

EDUCATION INDUSTRY

Q3 Key Highlights

- The most active acquirer through the Q3 2010 was Pearson plc, which acquired America's Choice, Wall Street Institute, Inc., the learning systems business from Sistema Educacional Brasileiro and Cogmed.
- The largest transaction for Q3 2010 was Providence Equity Partners Inc.'s purchase of Study Group International Ltd., previously owned by Champ Private Equity and Petersen Investments, for \$573 million.

Q3 Key Trends

- Total transaction volume in Q3 2010 increased by 42 percent from Q2 2010, from 36 to 51 transactions.
- Total transaction value in Q3 2010 increased by 302 percent over Q2 2010, from \$537 million to \$2.2 billion. This sharp increase is due, in some part, to four of the Top 10 largest deals YTD occurring within Q3 as shown in Fig. 3.

M&A Market Dynamics By Quarter

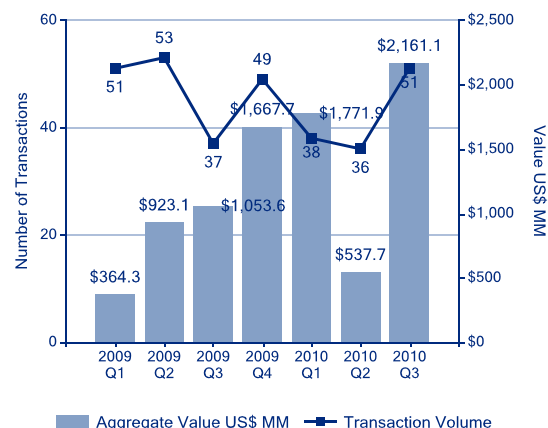


Figure 1. 2009 - 2010 value and volume comparison by quarter.

Median Enterprise Value Multiples

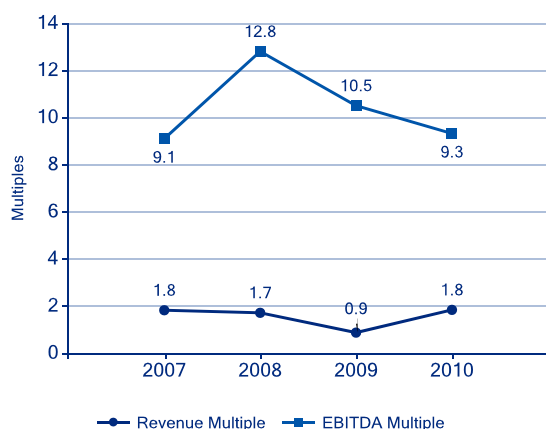


Figure 2. 2007 - 2010 media revenue, EBITDA multiple comparison by full year year.

Multiples Trends & Highlights

- EBITDA multiples have decreased 11 percent from 2009 to the first nine months of 2010, from 10.5 to 9.3, yet median revenue multiples rose from 0.9 to 1.8, a 100 percent increase.
- The acquisition of Sistema Educacional Brasileiro's Learning Systems Business by Pearson plc for \$499 million represents an EBITDA multiple of 14.5.

Top Ten Deals through Q3 2010

- The top ten deals by value have shifted since the half year report, with four new acquisitions in the Q3 2010. Providence Equity Partners, Inc.'s purchase of Study Group International Ltd., Pearson plc's acquisition of the learning systems business of Sistema Educacional Brasileiro, SAI Global Inc.'s acquisition of Integrity Interactive Corporation and Taleo Corporation's acquisition of Learn.com have all entered into top ten of deals by value of 2010.
- These four deals represent 61% of the total transaction value in Q3 2010 and 29% of the value of transactions in the 1st nine months of 2010.

Top Ten Notable Transactions - 1st 3 Quarters 2010

Deal Date	Target Name	Buyer	Value MM US\$
02/12/10	SkillSoft PLC	Bain Capital, Berkshire Partners LLC, Advent International Corporation	\$1,065
07/01/10	Study Group International Ltd.	Providence Equity Partners Inc.	\$557
07/22/10	Learning Systems Business from Sistema Educacional Brasileiro	Pearson plc	\$499
01/19/10	Acorn Care & Education Ltd.	Ontario Teachers Pension Plan	\$245
06/07/10	Ross Learning LLC	JLL Partners	\$232
07/22/10	Integrity Interactive Corporation	SAI Global Inc.	\$170
03/26/10	PLATO Learning, Inc.	Thoma Bravo, LLC	\$137
05/19/10	Melioro plc	Pearson plc	\$127
09/01/10	Learn.com	Taleo Corporation	\$113
06/10/10	EducationCity Inc.	Archipelago Learning, Inc.	\$99

2010 Aggregate Transaction Value \$4,549

Top 10 Aggregate Transaction Value \$3,243

Top 10 Aggregate Value as a Percentage of All Transactions 71 %

Figure 3. Lists the top ten announced transactions in the 1st nine months of 2010 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value.

Note: Transactions data based on announcement date.

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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Some of our deals include:

 ROCKBRIDGE GROWTH EQUITY HAS ACQUIRED NORTHCENTRAL UNIVERSITY	 LEEDS EQUITY PARTNERS Private Equity HAS ACQUIRED ExLibris A PORTFOLIO COMPANY OF FP FRANCISCO PARTNERS	 GlobalScholar A WHOLLY-OWNED SUBSIDIARY OF KUE Digital Inc. HAS ACQUIRED EXCELSIOR SOFTWARE
 eInstruction A PORTFOLIO COMPANY OF LEEDS EQUITY PARTNERS Private Equity HAS ACQUIRED INTERWRITE LEARNING™	 Education Enrichment Resources Inc. Quality Products for Education HAS ACQUIRED AND Educational Resources AND SUNBURST A PORTFOLIO COMPANY OF THAYER HIDDEN CREEK	 LEEDS EQUITY PARTNERS Private Equity HAS ACQUIRED eInstruction A PORTFOLIO COMPANY OF cgp Chicago Growth Partners
 CSCP CALVERT STREET CAPITAL PARTNERS HAS MADE AN INVESTMENT IN monotype	 psi Psychological Services, Inc. HAS BEEN ACQUIRED BY ABRY ABRY Partners, LLC	 BRENTWOOD ASSOCIATES PRIVATE EQUITY INVESTMENTS HAS ACQUIRED THE TEACHING COMPANY*

VIVEK KAMATH | Managing Director

CHRIS CURRAN | Senior Advisor - Education Group

JOSEPH BERKERY | Chief Executive Officer

JOHN SHEA | Chief Operating Officer

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