

EDUCATION INDUSTRY

1st Half 2010 Key Highlights

- The largest transaction by value was the announced acquisition of SkillSoft plc by Bain Capital, Berkshire Partners LLC and Advent International Corp. for \$1.06 billion.
- The largest segment by transaction volume was Corporate & Professional, with 18 transactions, which represents 24% of total transaction volume in the industry.
- Of the top ten transactions by value, four were financially sponsored: the aforementioned SkillSoft plc transaction, Ontario Teachers Pension Plan's pending acquisition of Acorn Care & Education Ltd. for \$245 million, JLL Partners' pending acquisition of Ross Learning LLC for \$232 million, and Thoma Bravo, LLC's pending acquisition of PLATO Learning, Inc. for \$137 million.

M&A Market Dynamics By Half Year

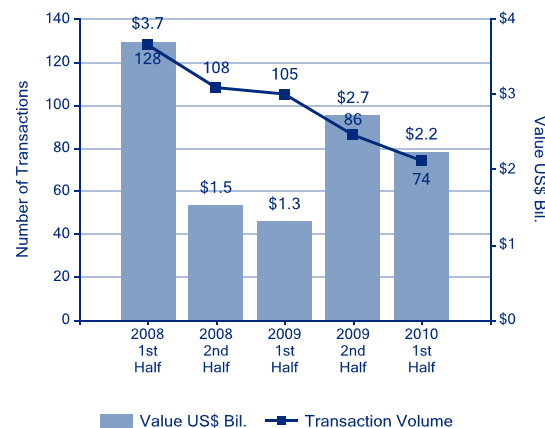


Figure 1. 2008 - 2010 value and volume comparison by half.

1st Half 2010 Key Trends

- Total transaction volume in 1st Half 2010 decreased by 14 percent over 2nd Half 2009 from 86 in 2009 to 74 in 2010.
- Total transaction value in 1st Half 2010 decreased by 18 percent over 2nd Half 2009, from \$2.71 billion in 2009 to \$2.22 billion in 2010.

M&A Market Overview

Berkery Noyes tracked 509 transactions between 2008 and 1st Half 2010, of which 159 disclosed financial terms, and calculated the aggregate transaction value to be \$10.51 billion. Based on known transaction values, we project the value of the 342 undisclosed transactions to be \$3.29 billion for a combined total transaction value of \$13.80 billion within the industry over the past 30 months.

The largest transaction by value between 2008 and 1st Half 2010 was Bain Capital's acquisition of Bright Horizons Family Solutions for \$1.33 billion.

The most active buyer the past 30 months was The Riverside Company with 9 transactions within the Education industry.

Median Enterprise Value Multiples By Half Year

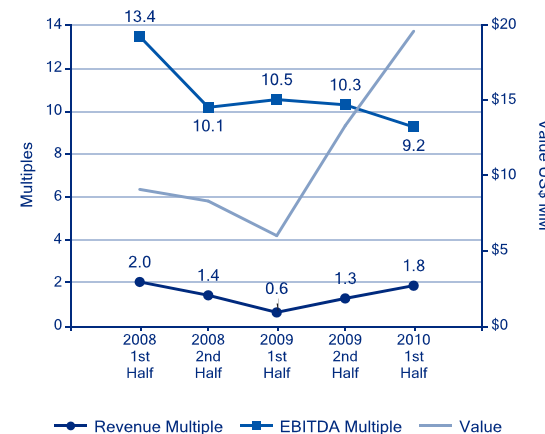


Figure 2. 2008 - 2010 median: Value, Revenue, EBITDA comparison by half.

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Bell Curve - Histogram - 1st Half

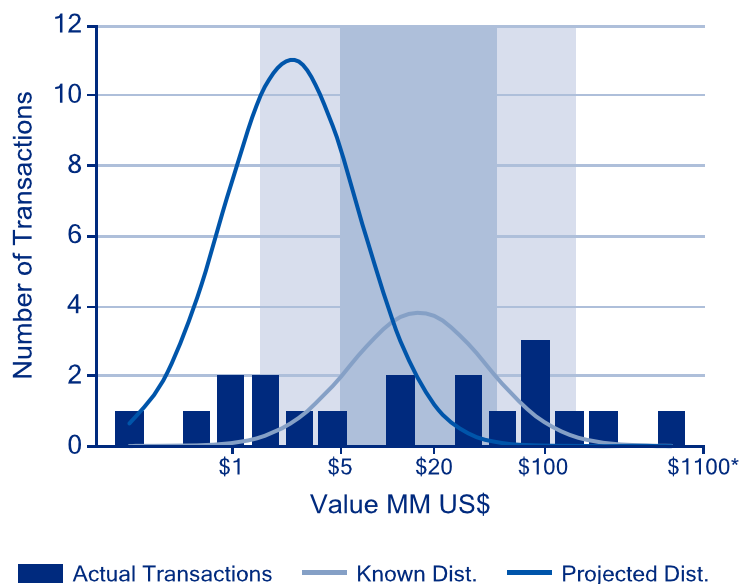


Figure 3. Shows distribution among education industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had enterprise values of \$1.0 million to \$148.4 million. Based on this data, we estimate the total transaction value of deals done in the 1st Half of 2010 at 2.2 billion.

* Indicates largest transaction in the industry from Jan. 1 through June 30, 2010.

Distribution Table - 1st Half

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	1	1	5 %	5 %
\$0.4	0	2	1	0 %	5 %
\$0.6	1	4	5	5 %	11 %
\$1.0	2	7	9	11 %	21 %
\$1.6	2	10	12	11 %	32 %
\$2.7	1	11	11	5 %	37 %
\$4.5	1	9	10	5 %	42 %
\$7.4	0	6	5	0 %	42 %
\$12.2	2	3	4	11 %	53 %
\$20.1	0	1	1	0 %	53 %
\$33.1	2	0	2	11 %	63 %
\$54.6	1	0	1	5 %	68 %
\$90.0	3	0	3	16 %	84 %
\$148.4	1	0	1	5 %	89 %
\$244.7	1	0	1	5 %	95 %
\$403.4	0	0	0	0 %	95 %
\$665.1	1	0	1	5 %	100 %
Total #	19	55	74		
Total \$ Value	\$2,093	\$134	\$2,227		

Middle 3rd of Industry
 Middle 2/3rds of Industry

Figure 4. Presents the data depicted in the bell curve histogram.

note: The projected number column is rounded as result of the Gaussian projection and may produce insignificant errors in the total sum.

STRATEGIC VS FINANCIAL COMPARISON

M&A Dynamics By Transaction Type - 1st Half

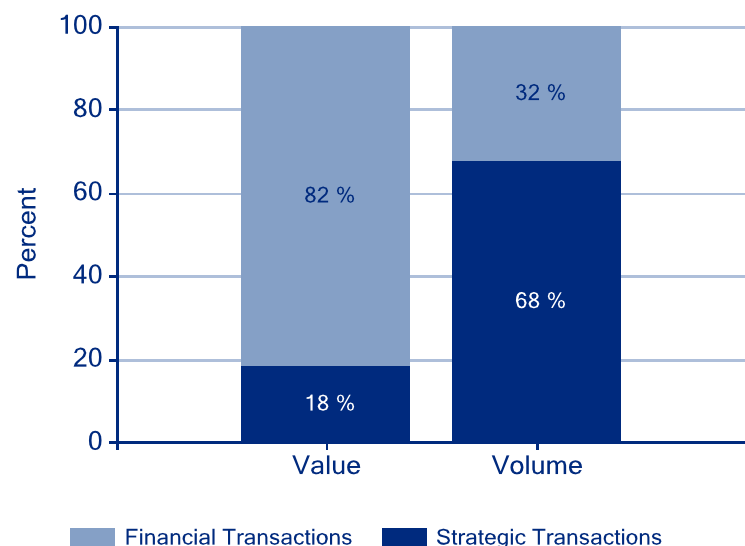


Figure 5. Out of the 74 transactions tracked by Berkery Noyes in the 1st Half of 2010, we found that financially sponsored transactions accounted for 32% of the volume or 24 transactions and 82% of the value or \$1.8 billion.

note: financially sponsored transactions include PE-backed strategic acquisitions.

Transaction Type By Half Year

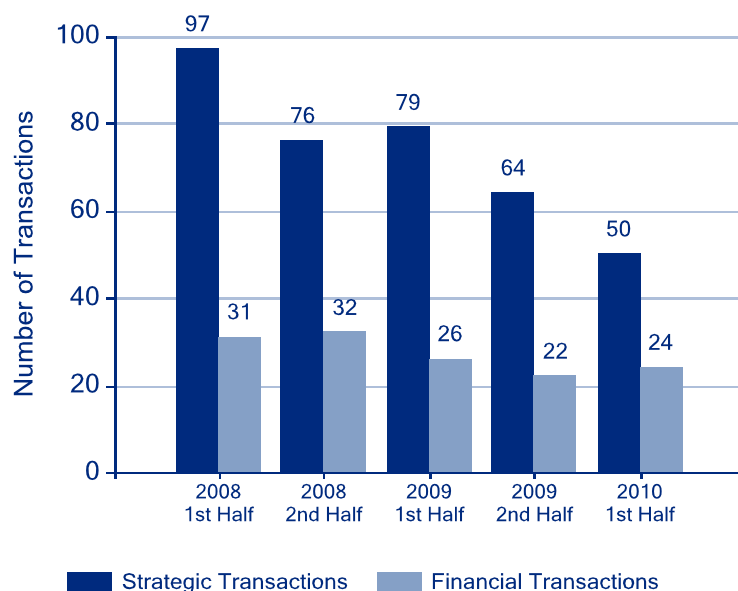


Figure 6. Of the 74 total transactions recorded in the 1st Half of 2010, 50 were made by strategic acquirers and 24 by financial acquirers.

PURCHASER ANALYSIS

Top Ten Notable Transactions - 1st Half 2010

Deal Date	Target Name	Buyer	Value MM US\$
02/12/10	SkillSoft PLC	Bain Capital, Berkshire Partners LLC, Advent International Corporation	\$1,065
01/19/10	Acorn Care & Education Ltd.	Ontario Teachers Pension Plan	\$245
06/07/10	Ross Learning LLC	JLL Partners	\$232
03/26/10	PLATO Learning, Inc.	Thoma Bravo, LLC	\$137
05/19/10	Meliorio plc	Pearson plc	\$127
06/10/10	EducationCity Inc	Archipelago Learning, Inc.	\$99
02/01/10	7 Charter School in the U.S. from Imagine Schools, Inc.	Inland Public Properties Development, Inc.	\$61
01/22/10	Five Schools from Imagine Schools, Inc.	Entertainment Properties Trust	\$44
03/08/10	Saf-T-Net, Inc.	Blackboard Inc.	\$34
01/04/10	PerformTech, Inc.	GP Strategies Corporation	\$15
2010 Aggregate Transaction Value			\$2,227
Top 10 Aggregate Transaction Value			\$2,060
Top 10 Aggregate Value as a Percentage of All Transactions			93 %

Figure 7. Lists the top ten announced transactions in the 1st Half of 2010 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown on Figure 1 & 4.

note: Transactions data based on announcement date.

Median EV/Revenue Multiples By Size

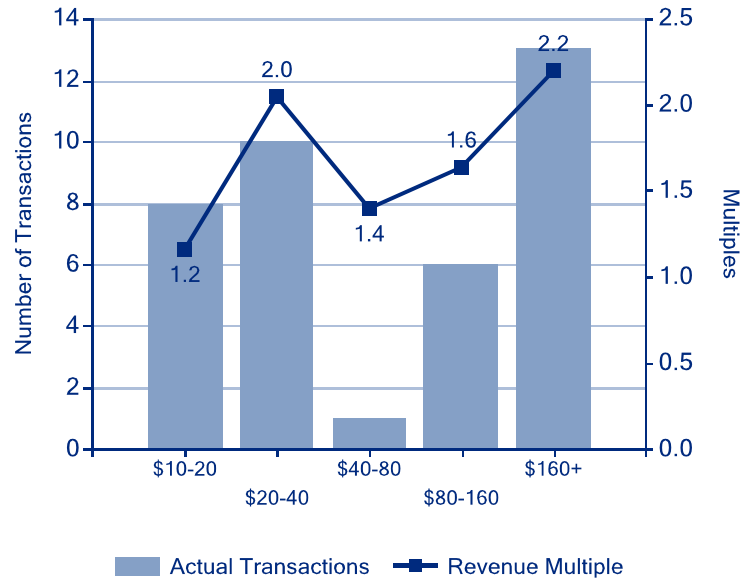


Figure 8. Presents the median enterprise value/revenue multiples of transactions in the education industry based on publicly available data between January 2008 and June 2010.

TRANSACTION VOLUME BY SEGMENT | January 1, 2008 through June 30, 2010

Transactions By Market Segment By Half Year

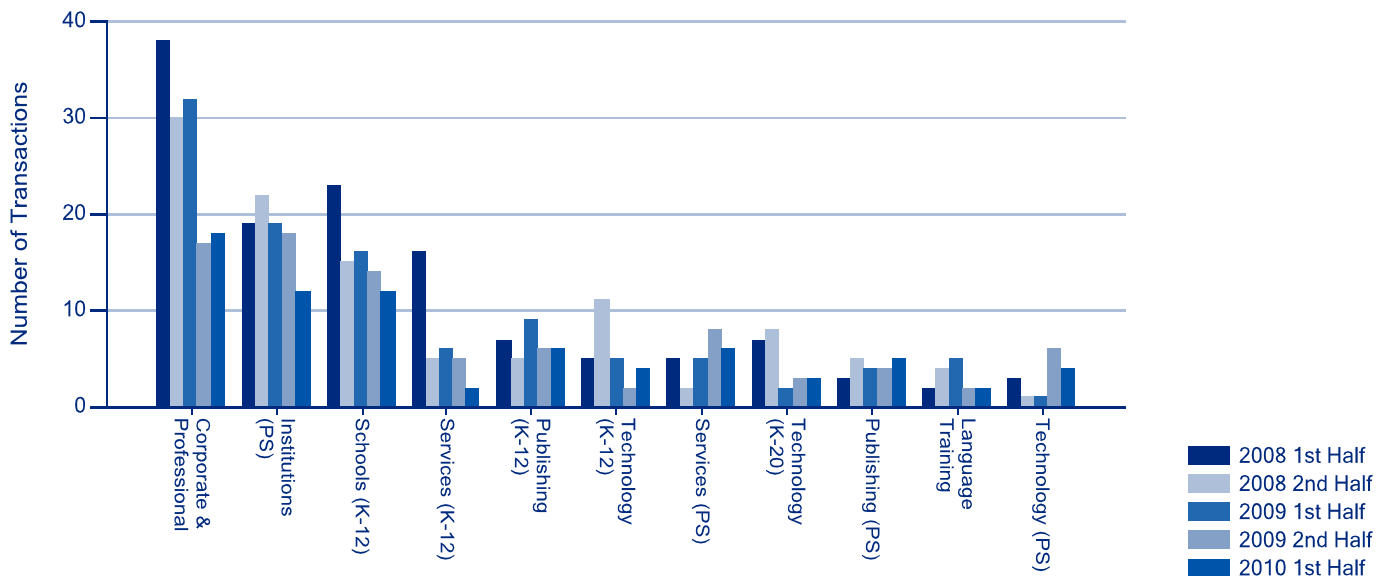


Figure 9. Presents the transaction volume by target segments within the education industry for January 1, 2008 through June 30, 2010.

About Berkery Noyes

Founded in 1980, Berkery Noyes is the leading independent investment bank specializing in the information content and technology industries. The firm has initiated, managed and closed more than 475 merger and acquisition transactions for privately held and publicly traded companies in the business, technology, education, health, financial and legal information segments. Berkery Noyes is unique among investment banking firms in that we combine truly independent strategic research and industry intelligence with senior information technology banking expertise. With no equity fund or brokerage business to manage, our partners and investment banking professionals are one hundred percent focused on M&A advisory services. Berkery Noyes employs over 40 individuals with deep industry knowledge and experience who strive to exceed our clients' expectations by maximizing the full value of their information technology and content assets.



All charts in this report are based on data gathered by Berkery Noyes research department. All time period statistics are based on the transaction announcement date.

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CHRIS CURRAN | *Managing Director, Education Group*

Chris joined Berkery, Noyes in 2004 from his prior role as managing director at Eduventures, Inc., a global leader in education strategic research consultancy. Chris brings a wide range of education, management, and consulting experience to Berkery, Noyes, including past service as vice president of business development at I.COMM, Inc., a software design and network integrator specializing in the education, government and health care markets. Chris Curran is a graduate of Suffolk University Law School, where he earned a JD degree. He holds an M.A. in Economics from Boston University, and earned a B.A. at St. Lawrence University. Chris serves on the advisory boards of Hosts Learning, Adopt-A-Classroom, and EdNet.

VIVEK KAMATH | *Managing Director, Education Group*

Vivek specializes in the Education, Knowledge Management and Training Markets. He was named to Managing Director in December 2009. Vivek joined Berkery Noyes as an analyst in 1999 and since then has participated in over 100 transactions across all segments of the Information, Media & Technology Markets. Vivek most recently served as Vice President, where he was responsible for managing transactions for the firm's Education Practice. During his tenure at Berkery Noyes, Vivek has worked on several notable transactions, including the sale of Interwrite Learning to elnstruction, Leeds' acquisition of elnstruction, the sale of Monotype to CSCP, the sale of Psychological Services, Inc. to ABRY Partners; the sale of the Hampton-Brown Company to National Geographic Society, and the sale of Delta Education to School Specialty. Vivek holds a BS from the Stern School of Business, New York University.

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