PENTON MEDIA INC
Form DEFM14A
December 15, 2006
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

PENTON MEDIA, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(2) Aggregate number of securities to which transaction applies:

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Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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The Penton Media Building

1300 East Ninth Street

Cleveland, Ohio 44114-1503

December 15, 2006

Dear Stockholder:

On November 1, 2006, Penton Media, Inc. (Penton, we, us or our) entered into an Agreement and Plan of Merger (the merger agreement) wi Prism Business Media Holdings Inc. (Parent), and Prism Acquisition Co., a wholly-owned subsidiary of Parent (Merger Sub). Parent is the holding company of Prism Business Media Inc., a leading producer of targeted publications, websites and exhibitions that bring sellers together with qualified buyers and is currently owned by private equity funds sponsored by Wasserstein & Co. LP and co-investors Highfields Capital Management LP and Lexington Partners, and, upon completion of the merger, will also be owned by MidOcean Partners III, L.P., its parallel funds and its co-investors. Under the terms of the merger agreement, Merger Sub will be merged with and into Penton, with Penton continuing as the surviving corporation (the merger) and becoming a wholly-owned subsidiary of Parent. If the merger is completed, you will be entitled to receive an amount in cash (estimated as of the date of the accompanying proxy statement to be approximately $0.81), without interest and less any applicable withholding taxes, for each share of our common stock that you own. The exact amount of this cash payment will not be determined until the effective time of the merger, as discussed in the accompanying proxy statement.

A special meeting of our stockholders will be held on January 23, 2007, at 10:00 a.m., local time, to vote on a proposal to adopt the merger agreement so that the merger can occur. The special meeting will be held in The Penton Media Building, 1300 East Ninth Street, Cleveland, Ohio 44114-1503. Notice of the special meeting and the related proxy statement are enclosed.

The accompanying proxy statement gives you detailed information about the special meeting and the merger and includes the merger agreement as Annex A. We encourage you to read the proxy statement and the merger agreement carefully.

Our board of directors unanimously has determined that the merger is advisable and that the terms of the merger are in the best interests of Penton and its stockholders and has approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. This determination and approval, and the recommendation of our board of directors, is based, among other things, upon the unanimous recommendation of the special committee of our board of directors consisting of independent directors who do not own any shares of our preferred stock and are not affiliated with management or any holders of our preferred stock.

Your vote is very important. We cannot complete the merger unless, among other required votes, (1) stockholders entitled to cast a majority of the votes of all issued and outstanding shares of our common and preferred stock entitled to vote on the matter vote to adopt the merger agreement and (2) holders of a majority of our issued and outstanding common stock (other than such shares held of record or beneficially by holders of our preferred stock or by Parent) entitled to vote and voting on the matter vote to adopt the merger agreement.

Our board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement. If you fail to vote by proxy or in person, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and, if a quorum is present, will have the same effect as a vote against the adoption of the merger agreement as to the vote of all stockholders. However, as to the separate class vote of common stockholders, your failure to vote will not have the same effect as a vote against the adoption of the merger agreement.

Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy in the accompanying reply envelope, or submit your proxy by telephone or the Internet. Stockholders who attend the meeting may revoke their proxies and vote in person.

Our board of directors and management appreciate your continuing support of Penton, and we urge you to support this transaction.

Sincerely,

Royce Yudkoff

Chairman of the Board

This proxy statement is dated December 15, 2006, and is first being mailed to stockholders on or about December 15, 2006.

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The Penton Media Building

1300 East Ninth Street

Cleveland, Ohio 44114-1503

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON JANUARY 23, 2007

TO THE STOCKHOLDERS OF PENTON MEDIA, INC.:

A special meeting of stockholders of Penton Media, Inc., a Delaware corporation (Penton, we, us or our), will be held on January 23, 2007, at 10:00 a.m., local time, in The Penton Media Building, 1300 East Ninth Street, Cleveland, Ohio 44114-1503, for the following purposes:

1. **Adoption of the Merger Agreement.** To consider and vote on a proposal to adopt the Agreement and Plan of Merger (the merger agreement), dated as of November 1, 2006, among Prism Business Media Holdings Inc., Prism Acquisition Co. and Penton, as the merger agreement may be amended from time to time.

2. **Adjournment of the Special Meeting.** To approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement.

3. **Other Matters.** To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

Only stockholders of record as of the close of business on December 12, 2006, will be entitled to notice of, and to vote at, the special meeting and any adjournment or postponement of the special meeting. All stockholders of record are cordially invited to attend the special meeting in person.

We urge you to read the accompanying proxy statement carefully as it sets forth details of the proposed merger and other important information related to the merger.

Your vote is very important, regardless of the number of shares of our common stock you own. The adoption of the merger agreement requires, among other required votes, (1) the affirmative vote of stockholders entitled to cast a majority of the votes of all issued and outstanding shares of our common and preferred stock entitled to vote on the matter, voting together as a single class and (2) the affirmative vote of the holders of a majority of our issued and outstanding common stock (other than such shares held of record or beneficially by holders of our preferred stock or by Parent) entitled to vote and voting on the matter. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy or submit your proxy by telephone or the Internet prior to the special meeting and thus ensure that your shares will be represented at the special meeting if you are unable to attend.

If you fail to vote by proxy or in person, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and, if a quorum is present, will have the same effect as a vote against the adoption of the merger agreement as to the vote of all stockholders. However, as to the separate class vote of common stockholders, your failure to vote will not have the same effect as a vote against the adoption of the merger agreement. If you are a stockholder of record and wish to vote in person at the special meeting, you may withdraw your proxy and vote in person.

Stockholders of Penton who do not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares if the merger is completed, but only if they submit a written demand for appraisal to Penton before the vote is taken on the merger agreement and comply with certain other requirements of Delaware law, which are summarized in the accompanying proxy statement under the caption *Dissenters Rights of Appraisal* beginning on page 61.

By order of the board of directors,

Preston L. Vice

Secretary

Cleveland, Ohio

December 15, 2006

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In this proxy statement, the terms Penton, we, us and our refer to Penton Media, Inc. and its subsidiaries.

SUMMARY TERM SHEET

This Summary Term Sheet, together with the Questions and Answers About the Special Meeting and the Merger, summarizes the material information in the proxy statement. You should carefully read this entire proxy statement and the other documents to which this proxy statement refers you for a more complete understanding of the matters being considered at the special meeting. In addition, this proxy statement incorporates by reference important business and financial information about Penton. You may obtain the information incorporated by reference into this proxy statement without charge by following the instructions in Where You Can Find More Information beginning on page 69.

The Merger and the Merger Agreement

The Parties to the Merger Agreement (*see page 13).* Penton Media, Inc., a Delaware corporation, is a diversified business-to-business media company. Prism Business Media Holdings Inc., a Delaware corporation (Parent), is the holding company of Prism Business Media Inc., a leading producer of targeted publications, websites and exhibitions that bring sellers together with qualified buyers. Prism Acquisition Co., a Delaware corporation and a direct wholly-owned subsidiary of Parent (Merger Sub), was formed solely for the purpose of effecting the merger (as defined below) and the transactions related to the merger. Merger Sub has not engaged in any business except in furtherance of this purpose. Parent is currently owned by private equity funds sponsored by Wasserstein & Co. LP and co-investors Highfields Capital Management LP and Lexington Partners, and, upon completion of the merger, will also be owned by MidOcean Partners III, L.P., MidOcean Partners III-A, L.P., MidOcean Partners III-D, L.P., and MidOcean-Prism, LLC. See *The Merger Background of the Merger Exploration of Strategic Alternatives.*

The Merger. You are being asked to vote to adopt an agreement and plan of merger (the merger agreement) providing for the acquisition of Penton by Parent. Pursuant to the merger agreement, Merger Sub will merge with and into Penton (the merger). Penton will be the surviving corporation in the merger and will continue to do business as Penton Media following the merger. As a result of the merger, Penton will become a wholly-owned subsidiary of Parent and will cease to be an independent, publicly traded company. See *The Merger Agreement* beginning on page 48.

Merger Consideration. The merger agreement provides that $194,200,000 is the total amount of cash consideration to which the holders of shares of our common and preferred stock and options to purchase shares of our common stock will be entitled upon completion of the merger. If the merger is completed, you will be entitled to receive an amount in cash (estimated as of the date of this proxy statement to be approximately $0.81), without interest and less any applicable withholding taxes, for each share of our common stock that you own. The exact amount of this cash payment will not be determined until the effective time of the merger. See *The Merger Agreement Merger Consideration* beginning on page 48.

Treatment of Stock Options. Upon completion of the merger, each outstanding option to purchase shares of our common stock, whether or not then exercisable, will be canceled and converted into the right to receive a cash payment equal to the excess, if any, of the amount per share to which a holder of our common stock will become entitled over the exercise price per share of the option, multiplied by the number of shares subject to the option, without interest and less any applicable withholding taxes. See *The Merger Agreement Treatment of Stock Options* beginning on page 49.

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Conditions to the Merger (see page 56). The consummation of the merger depends on the satisfaction or waiver of a number of conditions, including the following:

the merger agreement must have been adopted by:

an affirmative vote of stockholders entitled to cast a majority of the votes of all issued and outstanding shares of our common and preferred stock entitled to vote on the matter, voting together as a single class;

an affirmative vote of 75% of the outstanding shares of our Series C Preferred Stock;

an affirmative vote of the holders of a majority of our issued and outstanding common stock (other than such shares held of record or beneficially by holders of our preferred stock or by Parent) entitled to vote and voting on the matter;

no injunction, judgment, order or law which prohibits, restrains or renders illegal the consummation of the merger will be in effect;

the waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to in this proxy statement as the HSR Act, must have expired or been terminated;

Penton s and Parent s and Merger Sub s respective representations and warranties in the merger agreement must be true and correct as of the closing date in the manner described under the caption *The Merger Agreement Conditions to the Merger* beginning on page 56; and

Penton and Parent and Merger Sub must have performed in all material respects all obligations that each is required to perform under the merger agreement.

Restrictions on Solicitations of Other Offers (see page 54).

The merger agreement provides that we are generally not permitted to directly or indirectly initiate, solicit or knowingly encourage any inquiries or the making of any alternative acquisition proposal or offer with respect to an acquisition proposal for us or any interest representing a 20% or greater economic or voting interest in us.
Notwithstanding this restriction, our board of directors or the special committee may respond to a bona fide acquisition proposal not solicited in violation of our restriction on solicitations for an alternative acquisition or terminate the merger agreement and enter into an acquisition agreement with respect to a superior proposal, so long as we comply with certain terms of the merger agreement described under The Merger Agreement Recommendation Withdrawal or Termination of the Merger Agreement in Connection with a Superior Proposal, including negotiating with Parent and Merger Sub in good faith to make adjustments to the merger agreement prior to termination and, if required, paying a termination fee. See page 55.

Termination of the Merger Agreement (see page 57). The merger agreement may be terminated:

By mutual written consent of both us and Parent;

By either us or Parent if:

A court of competent jurisdiction or other governmental entity issues a final, nonappealable order, decree or ruling or takes any other final action restraining, enjoining or otherwise prohibiting the merger, provided that the right to terminate the merger agreement will not be available to a party if the party s action or failure to take action caused or resulted in such order, decree or ruling;

the merger is not completed on or before March 31, 2007, provided that the right to terminate the merger agreement will not be available to the party whose failure to perform its obligations under the merger agreement has been the cause of the failure to complete the merger on or before such date; or

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our stockholders do not adopt the merger agreement at the special meeting or any adjournment or postponement of the meeting;

By us if:

Parent or Merger Sub has breached any representation, warranty, covenant or agreement, if such breach (or breaches in the aggregate) has a material adverse effect on the ability of Parent or Merger Sub duly to perform their obligations under the merger agreement or to consummate the transactions contemplated under the merger agreement and such breach is not cured upon the earlier of 10 days following notice of the breach or March 31, 2007; or

we receive a superior proposal, provided that we have complied with our obligations under the merger agreement described under The Merger Agreement Recommendation Withdrawal or Termination of the Merger Agreement in Connection with a Superior Proposal beginning on page 55, in which case we would be obligated to pay the termination fee owed to Parent as described under The Merger Agreement Termination Fees beginning on page 57; or

By Parent or Merger Sub if:

we have breached any representation, warranty, covenant or agreement, if such breach (or breaches in the aggregate) has a material adverse effect (as defined in the merger agreement) and is not cured upon the earlier of 10 days following notice of the breach or March 31, 2007; or

our board of directors withdraws, modifies or changes, or resolves to withdraw, modify or change, in a manner adverse to Parent, its approval of or recommendation that our stockholders adopt the merger agreement; or

our board of directors or the special committee approves or recommends, or resolves to approve or recommend, any acquisition proposal other than the merger.

Termination Fees (see page 57). If the merger agreement is terminated under certain circumstances:

We will be obligated to pay a termination fee of $9.71 million;

We will be obligated to pay the expenses of Parent up to $1.942 million; or

Parent will be obligated to pay us a termination fee of $15 million.

The Special Meeting

See Questions and Answers About the Special Meeting and the Merger beginning on page 7.

Other Important Considerations

The Special Committee and its Recommendation. The special committee is a committee of our board of directors that was initially formed on September 27, 2005. The special committee was reconstituted on June 8, 2006 for the purpose of considering, evaluating, investigating and monitoring any exploration by Penton of strategic alternatives (including any possible transaction relating to the sale of Penton), including for the specific purpose of negotiating an allocation of the proceeds of any possible sale of Penton between our common and preferred stockholders. The special committee has been further authorized, among other things, to recommend whether to approve any proposed transaction arising out of our exploration of strategic alternatives, all to the extent that it considers it in the best interests of our common stockholders to do so. The special committee is comprised of three independent directors who do not own any shares of our preferred stock and are not affiliated with management or any holders of our preferred stock. The members of the special committee are Vincent D. Kelly, Adrian Kingshott and

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Harlan A. Levy. The special committee unanimously determined, after considering the fairness of the merger and the merger agreement to our common stockholders generally and in relation to our preferred stockholders, that the merger agreement is fair to and in the best interests of our common stockholders and recommended (i) that our board of directors approve the merger agreement and the transactions contemplated thereby, including the merger, (ii) that our board of directors recommend the adoption by our stockholders of the merger agreement and (iii) that our stockholders adopt the merger agreement. For a discussion of the material factors considered by our board of directors and the special committee in reaching their conclusions and the reasons why our board of directors and the special committee determined that the merger is fair, see *The Merger Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors* beginning on page 25.

Board Recommendation. Our board of directors, based, among other things, on the unanimous recommendation of the special committee with respect to our common stockholders, recommends that our stockholders vote FOR the adoption of the merger agreement, and FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies. See *The Merger Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors* beginning on page 25.

Support Agreements of the Holders of Our Series C Preferred Stock. The holders of all of our outstanding Series C Preferred Stock have entered into an allocation agreement with us the terms of which they negotiated with the special committee, pursuant to which they are obligated to vote their shares in favor of the adoption of the merger agreement. For a more detailed discussion of the allocation agreement, see *The Merger Background of the Merger* beginning on page 18. These holders also have entered into a voting agreement with Parent and Merger Sub pursuant to which they have agreed to (1) vote in person or by proxy their shares in favor of the merger and the adoption of the merger agreement and against any proposal made in opposition to, or in competition with, the consummation of the merger and (2) grant to and appoint Parent the holders irrevocable proxy to vote the holders shares in favor of the merger and the adoption of the merger and the merger agreement. The voting agreement terminates on the earliest to occur of the effective time of the merger, the valid termination of the merger agreement, April 30, 2007 or written notice of termination of the voting agreement by Parent. See *The Special Meeting Vote Required for Approval* beginning on page 14. The holders of our Series C Preferred Stock are entitled to a total of 9,828,787 votes for all such shares held on the record date, representing approximately 22% of the votes of all issued and outstanding shares of our common and preferred stock entitled to vote on the adoption of the merger agreement.

Share Ownership of Directors and Executive Officers. As of the record date, our directors and executive officers held and are entitled to vote, in the aggregate, shares of our common stock and our Series M Preferred Stock representing less than 1% of the votes of all issued and outstanding shares of our common and preferred stock entitled to vote on the adoption of the merger agreement. Our directors and executive officers have informed us that they currently intend to vote all of their shares FOR the adoption of the merger agreement.

Interests of Our Directors and Executive Officers in the Merger. Upon the consummation of the merger, (1) all unexercised stock options held by our directors and officers will be canceled and converted into the right to receive a cash payment equal to the excess, if any, of the amount per share to which a holder of our common stock will become entitled in the merger over the exercise price per share of the option, (2) our executive officers holding shares of our Series M Preferred Stock will be entitled to receive a portion of the merger consideration, (3) our executive officers potentially would be entitled to receive, and it is expected that Mr. Nussbaum will receive, severance benefits under their employment agreements, and (4) our executive officers participating in our Change of Control Bonus Plan will receive cash bonuses. The maximum total cash payments our executive officers may receive in respect of their beneficially owned shares of our capital stock and other compensation plans upon the consummation of the merger are as follows: Darrell C. Denny $1,818,669; David B. Nussbaum $6,510,538; and Preston L. Vice $1,373,030. In addition, three members of our board of directors are affiliated with holders of our Series C Preferred Stock, and holders of our Series C Preferred Stock

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would be entitled to receive a substantial majority of the merger consideration. These and other interests of our directors and executive officers, some of which may be different than those of our stockholders generally, are more fully described under *The Merger Interests of Our Directors and Executive Officers in the Merger* beginning on page 42.

Opinion of Allen & Company LLC. In connection with the proposed merger, the special committee s financial advisor, Allen & Company LLC (Allen), delivered to the special committee an opinion as to the fairness from a financial point of view to our common stockholders of the merger consideration to be received by our common stockholders in the merger, including in relation to our preferred stockholders. The full text of the opinion of Allen, which sets forth the procedures followed, assumptions made, qualifications and limitations on review undertaken by and other matters considered by Allen in connection with its opinion, is attached as Annex B to this proxy statement. **Allen provided its opinion for the information and assistance of the special committee in connection with its consideration of the merger, and the opinion of Allen is not a recommendation as to how any stockholder should vote or act with respect to any matter relating to the merger.** We encourage you to read the opinion of Allen carefully and in its entirety. For a more complete description of the opinion and the review undertaken in connection with such opinions see *The Merger Opinions of Financial Advisors Opinion of Allen & Company LLC* beginning on page 29.

Opinion of Credit Suisse Securities (USA) LLC. On November 1, 2006, Credit Suisse Securities (USA) LLC (Credit Suisse) rendered its oral opinion to our board of directors, which was subsequently confirmed in a written opinion dated as of the same date, to the effect that, as of November 1, 2006, the per share merger consideration to be received by holders of our common stock in the merger was fair to the holders of our common stock from a financial point of view. Credit Suisse s opinion was directed to our board of directors and only addressed the fairness from a financial point of view of the per share merger consideration to be received by holders of our common stock in the merger and not any other aspect or implication of the merger. The summary of Credit Suisse s opinion in this proxy statement is qualified in its entirety by reference to the full text of the written opinion, which is included as Annex C to this proxy statement and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Credit Suisse in preparing its opinion. We encourage you to carefully read the full text of Credit Suisse s written opinion. **However, neither Credit Suisse s opinion nor the summary of its opinion and the related analyses set forth in this proxy statement are intended to be, and do not constitute advice or a recommendation to our stockholders as to how such stockholders should vote or act on any matter relating to the proposed merger.** See *The Merger Opinions of Financial Advisors Opinion of Credit Suisse Securities (USA) LLC* beginning on page *34.*

Sources of Financing. The merger agreement does not contain any condition relating to the receipt of financing by Parent or Merger Sub. Penton and Parent estimate that the total amount of funds necessary to consummate the merger and related transactions, including the new financing arrangements, the refinancing of certain existing indebtedness and the payment of customary fees and expenses in connection with the proposed merger and financing arrangements, will be approximately $530 million, which is expected to be funded by new credit facilities and equity financing. Funding of the equity and debt financing is subject to the satisfaction of the conditions set forth in the commitment letters pursuant to which the financing will be provided. See The Merger Financing of the Merger beginning on page 40. The following arrangements are in place to provide the necessary financing for the merger, including the payment of related transaction costs, charges, fees and expenses:

Equity Financing. Parent has received an equity commitment from Wasserstein Partners LP to provide an amount of equity capital up to $38 million that, taken together with the proceeds of the debt financing, will be sufficient to enable Parent to complete the merger.

Debt Financing. Parent has received a debt commitment letter from UBS Loan Finance LLC, UBS Securities LLC, JPMorgan Chase Bank, N.A., J.P. Morgan Securities Inc. and General Electric

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Capital Corporation to provide (a) senior secured first lien credit facilities of $645 million and (b) a senior secured second lien credit facility of $282.5 million.

Regulatory Approvals (see page 39). Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), and the rules promulgated thereunder by the Federal Trade Commission (FTC), the merger may not be completed until notification and report forms have been filed with the FTC and the Antitrust Division of the Department of Justice (DOJ) and the applicable waiting period has expired or been terminated. Penton and Parent filed notification and report forms under the HSR Act with the FTC and the Antitrust Division on November 13, 2006. The waiting period was terminated on November 27, 2006.

United States Federal Income Tax Consequences (see page 45). For U.S. federal income tax purposes, the merger will be treated as a taxable transaction for our common stockholders. In general and subject to the possible alternative treatment described below, U.S. holders (as defined under the caption *The Merger Material U.S. Federal Income Tax Consequences of the Merger*) will recognize gain or loss for U.S. federal income tax purposes in the merger. Such gain or loss generally will be measured by the difference between (i) the amount of cash received on the closing date of the merger by a U.S. holder and (ii) such U.S. holder s tax basis in its shares of our common stock. There is a risk that the Internal Revenue Service may take the position that the full amount of the cash received by a U.S. holder in respect of its shares of our common stock could be taxable to such U.S. holder as ordinary income, without reduction for such U.S. holder s basis, and that such U.S. holder s unrecovered basis in its shares of our common stock could be treated as a capital loss. This risk, as well as certain other material U.S. federal income tax considerations for U.S. holders and non-U.S. holders, is discussed below under the caption *The Merger Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 45.

Appraisal Rights (see page 61). Under Delaware law, our stockholders who do not vote in favor of adopting the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed and to receive payment in cash for their shares based on that valuation in lieu of the merger consideration, but only if they comply with all requirements of Delaware law, which are summarized in this proxy statement. This appraisal amount could be more than, the same as or less than the amount a stockholder would be entitled to receive under the terms of the merger agreement. Any stockholder intending to exercise appraisal rights, among other things, must submit a written demand for an appraisal to us prior to the vote on the adoption of the merger agreement and must not vote in favor of adoption of the merger agreement. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights. See *The Special Meeting Rights of Stockholders Who Seek Appraisal* beginning on page 16 and *Dissenters Rights of Appraisal* beginning on page 61, and the text of the Delaware appraisal rights statute reproduced in its entirety as Annex D.

Market Price of Our Common Stock. Our common stock is quoted on the OTC Bulletin Board (the OTC-BB) under the symbol PTON.OB. The closing sale price of our common stock on the OTC-BB on July 11, 2006, which was the last trading day before we announced that our board of directors was exploring strategic alternatives, including a potential sale of Penton, was $0.26. The closing sale price of our common stock on the OTC-BB on November 1, 2006, which was the last trading day before we announced the execution of the merger agreement, was $0.60. On December 12, 2006, the most recent practicable date before this proxy statement was printed, the closing sale price of our common stock on the OTC-BB was $0.74. See *Market Price of Our Common Stock* beginning on page 64 for further information, including important limitations you should understand in evaluating the historical trading prices of our common stock.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the special meeting and the merger. These questions and answers may not address all questions that may be important to you as a Penton stockholder. Please refer to the Summary Term Sheet and the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement, which you should read carefully.

Q: When and where is the special meeting?

A: The special meeting of stockholders of Penton will be held on January 23, 2007, at 10:00 a.m., local time, in The Penton Media Building, 1300 East Ninth Street, Cleveland, Ohio 44114-1503.

Q: What matters will be voted on at the special meeting?

A: You will be asked to consider and vote on the following proposals:

to adopt the merger agreement;

to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement; and

to act upon other business that may properly come before the special meeting or any adjournment or postponement thereof.

Q: How does our board of directors recommend that I vote on the proposals?

A: The board of directors recommends that you vote:

FOR the proposal to adopt the merger agreement; and

FOR the adjournment proposal.

Q: Who is entitled to vote at the special meeting?

A: Stockholders of record holding shares of our common and preferred stock as of the close of business on December 12, 2006, the record date for the special meeting, are entitled to notice of and to vote at the special meeting. On the record date, there were 34,511,869 shares of our common stock outstanding, there were 50,000 shares of our Series C Convertible Preferred Stock (Series C Preferred Stock) outstanding and there were 73,500 shares of our Series M Preferred Stock outstanding. Every holder of our common stock and our Series M Preferred Stock is entitled to one vote for each such share the stockholder held on the record date. The holders of our Series C Preferred

Stock are entitled to a total of 9,828,787 votes for all such shares held on the record date. Except for the second and third votes described in the answer to the next question, our common and preferred stockholders will vote together as a single class on all matters presented at the meeting.

Please note that space limitations make it necessary to limit attendance at the special meeting to stockholders. Registration will begin at 9:30 a.m., local time. If you attend, please note that you may be asked to present valid picture identification. Street name holders will need to bring a copy of a brokerage statement reflecting stock ownership on the record date. Cameras, recording devices and other electronic devices are not permitted at the meeting.

Q: What vote is required for our stockholders to adopt the merger agreement?

A: Adoption of the merger agreement requires (1) an affirmative vote of stockholders entitled to cast a majority of the votes of all issued and outstanding shares of our common and preferred stock entitled to vote on the matter, voting together as a single class, (2) an affirmative vote of 75% of the outstanding shares of our Series C Preferred Stock and (3) an affirmative vote of the holders of a majority of our issued and outstanding common stock (other than such shares held of record or beneficially by holders of our preferred stock or by Parent) entitled to vote and voting on the matter.

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Q: How do our directors and executive officers intend to vote on the proposal to adopt the merger agreement?

A: Our directors and executive officers have informed us that they currently intend to vote all of their shares of our common and preferred stock FOR the adoption of the merger agreement.

Q: How do we anticipate the holders of our Series C Preferred Stock will vote on the proposal to adopt the merger agreement?

A: The holders of all of our outstanding Series C Preferred Stock have entered into an allocation agreement with us the terms of which they negotiated with the special committee, pursuant to which they are obligated to vote their shares in favor of the adoption of the merger agreement. The allocation agreement may be terminated at any time by mutual consent of us and the holders of our Series C Preferred Stock and by the holders of our Series C Preferred Stock or us if an agreement for the sale of Penton (which the merger agreement is) shall not have been signed on or before February 1, 2007. For a more detailed discussion of the allocation agreement, see *The Merger Background of the Merger* beginning on page 18. These holders also have entered into a voting agreement with Parent and Merger Sub pursuant to which they have agreed to (1) vote in person or by proxy their shares in favor of the merger and the adoption of the merger agreement and against any proposal made in opposition to, or in competition with, the consummation of the merger and (2) grant to and appoint Parent the holders irrevocable proxy to vote the holders shares in favor of the merger and the adoption of the merger and the merger agreement. The voting agreement terminates on the earliest to occur of the effective time of the merger, the valid termination of the merger agreement, April 30, 2007 or written notice of termination of the voting agreement by Parent. See *The Special Meeting Vote Required for Approval* beginning on page 14. The holders of our Series C Preferred Stock are entitled to a total of 9,828,787 votes for all such shares held on the record date, representing approximately 22% of the votes of all issued and outstanding shares of our common and preferred stock entitled to vote on the adoption of the merger agreement.

Q: What vote is required for our stockholders to approve the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies?

A: The proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of stockholders entitled to cast a majority of the votes of all issued and outstanding shares of our common and preferred stock present or represented by proxy at the meeting and entitled to vote on the matter, voting together as a single class.

Q: Who is soliciting my vote?

A: This proxy solicitation is being made and, except as provided in the next sentence, paid for by Penton. The merger agreement provides that expenses incurred in connection with the filing, printing and mailing of this proxy statement are shared equally by Penton and Parent. In addition, we have retained MacKenzie Partners, Inc. (MacKenzie Partners) to assist in the solicitation. We will pay MacKenzie Partners approximately $15,000 plus out-of-pocket expenses for its assistance. Our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or by other means of communication. These persons will not be paid additional remuneration for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of our common stock that the brokers and fiduciaries hold of record. We will reimburse them for their reasonable out-of-pocket expenses.

Q: What do I need to do now?

A: Even if you plan to attend the special meeting, after carefully reading and considering the information contained in this proxy statement, if you hold your shares in your own name as the stockholder of record, please vote your shares by completing, signing, dating and returning the enclosed proxy card; using the

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telephone number printed on your proxy card; or using the Internet voting instructions printed on your proxy card. You can also attend the special meeting and vote, or change your prior vote, in person. Do NOT enclose or return your stock certificate(s) with your proxy. If you hold your shares in street name through a broker, bank or other nominee, you received this proxy statement from the nominee, along with the nominee s voting instruction card which includes voting instructions and instructions on how to change your vote.

Q: How do I vote? How can I revoke my vote?

A: You may vote by signing and dating each proxy or voting instruction card you receive and returning it in the enclosed prepaid envelope or as described below if you hold your shares in street name. If you return your signed proxy or voting instruction card, but do not mark the boxes showing how you wish to vote, your shares will be voted FOR the proposal to adopt the merger agreement and FOR the adjournment proposal. You have the right to revoke your proxy at any time before the vote taken at the special meeting:

if you hold your shares in your name as a stockholder of record, by notifying the Corporate Secretary of Penton, Preston L. Vice, at 1300 East Ninth Street, Cleveland, Ohio 44114-1503;

by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you