

EDUCATION INDUSTRY

2009 Key Highlights

- Transaction value in the Education industry was \$4.69 billion, on 159 announced transactions. Financially sponsored transactions accounted for 47 percent of the value, or \$2.31 billion, of closed deals.
- The Postsecondary sector – including institutions, publishing, technology, and services businesses – saw the most volume, with 57 transactions.
- Aggregate transaction value increased 3-fold during the second half of the year relative to the first half, even with deal volume down more than 23 percent.
- The Postsecondary sector accounted for 8 out of 10 of the largest transactions, led by Datatel’s acquisition by Hellman & Friedman and JMI Equity from fellow financial sponsor, Thoma Bravo. Six of the top 10 deals were Postsecondary institutions, led by Apollo Group’s acquisition of U.K.-based BPP Holdings.
- Publicly listed Nobel Learning Communities was the most active acquirer, announcing the acquisition of four businesses between April and September.

2009 vs. 2008 Key Trends

- Total transaction volume decreased 31 percent last year, with 159 announced transactions in 2009, down from 232 deals in 2008.
- Total transaction value was down even more precipitously, declining 50 percent year-over-year from \$9.36 billion in 2008 to \$4.69 billion in 2009.
- The Postsecondary sector experienced only a slight decline in transaction volume in 2009, down 3 percent from 2008. The Postsecondary services market bucked prevailing M&A trends, more than doubling its transaction volume year-over-year.
- The PreK-12 Sector saw the greatest decline in activity, down 42% from 87 transactions in 2008 to 45 deals in 2009; the K-12 Schools segment saw the greatest absolute volume decline with 17 announced transactions, down from 38 in 2008.

Market Overview 2006-2009

Berkery Noyes tracked 771 closed transactions in the global education industry between 2006 and 2009. Of this universe, 279 transactions had disclosed enterprise values, representing \$49.71 billion in aggregate value. Based on the known enterprise values and using a logarithmic scale, we project the value of the 492 undisclosed transactions to be \$7.02 billion, for a total aggregate enterprise value of education transactions of \$56.7 billion from 2006 to 2009.

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M&A Market Dynamics

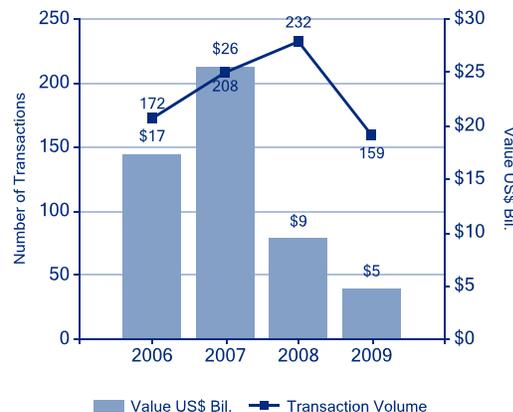


Figure 1. 2006 - 2009 value and volume comparison

Median Enterprise Value Multiples

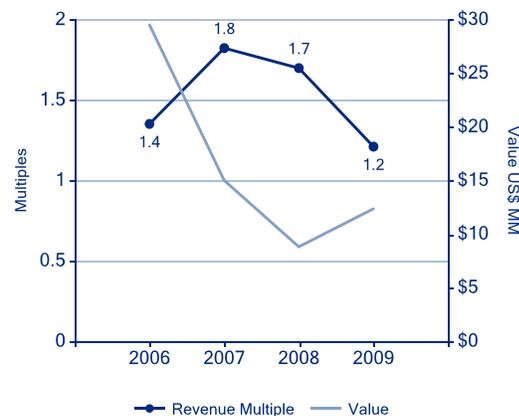


Figure 2. 2006 - 2009 median: Value, Revenue, comparison.

TRANSACTION ANALYSIS

M&A Market Dynamics By Half Year

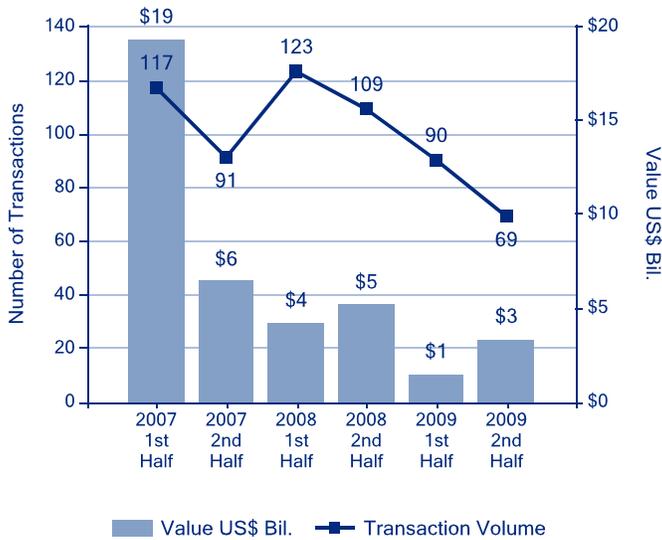


Figure 3. Five of the six largest industry transactions occurred during the second half of 2009, accounting for more than \$1.6 billion – of the total \$2.9 billion – in transaction value.

Distribution Table, 2009

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	7	0	7	13 %	13 %
\$0.4	4	0	4	8 %	21 %
\$0.6	0	1	0	0 %	21 %
\$1.0	2	2	4	4 %	25 %
\$1.6	3	5	8	6 %	30 %
\$2.7	2	11	12	4 %	34 %
\$4.5	6	17	23	11 %	45 %
\$7.4	3	21	23	6 %	51 %
\$12.2	6	20	25	11 %	62 %
\$20.1	5	15	19	9 %	72 %
\$33.1	3	8	11	6 %	77 %
\$54.6	0	4	3	0 %	77 %
\$90.0	3	1	4	6 %	83 %
\$148.4	2	0	2	4 %	87 %
\$244.7	3	0	3	6 %	92 %
\$403.4	3	0	3	6 %	98 %
Total #	53	106	159		
Total \$ Value	\$3,786	\$907	\$4,693		

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

Figure 4. Shows distribution of Education industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that the middle third of companies purchased had transaction values of approximately \$2.7 million to \$12.2 million. Based on these data, we estimate the total transaction value of announced deals in 2009 at \$4.69 billion.

STRATEGIC VS FINANCIAL COMPARISON

M&A Dynamics By Transaction Type, 2006-2009

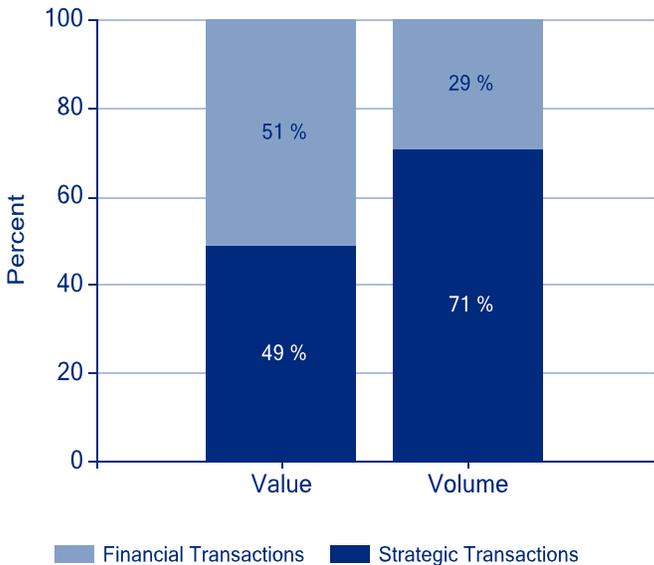


Figure 5. Within the 771 transactions tracked by Berkery Noyes between 2006 and 2009, financially sponsored transactions captured 29 percent of the volume and more than 51 percent of the aggregate value. This accounts for 227 transactions representing \$31.0 billion of transaction value.

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

Transaction Type

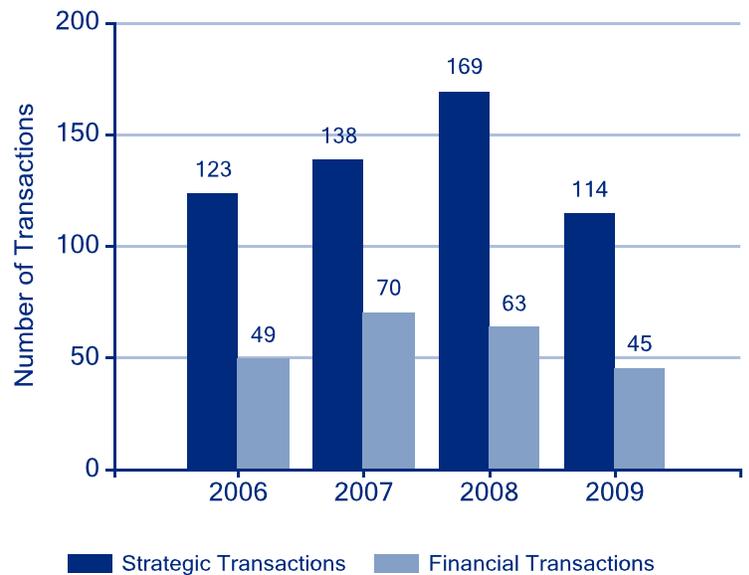


Figure 6. With 45 transactions in 2009, financially sponsored deals accounted for 28 percent of the volume and 47 percent of the overall value. These figures were up slightly from a volume perspective compared to 2008 and increased 13 percent from a value perspective.

PURCHASER ANALYSIS

Top Ten Notable Transactions, 2009

Deal Date	Target Name	Buyer	Value MM US\$
11/09/09	Datatel Inc.	Hellman & Friedman LLC, JMI Equity Fund	\$570
06/08/09	BPP Holdings Plc	Apollo Group, Inc.	\$494
08/10/09	Barnes & Noble College Booksellers	Barnes & Noble Inc.	\$378
10/20/09	Heald College	Corinthian Colleges, Inc.	\$332
08/10/09	National American University	Camden Learning Corporation	\$162
10/19/09	Penn Foster Inc.	Princeton Review Inc.	\$162
04/15/09	Wall Street English	Pearson plc	\$145
05/27/09	SumTotal Systems, Inc.	Vista Equity Partners	\$134
09/18/09	Vatterott Educational Centers, Inc.	TA Associates	N/A
11/10/09	ATI Enterprises, Inc.	BC Partners	N/A
2009 Aggregate Transaction Value			\$4,693
Top 8 Aggregate Transaction Value			\$2,376
Top 8 Aggregate Value as a Percentage of All Transactions			51 %

THE ABOVE ARE TOP TEN ANNOUNCED TRANSACTIONS

Figure 7. Lists the top ten announced transactions for 2009 and calculates their aggregate transaction value as a percentage of the 2009 total aggregate transaction values as shown on Figures 1 and 4. If a price is listed as "N/A", Berkery Noyes did not calculate that value into the aggregate.

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Median EV/Revenue Multiples By Size, 2006-2009

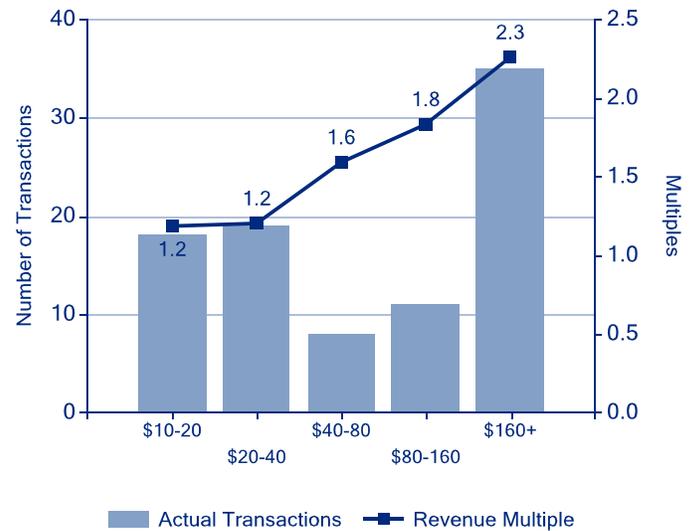


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Education industry between 2006 and 2009 based on publicly available sales price and revenue data.

TRANSACTION VOLUME BY SEGMENT

Transactions By Market Segment

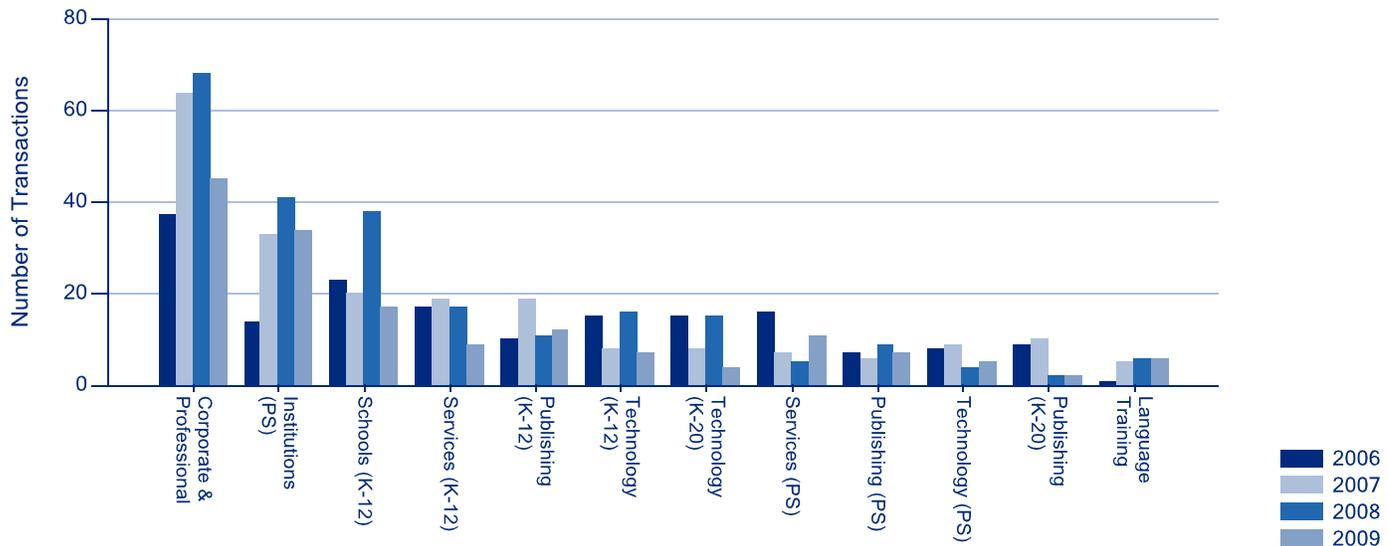


Figure 9. Presents the Education industry transaction volume by year, 2006 to 2009, predicated on the target company's primary business segment.

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 400 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 30 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. **All transaction statistics are based on announcement date.** For current information ask for our Weekly Deal Report. You'll find a link to it at www.berkerynoyes.com. Click on the "Weekly Deal Reports" tab to sign up.*

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CHRIS CURRAN | *Managing Director*

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*

Vivek is a Managing Director of Berkery Noyes, specializing in the Education, Knowledge Management, and Training Markets. He was named to this position 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 eInstruction, Leeds' acquisition of eInstruction, 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.

ADAM NEWMAN | *Director*

Adam Newman joined Berkery Noyes in 2008 as a Director. Prior to joining the firm, Adam served as Managing Vice President at Eduventures, Inc. a leading strategic market research and consulting firm supporting K-12 and postsecondary education businesses, investors, and colleges and universities. Adam ran the firm's Industry Solutions division which worked with executives to develop and drive corporate and growth strategy initiatives. In addition, Adam and his team also provided M&A due diligence support to strategic and financial investors in the education space, offering recommendations and advice on acquisitions, strategic partnerships, and divestitures. Prior to Eduventures, Adam served as a senior manager at the Corporate Executive Board, working closely with corporate strategy executives at Global 2000 companies. Adam began his professional career as a K-12 educator at schools in Boston, MA and New Orleans, LA.

JOSEPH BERKERY | *Chief Executive Officer*

JOHN SHEA | *Chief Operating Officer*

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berkerynoyes.com | One Liberty Plaza | New York, New York 10006 | [212.668.3022](tel:212.668.3022)