siperian, a Master Data Management infrastructure technology company for \$130 million
- *Business* – MedQuist acquired clinical documentation technology and services provider Spheris for \$115.5 million
- *Financial* – Morningstar acquired the Nationally Recognized Statistical Ratings Organization (NRSRO) from Realpoint for \$52 million.■

**EDUCATION/
REFERENCE**

**EDUCATION / REFERENCE DEAL
ACTIVITY EDGES HIGHER**

New York, N.Y., April 2010—The number of acquisitions in the Education, Reference and Technical Publishing segment was even and dollar volume nearly doubled in the first quarter this year versus the same period last year, reports merger and acquisition advisory firm Whitestone Communications.

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“State funding provides the bulk of educational spending in the U.S. and with states reeling from the recession, they have had fewer funds for educational publishers,” noted Whitestone President Baran Rosen. “Publishers though have found certain growth niches and the Obama Stimulus Package may present some upside for companies in this field.”

The number of deals in the first quarter was 13. Dollar volume rose to \$105 million from \$53 million last year. For comparison, the fourth quarter 2009 saw 11 deals valued at \$2.4 billion.

Among first quarter transactions were:

- Blackboard acquired AlertNow, a leading messaging and mass notification solution for the K-12 marketplace, from Saf-T-Net for \$33 million. Based on information in the Blackboard announcement, Saf-T-Net is estimated to have revenue of approximately \$7.3 million in 2010, putting a high multiple of 4.5 times current year’s revenue on the transaction.
- Marlin Equity Partners acquired educational software company Compass Learning from Reader’s Digest Association for \$31.8 million.
- EBSCO Publishing acquisitions including:
 - The Music Index Online, a guide to music periodical literature with data from more than 850 music periodicals from over 40 countries, from Information Coordinators, Inc.
 - NetLibrary Division, including the eBook and eAudiobook platforms, from OCLC. ■



TRAINING

TRAINING COMPANY DEAL VOLUME JUMPS STRONGLY WHILE DEAL PACE SIMMERS

New York, N.Y., April 2010—Dollar volume in training company acquisitions rose sharply on the sale of Skillsoft, while the number of transactions increased slightly in the first quarter 2010 versus the prior year, reports merger and acquisition advisory firm Whitestone Communications.

“Private equity firms rolled the dice in a major way in the first quarter showing their renewed fondness for training companies,” noted Whitestone Managing Director Susan Isserman. “Five of these firms accounted for the top three deals, spending a total of more than \$1.3 billion.”

The number of deals in the first quarter 2010 grew slightly to 15 from 14 deals a year ago, while dollar volume was \$1.7 billion versus prior year’s slim \$95 million. The bulk of dollar volume this quarter was from the \$1.1 billion sale of e-learning provider Skillsoft to a consortium of private equity buyers.

The first quarter 2009 deal count was even compared to the fourth quarter 2009 on an increase in dollar volume from \$1.3 billion.

Notable transactions were:

- Private equity firms Advent International Corporation, Bain Capital Partners and Berkshire Partners acquired e-learning company Skillsoft for \$1.1 billion
- PLATO Learning, Inc., provider of online learning solutions for K through adult, was acquired by private equity firm Thoma Bravo for \$143 million
- Talent acquisition and workforce compliance company, Peopleclick, was acquired for \$100 million by private equity firm Bedford Funding. Peopleclick will be merged with Authoria, a talent management solutions company purchased by Bedford in 2008 for \$63 million. ■

TRADE MAGAZINE / TRADE SHOW

DEAL PACE AND DOLLAR VOLUME UP SLIGHTLY FOR TRADE MAGAZINES/TRADE SHOWS

New York, N.Y., April 2010—Despite the gloomy outlook for its sector’s economic performance, the trade magazine/trade show areas saw an increase in number of deals and higher dollar volume in the first quarter 2010 versus the same period last year, reports merger and acquisition advisory firm Whitestone Communications.

“Much of the deal activity we have been seeing is a trimming of portfolio holdings by major corporate trade magazine and trade show owners,” noted Whitestone Communications Managing Director Ed Fizzle. “These companies are seeking to lessen their dependence particularly on trade magazines businesses in favor of more revenue from the growing Internet market. The whole future of trade magazines is now uncertain with a return to pre-recession revenue levels problematic for this product category.”

The number of trade magazine/trade show deals increased to 19 in the first quarter 2010 versus the first quarter 2009 count of 12 while dollar volume was \$60 million versus \$42 million. The fourth quarter 2009 saw a total of 15 deals with a dollar value of \$122 million.

Transactions for the trade magazine / trade show sector in the first quarter included:

- United Business Media making three deals:
 - eMedia Asia Ltd., a UBM joint venture with Global Sources, acquired 70% of China International Optoelectronic Expo (China’s largest optoelectronics event) from UBM for \$5 million. The remaining 30% interest in CIOE continues to be retained by the other current joint venture co-

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- owner, Shenzhen Herong Exhibition Industrial Co., Ltd.
- o UBM acquired 70% of Sign China, a Chinese sign exhibition, for \$10.7 million plus an earn out of up \$3.9 million
- o UBM acquired E Commerce Expo Ltd., a UK e-commerce and online retailing trade show, for approximately \$900,000 and a contingent earnout payment.
- Reed Elsevier, which had hoped to sell Reed Business Information as a single package, has been selling individual titles instead including these first quarter divestitures:
 - o Canon Communications acquired Electronic Design News, Design News, Test & Measurement Work and Packaging Design.
 - o Communications International Group purchased Cosmetics News Weekly.
 - o Media Source bought Library Journal, School Library Journal and Library Hotline.

- The Nielsen Company, which said in 2009 it would exit its trade magazine business (Nielsen Business Media), completed first quarter divestitures including:
 - o Northstar Travel Media acquired Successful Meetings, Business Travel News, Meeting News, Incentive and MiMegasite, an online meetings industry portal.
 - o Stagnito Media acquired Convenience Store News, Progressive Grocer and other titles.■

**CONSUMER
MAGAZINE**

**TITLES CLOSE, CONSUMER
MAGAZINE DEAL PACE
UNCHANGED**

New York, N.Y., April 2010—As title closures of consumer magazines accelerated, the pace of consumer magazine acquisitions declined in the

first quarter 2010 versus the same prior year period—three deals in the first quarter 2010 versus 15 in 2009, reports merger and acquisition advisory firm Whitestone Communications. Dollar volume in the first quarter was \$11 million versus \$292 million last year. In the fourth quarter 2009, dollar volume was \$3 million on two deals.

“The consumer magazine era in American publishing is endangered,” Whitestone Managing Director Ed Fizzle said. “As advertisers move away from print to the Internet, long-standing consumer magazines are folding in the wake. We have seen the demise of Gourmet, Modern Bride, Metropolitan Home and National Geographic Traveler. Even with an economic recovery, more titles are likely to be shuttered as the consumer magazine business model itself appears to be fading against the highly targeted capabilities of the Internet.” ■

M&A DEAL ACTIVITY 1Q2010 vs. 1Q2009 and 4Q2009										
INTERNET, INFORMATION, PUBLISHING AND TRAINING INDUSTRIES										
<i>\$ millions</i>							PREVIOUS QUARTER			
	1Q 2010		1Q 2009		% Change		4Q 2009		% Change	
	No. of Deals	\$ Value	No. of Deals	\$ Value	No. of Deals	Value	No. of Deals	\$ Value	No. of Deals	Value
Content-Related Internet	60	641	31	140	94% ↑	359% ↑	30	930	100% ↑	-31% ↓
Internet Advertising/Marketing	49	1,452 ⁵					32	1,706	53% ↑	-15% ↓
Specialized Business Information										
Business, Legal	30	547	15	335	100% ↑	63% ↑	10	5,547	200% ↑	-90% ↓
Finance/Real Estate	16	1,718 ²	7	639	129% ↑	169% ↑	17	778	-6% ↓	121% ↑
Newsletters/Directories	11	282 ⁴	2	7	450% ↑	3923% ↑	1	1	1000% ↑	28060% ↑
Subtotal	57	2,546	24	981	138% ↑	160% ↑	28	6,326	104% ↑	-60% ↓
Publishing-Related Software	29	866	11	847 ¹	164% ↑	2% ↑	4	12	625% ↑	7113% ↑
Education/Reference/Technical	13	105	13	53	0%	98% ↑	11	2,366	18% ↑	-96% ↓
Training	15	1,713 ³	14	95	7% ↑	1698% ↑	15	1,297	0%	32% ↑
Trade Book Publishing and Other Consumer Media	4	7	10	45	-60% ↓	-85% ↓	4	18	0%	-62% ↓
Trade Magazines/Trade Shows	19	60	12	42	58% ↑	42% ↑	15	122	27% ↑	-51% ↓
Consumer Magazines	3	11	15	292	-80% ↓	-96% ↓	2	3	50% ↑	340% ↑
Total	200	5,948	130	2,495	54% ↑	138% ↑	109	11,071	83% ↑	-46% ↓

Footnotes

1. Deal value excludes the \$1.6 billion restructuring of Reader’s Digest Association
2. Deal value includes the \$1.55 billion acquisition of RiskMetrics Group by MCSI
3. Deal value includes the \$1.1 billion acquisition of Skillsoft plc by Advent International, Bain Capital and Berkshire Partners
4. Includes the \$220 million acquisition of Canpages by Yellow Pages Group
5. Internet Advertising / Marketing is not included in the Totals as tracking of this category began in late 2009

Source: Whitestone Communications, Inc.