

JEGI Press Release

M&A Market Heats Up in First Half of 2010

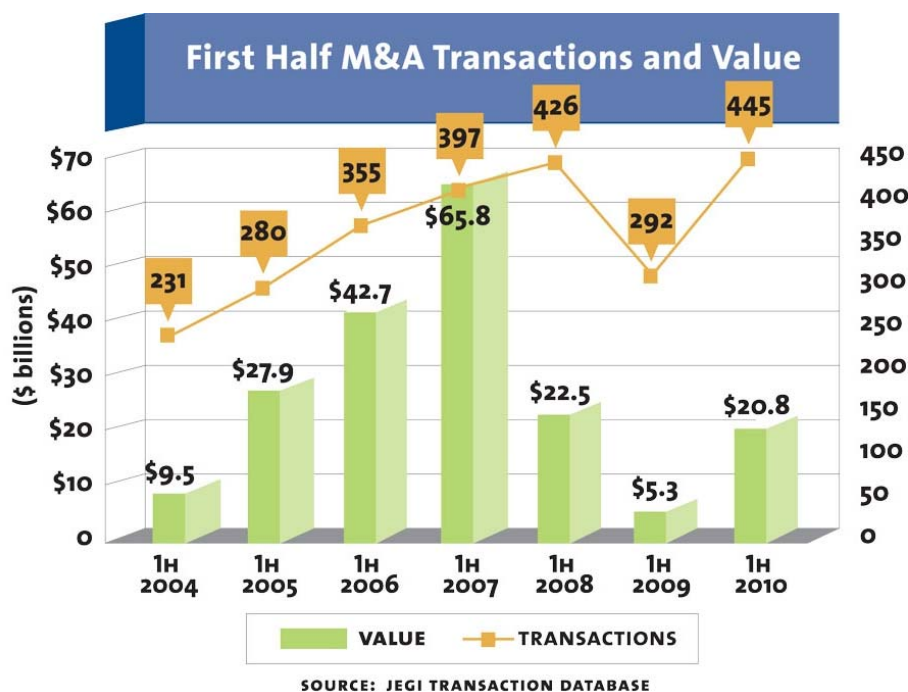
Deal Activity Up 52% and Transaction Value Rises Nearly 300% over 1H 2009

New York, NY June 30, 2010 The M&A market for media, information, marketing services, education and related technologies rebounded strongly in the first half of 2010, led by digital and technology-driven businesses. 445 transactions with a total value of \$21 billion were announced, reflecting a 52% increase in deal volume and a 291% surge in deal value over 1H 2009 levels, according to The Jordan, Edmiston Group, Inc. (JEGI), the leading independent investment banking firm covering these market sectors. JEGI's activity reflected the increasing deal pace, as the firm completed 10 M&A transactions in the first half of the year, including Hearst Corporation's acquisition of global interactive marketing services and technology company iCrossing.

The sharp rise in market deal value was driven by several multi-billion dollar transactions announced in Q2 2010, including Madison Dearborn Partners' acquisition of credit and information management company TransUnion for an estimated \$2.5 billion and the acquisition by Silver Lake Partners and Warburg Pincus of financial information provider Interactive Data Corporation for \$3.2 billion.

Overall, six market sectors saw strong growth in M&A in the first half: B2B Online Media (number of deals up nearly 4x), B2C Online Media (+64%), Business-to-Business Media (up nearly 4x), Database & Information Services (+90%), Marketing & Interactive Services (+96%), and Mobile Media & Technology (+188%).

Interactive media, marketing services and digital and mobile technology continue to propel deal flow, as the B2B and B2C Online Media & Technology, Marketing & Interactive Services, and Mobile Media & Technology sectors accounted for 74% of total deal activity in the first half of 2010.



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Large interactive, marketing services and technology companies continued to be active acquirers, including Acxiom, Akamai, Alliance Data Systems, Apple, Facebook, Google, GSI Commerce, IAC, IBM, InfoSpace, Interpublic, Juniper Networks, Oracle, Publicis Groupe, Salesforce.com, Twitter, WPP, Yahoo, and Zynga. The largest deals announced by this group in the second quarter included IBM's acquisition of Coremetrics, the web analytics and digital marketing optimization company, for an estimated \$150 million; Salesforce.com's acquisition of Jigsaw Data Corp., an online business contact database, for \$142 million; Alliance Data System's acquisition of Equifax's Direct Marketing Services division for \$117 million; and Yahoo's acquisition of online content publisher Associated Content for a reported \$90 million. However, average deal sizes for the interactive markets remained relatively small, averaging \$23 million vs. an average deal size of \$47 million for the overall media marketplace.

With interactive marketing spending in the US estimated to reach nearly \$30 billion in 2010, according to Forrester Research, media companies are seeking to incorporate more interactive marketing services into their product offerings, to more deeply service brands and advertisers. CBS, News Corp., Nielsen, Time Warner, and United Business Media all made acquisitions in the interactive, marketing services and technology markets in the second quarter of 2010. Hearst's acquisition of iCrossing reflects broader efforts by diversified media companies to augment display advertising sales with a complementary presence in interactive marketing services, and JEGI anticipates similar transactions going forward, as other media groups tap into higher growth services.

Strategic Buyers Continue to Lead M&A Charge, but PE Picking Up Steam

Of the 211 transactions announced in the second quarter of 2010, 45 were led by private equity firms or PE-backed companies, a modest pace compared to earlier periods, but a sharp increase from 2009. Private equity firms, with approximately \$425 billion of uncommitted capital, according to Cambridge Associates, are becoming more active once again; they accounted for the two largest transactions of the quarter – the acquisitions of TransUnion and Interactive Data Corporation. In interactive, marketing services and technology, numerous PE firms were active buyers, including Austin Ventures, AXA Private Equity, Blackstone Group, Great Hill Partners, H.I.G. Ventures, Providence Equity Partners, Riverside Company, Veronis Suhler Stevenson, Wicks, and ZelnickMedia. The largest PE deal in these markets during the quarter was AXA Private Equity's acquisition of online travel agent Go Voyages from Groupe Arnault for \$493 million.



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Media, Information, Marketing Services & Related Technology M&A Activity						
Industry Sector	2010 January - June		2009 January - June		% Change	
	No. of Deals	Value (millions)	No. of Deals	Value (millions)	No. of Deals	Value
B2B Online Media & Technology	26	\$363	7	\$69	nm	nm
B2C Online Media & Technology	125	\$2,980	76	\$1,244	64%	139%
Business-to-Business Media	23	\$87	6	\$17	nm	nm
Consumer Magazines	12	\$78	24	\$112	(50%)	(30%)
Database & Information Services	38	\$9,283	20	\$327	90%	nm
Education Information, Technology & Training	26	\$2,491	48	\$2,321	(46%)	7%
Exhibitions & Conferences	12	\$58	20	\$78	(40%)	(25%)
Marketing & Interactive Services	131	\$3,083	67	\$887	96%	248%
Mobile Media & Technology	46	\$1,041	16	\$148	188%	nm
Newspaper Publishing	6	\$1,329	8	\$114	(25%)	nm
Total	445	\$20,793	292	\$5,316	52%	291%

Source: JEGI Transaction Database

M&A Highlights

- With 26 transactions, the **b2b online media and technology** sector’s deal activity increased nearly 300% in 1H 2010 vs. 1H 2009. Small transactions dominated the sector, such as TechTarget’s acquisition of BeyeNETWORKS, an online network of sites that provide free resources for business intelligence professionals, LoopNet’s acquisition of Reaction Web, a provider of online solutions for the commercial real estate industry, and Canon Communication’s acquisition of Pharmalot, a blog for the pharmaceutical industry. The largest announced transaction of Q2 in this sector was Salesforce.com’s acquisition of Jigsaw Data Corp. for \$142 million.
- The **b2c online media and technology** sector continues to be very active, with 125 transactions at a total value of \$3 billion in 1H 2010. While smaller transactions drove the bulk of deal volume in this sector, Q2 2010 also saw its share of larger deals, including Providence Equity Partners’ acquisition of 25% of AutoTrader.com from Cox Enterprises for an estimated \$550 million; AXA Private Equity’s acquisition of Go Voyages from Groupe Arnault for \$493 million; Rakuten’s acquisition of e-commerce company Buy.com for \$250 million; Digital Sky Technologies’ acquisition of ICQ from AOL for \$188 million; Yahoo’s acquisition of Associated Content for a reported \$90 million; and Cyberplex Media’s acquisition of Tsavo Media for \$75 million.



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- In the **business-to-business media** sector, the number of deals increased to 23 in 1H 2010, driven by Reed Elsevier's multiple divestitures of its Reed Business Information-US print and related online media assets. Overall, however, this sector saw a number of smaller deals, as transaction value in 1H 2010 was \$87 million. In Q2, active acquirers in this sector included Babcox Publications, DealFlow Media, ST Media, and Thomson Reuters.
- The M&A market for **consumer magazines** saw minimal M&A activity, with only 12 transactions announced in 1H 2010 at a total deal value of \$78 million, primarily for distressed assets. A few transactions of note for Q2 included Active Interest Media's acquisition of Skram Media, a publisher of outdoor sports magazines; and CurtCo Media's divestitures of *Sarasota* and *Gulfshore Life*, *San Diego Magazine* and Art & Antiques Worldwide Media in three separate deals.
- The number of M&A transactions and transaction value increased significantly in 1H 2010 for the **database and information services** sector, as 38 deals were announced for a total value of \$9.3 billion, compared to 20 deals for a total value of \$327 million in 1H 2009. The two largest announced transactions of Q2 took place in this sector, both led by PE firms: Madison Dearborn Partner's acquisition of TransUnion for an estimated \$2.5 billion; and the acquisition of Interactive Data Corp by Silver Lake Partners and Warburg Pincus for \$3.2 billion. Thomson Reuters made two acquisitions within this sector in the quarter: Complinet, a provider of global compliance information solutions; and Point Carbon, a provider of trading analytics, news and content for the energy and environmental markets.
- The **education information, technology and training** sector saw a (46%) decrease in transactions in 1H 2010 vs. 1H 2009, but flat year-over-year transaction value, at approximately \$2.4 billion. Online learning and technology have been driving M&A activity in this market, and notable Q2 transactions included Thoma Bravo's acquisition of online learning solutions provider PLATO Learning for \$143 million; and Archipelago Learning's acquisition of Education City, a provider of e-learning resources for schools and families, for \$87 million.
- In 1H 2010, transaction volume and value declined (40%) and (25%), respectively, for the **exhibitions and conferences sector**, as compared to 1H 2009. In Q2, JEGI completed the sector's largest transaction – the sale of dmg world media's Alberta Gift Show and Montreal Gift Show to the Canadian Gift & Tableware Association. Other notable Q2 deals included Access Intelligence's acquisition of RETECH, a show operator for the renewable and alternative energy technology sectors; and United Business Media's acquisition of Navalshore, a Brazil-based provider of tradeshows and conferences for the maritime industry.
- **Marketing and interactive services** was the most active sector for M&A in 1H 2010, with 131 transactions for a total value of \$3.1 billion. The sector showed strong gains of 96% in number of deals and nearly 250% in transaction value vs. 1H 2009. The largest Q2 transaction in this sector



was Hearst Corporation's acquisition of iCrossing (JEGI initiated this transaction and acted as Hearst's exclusive financial advisor on the deal). Interactive marketing services and technology are the primary drivers of deal activity for this sector, and notable deals announced in Q2 included:

- Acxiom acquisition of GoDigital (data quality and precision marketing)
 - Adknowledge acquisition of Hydra Group (online multi-channel advertising platform)
 - Attensity Group acquisition of Biz360 (market intelligence solutions)
 - AudienceScience acquisition of Consorte Media (digital marketing agency)
 - Avande acquisition of Ascentium's Microsoft Dynamics CRM assets
 - Google acquisition of Global IP Solutions (IP voice and video processing software for real-time communications) for \$68 million
 - GSI Commerce acquisitions of VendorNet (supply chain management software) and Fetchback (remarketing solutions)
 - H.I.G. Venture investment in Triad Digital Media (digital media and online advertising services)
 - IBM acquisition of Coremetrics for an estimated \$150 million
 - Interpublic Group acquisition of Cubocc (digital marketing agency)
 - Lithium Technologies acquisition of ScoutLabs (web-based applications for social media tracking and monitoring)
 - Oracle acquisition of Market2Lead (demand-generation and marketing automation)
 - ReachLocal acquisition of SMB Live (social marketing platform software)
 - WPP acquisition of Midia Digital and I-Cherry (digital marketing agency)
- The **mobile media and technology** sector saw a large uptick in M&A activity in 1H 2010, with 46 transactions at a total value of \$1 billion vs. 16 transactions at a total value of \$148 million in 1H 2009. Interactive marketing and technology leaders, such as Akamai, Apple, Google, Groupon, Research in Motion, Twitter, and Yahoo were active acquirers of mobile media and technology assets in Q2. A larger percentage of the deals were in the application technology sector, such as Apple's acquisition of Siri, an iPhone app that acts as a personal assistant; Google's acquisition of Pink, an Android app that will identify any work of art photographed by users; and Twitter's acquisition of Atebits, Tweetie apps for using Twitter on Mac computers and iPhones.
 - The **newspaper publishing** sector continues to be quiet, with only six transactions in 1H 2010 compared with eight in 1H 2009. However, deal value jumped in 1H 2010, led by two distressed sales to creditor groups: the \$1.1 billion sale of CanWest, a Canadian based newspaper publisher; and the \$135 million buy-out of Philadelphia Newspapers.



Recent M&A Activity

JEGI has completed 10 transactions in 2010 through June, including the Hearst/iCrossing deal, as well as The Economist Group's sale of CFO to Seguin Partners; the sale of IT market research firm Burton Group to Gartner; a growth capital investment for Edgar Online (Nasdaq: EDGR) by Bain Capital Ventures; five divestitures of assorted print and online media assets for Reed Business Information-US; and the sale of dmg world media's Alberta Gift Show and the Montreal Gift Show to the Canadian Gift & Tableware Association.

JEGI has a growing pipeline of new clients and expects M&A for the interactive, marketing services and technology markets to continue accelerating into 2011 and beyond.

About JEGI

The Jordan, Edmiston Group, Inc. (JEGI) of New York, NY is the leading provider of independent investment banking services for media, information, marketing services and related technologies. Since 1987, JEGI has completed nearly 500 high-profile M&A transactions for global and emerging companies; entrepreneurial owners; and private equity and venture capital funds. The firm's executive team of investment bankers has over 200 years of combined experience across the media, information, marketing services and related technology sectors that JEGI serves. For more information, visit www.jegi.com.

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