

EDUCATION INDUSTRY

2008 Key Highlights

- The most active acquirer in 2008 by way of volume of transactions (6), either purchased directly or through an affiliated business, was the Washington Post Company, parent of Kaplan.
- For the second year in a row, the Postsecondary Institutions segment saw the greatest transaction volume, with 35 deals.
- Financially sponsored transactions in 2008 accounted for 63 percent of the value, or \$3.39 billion, of closed deals. Three private equity-led buy-outs – Bright Horizons Family Solutions, Learning Care Group, Inc. and Nord Anglia Education Plc – represented nearly 41% of the \$5.7 billion total.

2008 vs. 2007 Key Trends

- Total transaction volume decreased 4 percent in 2008, from 170 deals in 2007 to 163 in 2008.
- Total transaction value decreased 78 percent in 2008, from \$26.6 billion in value in 2007 to \$5.7 billion in 2008.
- The K-12 Schools segment, including early childhood education/childcare business, K-12 private schools, and special needs/alternative schools, saw the greatest increase in transaction volume from 2007 to 2008. This segment saw 33 transactions in 2008, up 65 percent from the previous year.

Market Overview 2006-2008

Berkery Noyes tracked 495 closed transactions in the global education industry between 2006 and 2008. Of this universe, 179 transactions had disclosed enterprise values, representing \$42.63 billion in aggregate value. Based on the known enterprise values and using a logarithmic scale, we project the value of the 316 undisclosed transactions to be \$7.31 billion, for a total aggregate enterprise value of education transactions of \$49.94 billion from 2006 to 2008.

The highest median enterprise value multiple was captured by companies sold in excess of \$160 million dollars. The multiple of 2.44 times revenue is 95 percent greater than the multiple received by companies with enterprise values of \$10-20 million; these firms secured a median enterprise value of 1.25 times revenue.

Education Publishing and Media Group Limited (EPMG) was the most active buyer between 2006 and 2008 in terms of transaction value. The firm purchased all or selected assets of four businesses with an aggregate enterprise value of \$8.58 billion.

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M&A Market Dynamics

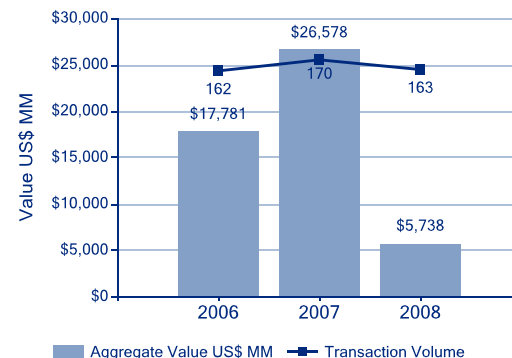


Figure 1. 2006 - 2008 value and volume comparison

Median Enterprise Value Multiples

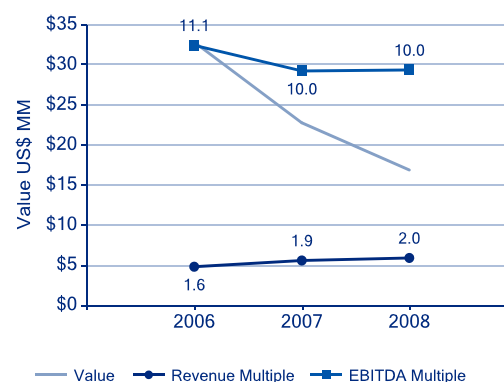


Figure 2. 2006 - 2008 median: Value, Revenue, EBITDA comparison.

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Bell Curve - Histogram

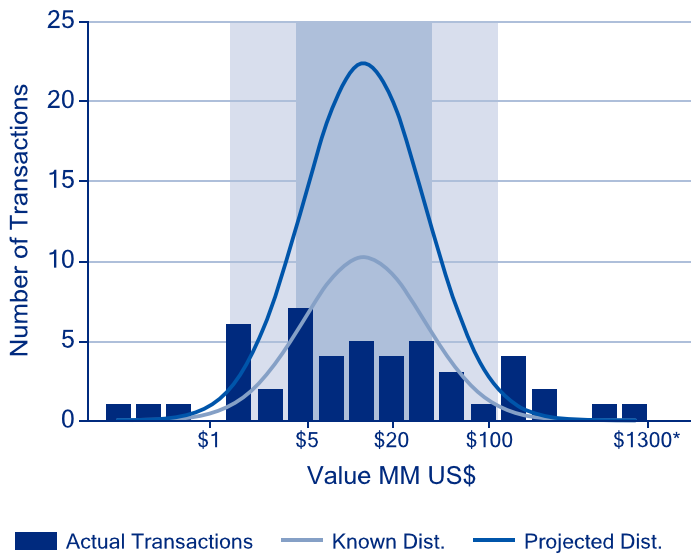


Figure 3. Shows distribution of transactions among education industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had enterprise values of \$1 million to \$148.4 million. Based on these data, we estimate the total transaction value of deals done from Jan. 1 to Dec. 31, 2008 at \$5.7 billion.

* Indicates largest transaction in the industry from Jan. 1, 2008 to Dec. 31, 2008

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	2 %	2 %
\$0.4	1	0	1	2 %	4 %
\$0.6	1	0	1	2 %	6 %
\$1.0	0	1	0	0 %	6 %
\$1.6	6	3	8	12 %	18 %
\$2.7	2	7	8	4 %	22 %
\$4.5	7	13	19	14 %	35 %
\$7.4	4	19	23	8 %	43 %
\$12.2	5	22	27	10 %	53 %
\$20.1	4	20	24	8 %	61 %
\$33.1	5	14	19	10 %	71 %
\$54.6	3	8	10	6 %	76 %
\$90.0	1	3	4	2 %	78 %
\$148.4	4	1	5	8 %	86 %
\$244.7	2	0	2	4 %	90 %
\$403.4	0	0	0	0 %	90 %
\$665.1	1	0	1	2 %	92 %
\$1,096.6	1	0	1	2 %	94 %
Total #	51	112	163		
Total \$ Value	\$4,313	\$1,424	\$5,738		

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

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

STRATEGIC VS FINANCIAL COMPARISON | January 1, 2006 - December 31, 2008

M&A Dynamics By Transaction Type

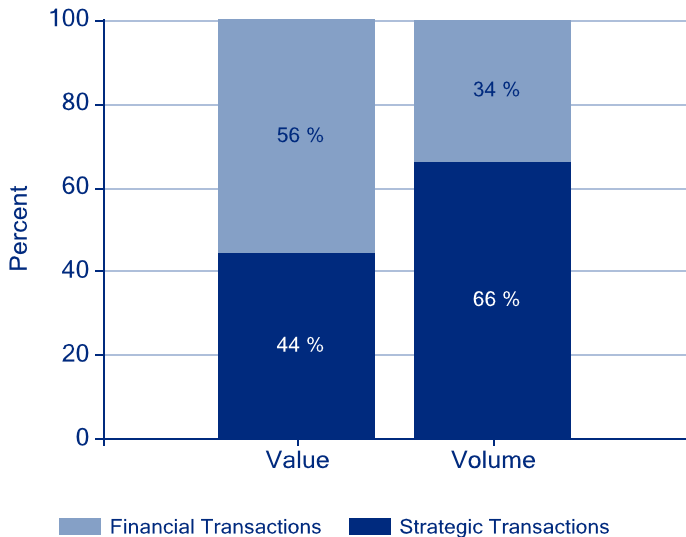


Figure 5. Within the 495 transactions tracked by Berkery Noyes between 2006 and 2008, financially sponsored transactions captured 34 percent of the volume and more than 56 percent of the aggregate value. This accounts for 169 transactions representing \$29.95 billion of enterprise value.

Transaction Type

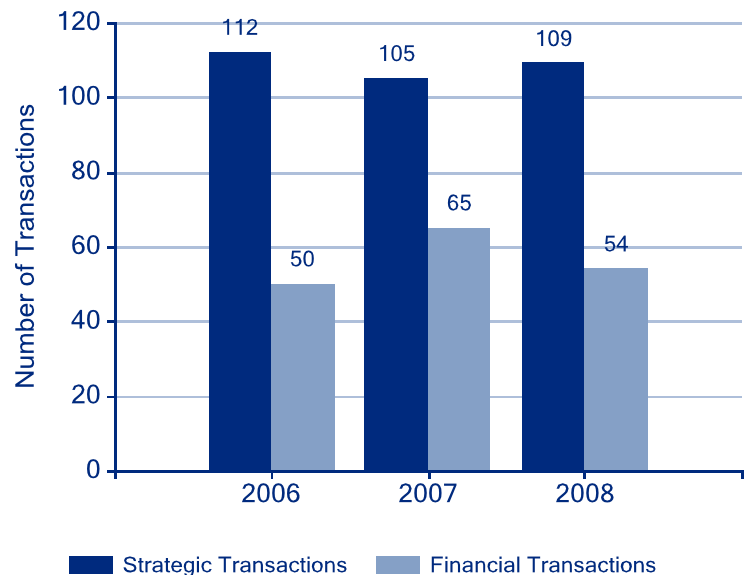


Figure 6. With 54 transactions in 2008, financially sponsored deals accounted for 33 percent of the volume and 63 percent of the overall value. These figures were down from a volume perspective compared to 2007, when 38 percent of all deals were led by financial sponsors.

Top Ten Notable Transactions 2008

Deal Date	Target Name	Buyer	Value MM US\$
01/14/08	Bright Horizons Family Solutions	Bain Capital	\$1,327
03/05/08	Learning Care Group, Inc.	Morgan Stanley	\$700
08/07/08	Nord Anglia Education Plc	Baring Private Equity Partners Ltd.	\$338
07/30/08	U.S. Education Corporation	DeVry Inc.	\$290
02/13/08	Data Management business from Pearson plc	M&F Worldwide Corp.	\$225
01/09/08	Alpha Plus Group Ltd	Delancey Estates Ltd.	\$217
01/15/08	NTI Group	Blackboard Inc.	\$194
08/07/08	QSP, Inc.	Time Inc.	\$110
04/08/08	Kidsunlimited	Lloyds TSB Development Capital	\$89
08/05/08	Ex Libris Ltd.	Leeds Equity Partners	N/A
2008 Aggregate Transaction Value			\$5,738
Top 9 Aggregate Transaction Value			\$3,490
Top 9 Aggregate Value as a Percentage of All Transactions			61 %

THE ABOVE ARE TOP TEN ANNOUNCED TRANSACTIONS

Figure 7. Lists the top ten announced transactions for 2008 and calculates their aggregate enterprise value as a percentage of the 2008 total aggregate enterprise value as shown on Figures 1 & 4.

N/A: If the price is listed as N/A, Berkery Noyes did not calculate that value into the aggregate.

Median EV/Revenue Multiples By Size

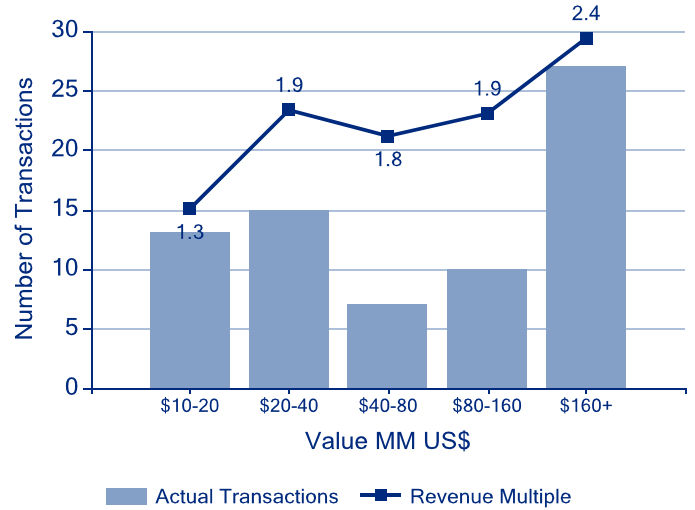


Figure 8. Presents the median enterprise value/revenue multiples paid for companies for in the education industry between 2006 and 2008 based on publicly available sales price and revenue data.

TRANSACTION VOLUME BY SEGMENT | January 1, 2006 - December 31, 2008

Transactions By Market Segment

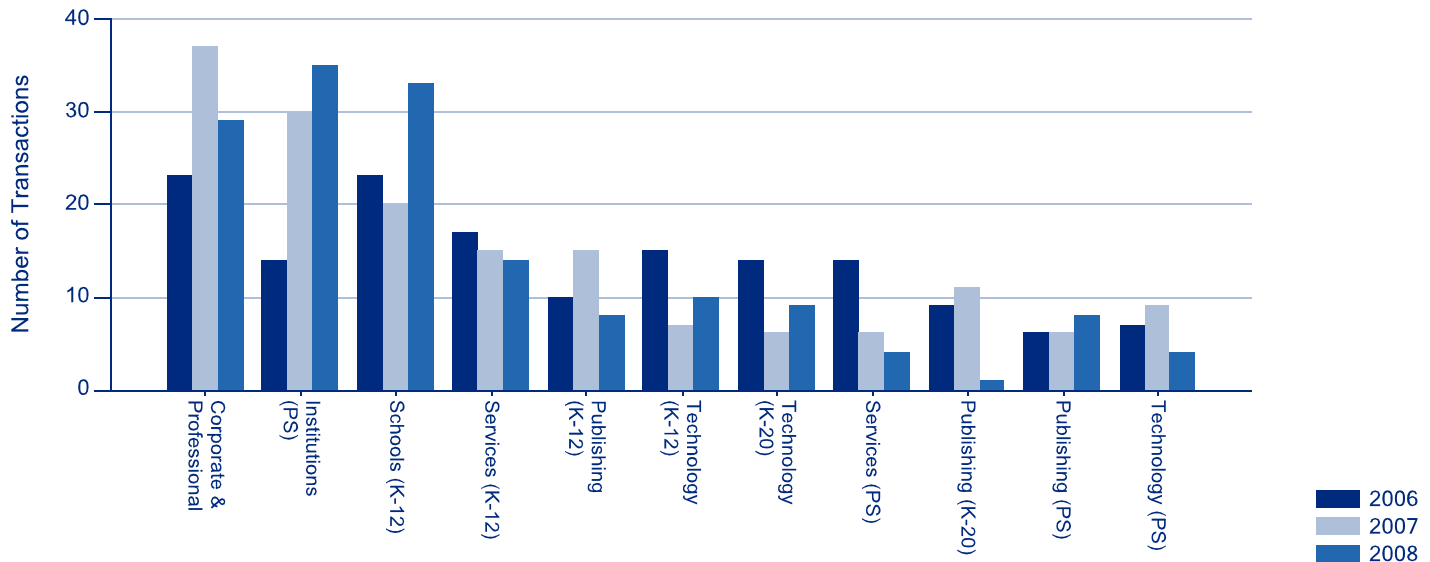


Figure 9. Presents the education industry transaction volume by year, 2006 to 2008, predicated on the target company's primary business segment. This updated taxonomy will be detailed further in subsequent Berkery Noyes publications.

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 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. 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.

MARK DEFUSCO | Managing Director

Mark DeFusco joined Berkery Noyes with long and varied experience in higher education management. He served as chief executive officer/president at Vatterott Education Holdings, a private equity-held for-profit college with 20 campuses in nine Midwestern states. Earlier, Mark served in several senior management capacities with the University of Phoenix (Apollo group). He holds a B.A. from Villanova University and a M.S. and Ph.D. from the University of Southern California (USC). He sits on the board of several education companies, and serves on the executive committee of the board of the Education Industry Association.

VIVEK KAMATH | Director

Vivek is a Director of Berkery Noyes, specializing in the Education, Knowledge Management and Training Markets. He was named to that position in February 2008. 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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