

05 | Mergers & Acquisitions

The DeSilva & Phillips Half-Year Report

The media M&A market is in the midst of a boom of historic proportions.

The DeSilva & Phillips M&A Deal List for the first half of 2005 (which tracks deals in consumer and B2B magazines, consumer and trade shows and events, medical media, and online media and business information services in these areas) more than quadrupled in size from the first half of 2004. Total deal volume is \$2.84 billion compared to \$707 million in 2004.

Much of the growth in deal volume came at the bigger end of the market, but the increase in M&A activity is across the board. In fact, even if deals of \$300 million and above are subtracted from the 2005 total, M&A activity for just the remaining deals is up 68% over the 2004 first half total.

The deals include some blockbusters. On the B2B side, VSS sold Canon Communications for \$200 million to Apprise Media, Advanstar sold IT/Comm to a management group for \$185 million, and Jobson sold for \$105 million to Wicks. In July, the biggest B2B deal since the recession ended, and the second biggest B2B deal in history, will close — VSS's sale of Hanley Wood to JPMorgan Partners for \$618 million.

On the consumer side, the big splash was made by Bertelsmann's sudden exit from the U.S. magazine market, with Meredith taking its consumer titles, including its venerable flagship *Parents*, in a \$350 million deal and Joseph Manseuto of Morningstar buying its business titles *Inc.* and *Fast Company* for \$35 million. An even bigger deal took place on

the consumer side when Citigroup Venture Capital acquired Network Communications, Inc. — a collection of local real estate publications — from ABRY Partners for \$380 million.

In terms of numbers of deals, the B2B sector, along with the online media sector, has shown the greatest strength. There were about twice as many B2B deals in the first half of 2005 compared to the first half of 2004. There were six online media deals — last year there were none in the first half.

We expect that the M&A activity for the rest of the year will continue to be high, if not frenzied. There is a substantial number of deals in the pipeline, and there will be some surprises as well. The palpable nervousness about the economy will keep us on the straight and narrow, and serve to insulate both sellers and buyers from irrational price expectations. Bank financing has become a bit more expensive. And in the larger economy, projections for advertising expenditure have been adjusted downwards for the rest of the year — though media executives note that the shortfall will be felt in TV and Radio, with publishing and Internet growth remaining strong.

Our 2005 deals (so far) speak for themselves.

<p>1 JUNE 2005</p> <p>CMEinfo.com</p> <p>CMEInfo.com, the leading producer of CME courses from top medical schools marketed directly to physicians, has been acquired by Haight Cross Communications.</p>	<p>2 MAY 2005</p> <p>JPMorgan</p> <p>JPMorgan Partners has acquired Hanley Wood, LLC, the leading media company serving the residential and commercial construction industries, from Veronis Suhler Stevenson. (Pending.)</p>	<p>3 APRIL 2005</p> <p>EATINGWELL</p> <p>Eating Well, Inc., publishers of <i>Eating Well: The Magazine of Food & Health</i>, received \$825,000 in financing from various investors. DeSilva & Phillips Corporate Finance LLC</p>	<p>4 MARCH 2005</p> <p>\$35,000,000</p>  <p>Lebhar-Friedman, Inc. received \$35,000,000 in acquisition financing from GE Commercial Finance Global Media & Communications. DeSilva & Phillips Corporate Finance LLC</p>
<p>5 MARCH 2005</p> <p>Dowden HEALTH MEDIA</p> <p>Dowden Health Media, a producer of medical journals, consumer magazines and physician education programs, has been acquired by Lebhar-Friedman, Inc.</p>	<p>6 FEBRUARY 2005</p> <p>CORPORATE LEGALTIMES</p> <p>Corporate Legal Times, publisher of the magazine for General Counsel and producer of the SuperConference, has been acquired by Wicks Business Information.</p>	<p>7 JANUARY 2005</p> <p>Beckett Publications</p> <p>Beckett Publications, the world's leading publisher of sports and entertainment market collectible products, has been acquired by Apprise Media LLC.</p>	<p>8 JANUARY 2005</p>  <p>Citigroup Venture Capital has acquired Network Communications, Inc., America's leading provider of real estate information, from ABRY Partners IV, LP.</p>