

Reed Elsevier to Acquire Matthew Bender for \$1.65 Billion

REED ELSEVIER has reached an agreement with Times Mirror to acquire the legal publisher Matthew Bender as well as the 50% stake in Shepard's that it does not already own. Reed had been considered the likely buyer for Bender ever since Reed's merger with Wolters Kluwer was called off (News, March 16). In addition to being half owner of Shepard's, Reed has a licensing agreement with Bender to offer its publications through Reed's Lexis online service and to provide a significant portion of the Lexis case-law database through Bender's print and CD-ROM products.

The companies are placing the value of the deal at \$1.65 billion. In 1997, Bender had sales of \$192.9 million and earnings before interest, tax and exceptional items of \$59.2 million. In the same period, Shepard's had sales of \$67.9 million and earnings before interest and tax of \$38.9 million. Reed said it will acquire Shepard's in a straight cash deal, while the cash purchase of Bender will be completed through a corporate reorganization in the form of a merger.

Paying a High Multiple

Reed is paying a multiple of more than 6.5 times Bender/Shepard's revenues, a price Reed group treasurer Paul Richardson defended by noting that Bender is a "high margin business" and that the price is about 20 times EBITDA. Richardson also told PW that while Reed had paid a high multiple for Lexis-Nexis, it "paid back in short order." In addition, Richardson said the acquisition of Bender will enhance Reed's Lexis service and will make the entire company a stronger competitor in the legal field, where it competes with Thomson/West and Wolters Kluwer.

Richardson said Reed expects to realize operating efficiencies from overlapping back office operations, but there is little overlap on the editorial operations. Reed must hire someone to head Bender's operations. The acquisition is completed and Kathryn Downing, president of Bender, will remain at Times

Times Mirror, which expects to report a gain of \$1 billion from the Bender sale, plans to announce the sale of Mosby in the second quarter.

—JIM MILLIOT

Book Sales Soar at Meredith in 3rd Qtr.

SALES AT THE MEREDITH book group for the third quarter ended March 31, 1998, jumped 80% to \$15.1 million. The strong quarter pushed sales up 25% for the nine-month period to \$36.4 million, and Jim Blume, editor-in-chief of Meredith Books, told PW he expects that the group will finish the fiscal year with sales up by that 25% mark.

Blume attributed the quarter's jump in sales in part to the release of *Home Depot: Outdoor Projects*, which shipped in February and now has more than 200,000 copies in print. The title is the second Meredith has done with Home Depot; its first title, *Home Depot: Home Improvement 1,2,3*, was published in spring 1995 and now has more than 600,000 copies in print. In addition to selling the titles through the Home Depot chain, Blume said the two books have done well through other retail channels.

Another initiative that aided revenues in the third quarter was the growth in sales of its gardening and do-it-yourself titles that Meredith acquired from Ortho Books (News, March 3, 1997). The company has created its own sales team that calls on the home and garden market, and results have been very encouraging, Blume said.

Book

Seven Stories: Taking on Bigger Publishers' 'Discomfort' Books

RECENTLY, WHILE BEING interviewed by National Public Radio regarding the Random House/Bertelsmann merger, Seven Stories Press publisher Dan Simon received a call from Carol Felsenthal, who has been under contract with Viking for the last four years for a biography of media conglomerate chief Si Newhouse, soon to be the former owner of Random House. Simon, certainly not averse to publicity for his three-year-old independent press, decided to let NPR in on the reason for the call: he was negotiating to publish Felsenthal's book, after Penguin Putnam president Phyllis Grann and senior v-p Susan Petersen quietly canceled it at the late stage of final manuscript last January. Since no other major trade publisher was willing to take it on, Simon will release *Citizen Newhouse: Portrait of a Media Merchant* this fall, as Viking had planned to do. Simultaneously, Seven Stories will release a trade paperback of Felsenthal's *Power, Privilege and the Post: The Katharine Graham Story*, which was published by Putnam in 1993 with what Felsenthal felt was an increasing lack of enthusiasm due to pressure from Graham, who had had an earlier unauthorized biography taken off the market.

Simon had been alerted to Felsenthal's plight with the Newhouse book by her agent, Philippa Brophy, who also represents Gary Webb, whose *Dark Alliance: The CIA, The Contras, and the Crack Cocaine Explosion* will be published by Seven Stories this month. Webb's expansion of his controversial *San Jose Mercury News* series at first attracted trade interest, but with no offers from major houses, Simon once again became publisher of last resort.

Taking on projects passed by big trade publishers is a task Simon relishes: "I see it

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TWO TITLES THAT were "too hot too handle" for trade houses.



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behind the BESTSELLERS

BY DAISY MARYLES

THE ALPHABET QUEEN STRIKES AGAIN

With **N Is for Noose**, Sue Grafton begins the second half of the alphabet for her very successful mystery series featuring Kinsey Milhone. Holt's first printing for the book was 750,000 (less than the originally announced one million) and Grafton's 19-city tour schedule will keep her on the road through May 25. Grafton's success is global—her books are published in 28 countries and 26 languages, including Estonian, Bulgarian and Indonesian. Her first chart landing was on the #2 spot; the path to the top position was blocked by her mystery colleague Mary Higgins Clark.

CLARK'S TAKES THE LEAD

Competition is keen for the #1 spot on the fiction hardcover list; it took Mary Higgins Clark an extra week to get the top slot for her 19th book, **You Belong to Me**. First printing was 850,000—impressive but lower than the planned 1.1 million first printing announced earlier (looks like publishers are being more prudent even with first printings for the super stars). Clark is in the midst of an 11-city tour and Simon & Schuster is conducting a two-week advertising campaign on Lifetime TV in 10 major book markets.

PULITZER IMPACTS SALES

Vintage is in the enviable position of reaping the benefits of two 1998 Pulitzer Prizes. Katharine Graham's **Personal History**, which won for biography, enjoys a second week on *PW*'s trade paper chart, and copies in print now total 125,000; prior to winning the prize, the book's in-print total was 90,000. The fiction winner, **American Pastoral** by Phillip Roth, has more than doubled its initial copies in print; the current total is 100,000. Both books are doing particularly at independent bookstores across the county. **Personal History** is the #2 trade paper nonfiction bestseller on the Independent list and **American Pastoral** is the #1 the trade paper fiction bestseller.

PAPERBACKING THE MERCK

Merck & Co. is claiming that **The Merck Manual of Medical Information-Home Edition** is the fastest-selling consumer health reference in history. The first consumer version of the almost century-old physician's reference, **The Merck Manual of Diagnosis and Therapy**, went on sale last December; sales in the first 10 days exceeded 100,000 copies. The publisher notes that sales are currently over the 500,000 mark and still climbing. Plans for a CD-ROM and Spanish-language version of the **Home Edition** are planned for later this year. Look for a Pocket Book mass market edition in September 1999 and, later, a trade paperback. Senior editor Nancy Miller, who handled the acquisition, noted that the books mesh well with other titles such as the Dr. Spock titles and the **Physician's Desk Reference**.

ALMOST AT THE GATE

Robert Stone's latest **Damascus Gate**, is set in Jerusalem and with its publication coinciding with the 50th anniversary of the State of Israel, the critically acclaimed novel is also benefiting by the media attention to that historical event. During a special show about Israel on CBS **Sunday Morning**, John Leonard did an on-air review of Stone's book as well as a retrospective of his work. The author began a four-week tour on April 27 that will take him to about 20 cities. First printing was 100,000 copies.

YOGI-ISMS HIT THE SPOT

Many cheered when **The Yogi Book**, aptly subtitled "I Really didn't Say Everything I Said," hit the bestseller list. The Workman trade paperback was published in mid-April with a 125,000-copy printing and quickly went back to press for an additional 25,000 copies. Baseball Hall of Famer Yogi Berra hit pay dirt with his first book—but then hitting never was a problem during his illustrious career. He played in 14 World Series and holds numerous World Series records—most games by a catcher (63), hits (71) and times on a winning team (10).

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as the mission of an independent house," he said. But he also told *PW* he's alarmed by the lack of risk taking at the ever-consolidating major trade houses.

"The key word for how they reacted to these books is 'discomfort'; they're too hot to handle," he said. "I don't think publishers have a right not to publish because of discomfort. Increasingly, there's an incredible amount of self-censorship." In fact, according to a major trade editor who considered Webb's book proposal, while the mixed sales history of investigative-journalism books and the *San Jose Mercury News*'s backing off from some of Webb's claims caused some very legitimate concerns, "I do think there's a bit of caution on the part of the larger publishers to take risks. Let's face it—our coffers are bigger if someone wanted to sue."

Simon told *PW* he's comfortable with his law firm's vetting of **Dark Alliance** (which is embargoed) and he believes the book's content, including an update on the CIA internal investigation prompted by Webb's articles, is of value to readers, particularly among the African American communities that most embraced Webb's claims (the book boasts an intro by Rep. Maxine Waters). Simon plans an ambitious 50,000 first printing.

The major trade houses' handling of **Citizen Newhouse** is more complex, according to Al Silverman, the now retired Viking editor who worked closely with Felsenthal on the book. "Usually it's a case of people just passing on books, which is their prerogative. Here is a case where a commitment was made, a manuscript was delivered and it was eminently publishable," he said. Felsenthal told *PW* that Grann and Petersen had said they were canceling the book because of personal connections both had to the Newhouse world. "To their credit, they never claimed the manuscript was unacceptable," said Felsenthal. Instead, she got her full six-figure advance. "We weren't the right publishers for the book" was all Petersen would say about the cancellation to *PW*. "We were too close to it." Petersen had worked at Random, and her ex-husband, Bruce Harris, is still there.

The cancellation of the book "disappoints me terribly," Silverman said. "On top of Rupert Murdoch controlling the destiny of a book [the Chris Patten memoir], here's one that is sort of indirectly controlled by another media giant."

—JUDY QUINN

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