

EDUCATION INDUSTRY

Full Year 2011 :: Mergers and Acquisitions Trend Report

2011 KEY HIGHLIGHTS

- The largest announced transaction for 2011 was Hellman & Friedman LLC's acquisition of SunGuard Higher Education Inc. from SunGuard Data Systems Inc. for \$1.78 billion. This will result in a merger under a new holding company with Datatel Inc.
- Overall, Pearson plc was the most active acquirer in 2011 with eight acquisitions: Global Education & Technology Group Limited, TQ Ltd., Connections Education LLC, Stark Verlag, Education Development International plc, SchoolNet, Inc., Smarthinking, Inc. and TutorVista.
- The most active financial buyer in 2011 was Providence Equity Partners Inc. with six acquisitions: Istituto Marangoni, CerBibo Corporation, Edline LLC, PrepMe, Blackboard Inc. and TH(i)NQ Ed.

2011 KEY TRENDS

- Total transaction volume in 2011 increased by 10 percent over 2010, from 208 in 2010 to 229 this year.
- Total transaction value in 2011 stayed almost constant compared to 2010, moving from \$10.16 billion in 2010 to \$10.01 billion this year.
- The median revenue multiple remained nearly the same, moving from 1.9x in 2010 to 1.8x in 2011. Meanwhile, the median EBITDA multiple increased from 9.7x to 11.1x.

M&A MARKET OVERVIEW

Berkery Noyes tracked 656 transactions between 2009 and 2011, of which 215 disclosed financial terms, and calculated the aggregate transaction value to be \$19.45 billion. Based on known transaction values, we project values of 441 undisclosed transactions to be \$5.57 billion, totaling \$25.02 billion worth of transactions tracked over the past three years.

Based on volume, the most active market segment that Berkery Noyes tracked between 2009 and 2011 was Corporate and Professional with 200 transactions.

Berkery Noyes determined that the nearly one-third of companies sold between 2009 and 2011 received transaction values between \$3 million to \$33 million.

M&A Market Dynamics

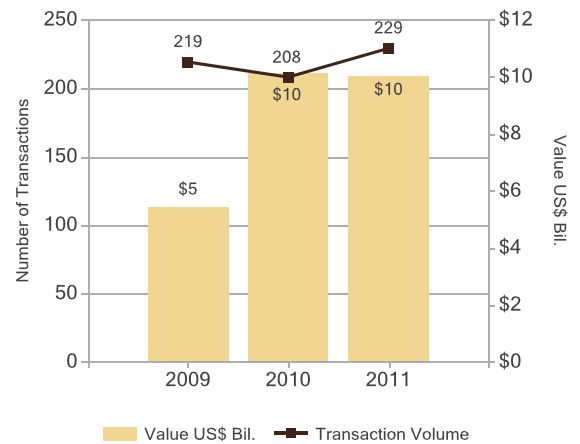


Figure 1. 2009 - 2011 value and volume comparison.

Median Enterprise Value Multiples

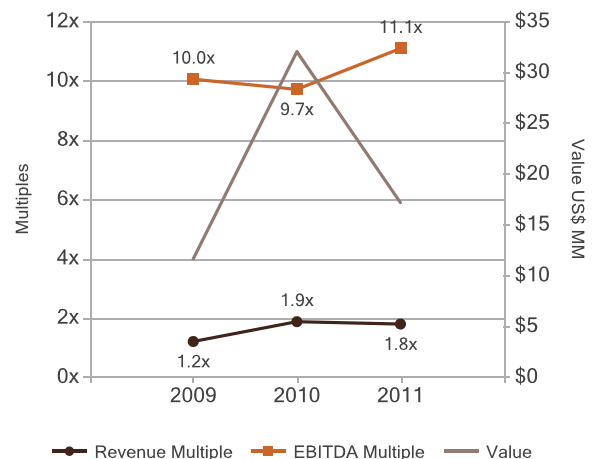
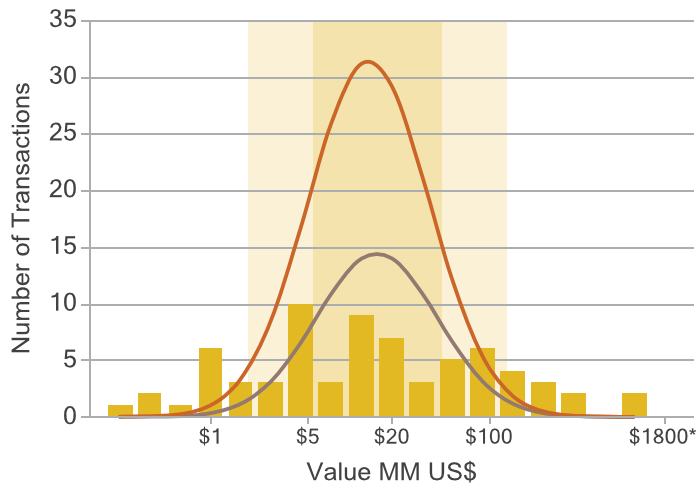


Figure 2. 2009 - 2011 median: revenue and EBITDA comparison.

Transaction Analysis :: January 1, 2011 – December 31, 2011

Bell Curve - Histogram



■ Actual Transactions
 — Known Dist.
 — Projected Dist.

Figure 3. Shows distribution of transactions among the Education Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one third of companies purchased had transaction values of \$4.5 million to \$54.6 million. Based on this data, we estimate the total transaction value of deals done from Jan. 1 to Dec. 31, 2011 at \$10.0 billion.

* Indicates largest transaction in the industry from Jan. 1, 2011 to Dec. 31, 2011

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	1 %	1 %
\$0.4	2	0	2	3 %	4 %
\$0.6	1	0	1	1 %	6 %
\$1.0	6	1	7	8 %	14 %
\$1.6	3	3	6	4 %	18 %
\$2.7	3	8	11	4 %	22 %
\$4.5	10	17	26	14 %	36 %
\$7.4	3	26	28	4 %	40 %
\$12.2	9	31	40	13 %	53 %
\$20.1	7	29	36	10 %	63 %
\$33.1	3	21	24	4 %	67 %
\$54.6	5	12	17	7 %	74 %
\$90.0	6	5	11	8 %	82 %
\$148.4	4	2	5	6 %	88 %
\$244.7	3	0	3	4 %	92 %
\$403.4	2	0	2	3 %	94 %
\$665.1	0	0	0	0 %	94 %
\$1,096.6	2	0	2	3 %	97 %
Total #	72	157	229		
Total \$ Value	\$7,861	\$2,154	\$10,014		

■ 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 a result of the projection and may produce insignificant errors in the total sum.

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type

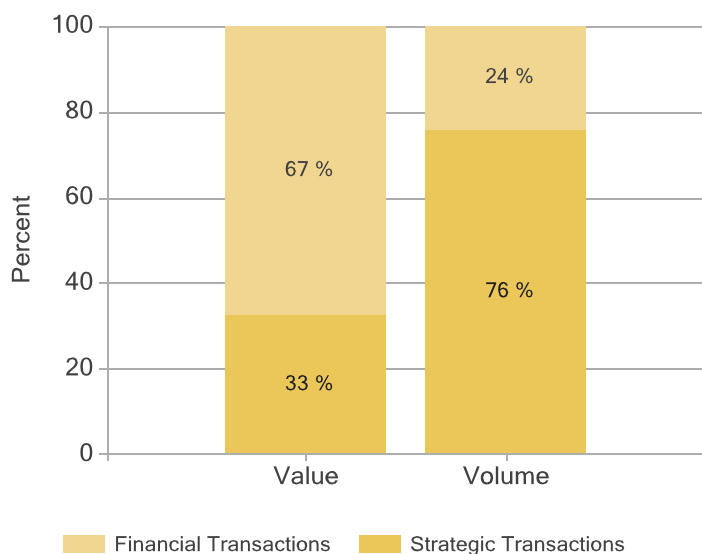


Figure 5. 2011 value and volume comparison by transaction type.

Note: Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

Transaction Type

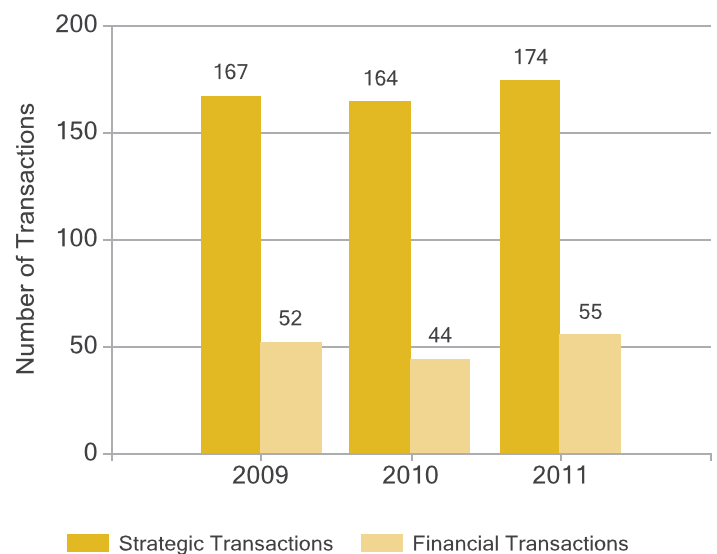


Figure 6. 2009-2011 transaction type comparison.

Purchaser Analysis

Top Ten Notable Transactions 2011

Deal Date	Target Name	Buyer	Value MM US\$
08/08/11	SunGard Higher Education	Datatel Inc.	\$1,775
07/01/11	Blackboard Inc.	Providence Equity Partners	\$1,712
08/16/11	Renaissance Learning, Inc.	Permira	\$476
09/15/11	Connections Education LLC	Pearson plc	\$400
12/16/11	Unopar	Kroton Educacional S.A.	\$350
04/26/11	Plateau Systems, Ltd.	SuccessFactors, Inc.	\$290
04/26/11	SchoolNet, Inc.	Pearson plc	\$230
08/04/11	American University of the Caribbean	DeVry Inc.	\$197
06/10/11	Education Development International plc	Pearson plc	\$168
04/25/11	Barbri	Leeds Equity Partners	N/A
2011 Aggregate Transaction Value			\$10,014
Top 9 Aggregate Transaction Value			\$5,598
Top 9 Aggregate Value as a Percentage of All Transactions			56 %

Figure 7. Lists the top ten transactions for 2011 and calculates their aggregate transaction value as a percentage of the 2011 total aggregate transaction value as shown on Figure 1 & 4.

Note: Transaction data based on announced date.

Median EV/Revenue Multiples By Size

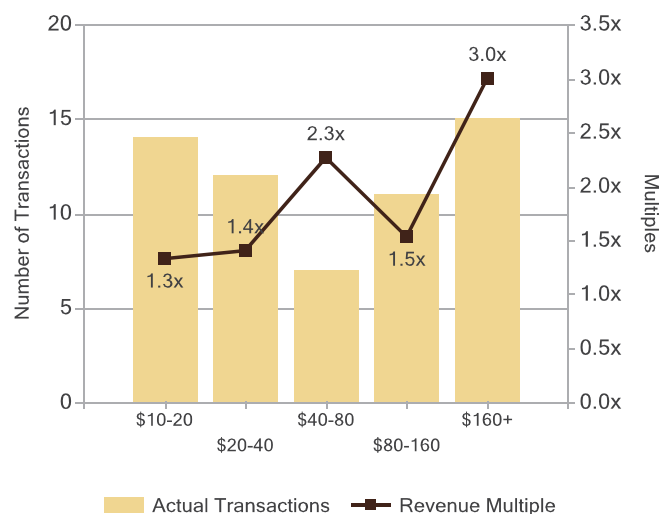


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from 2009 to 2011 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2009 – December 31, 2011

Transactions By Market Segment

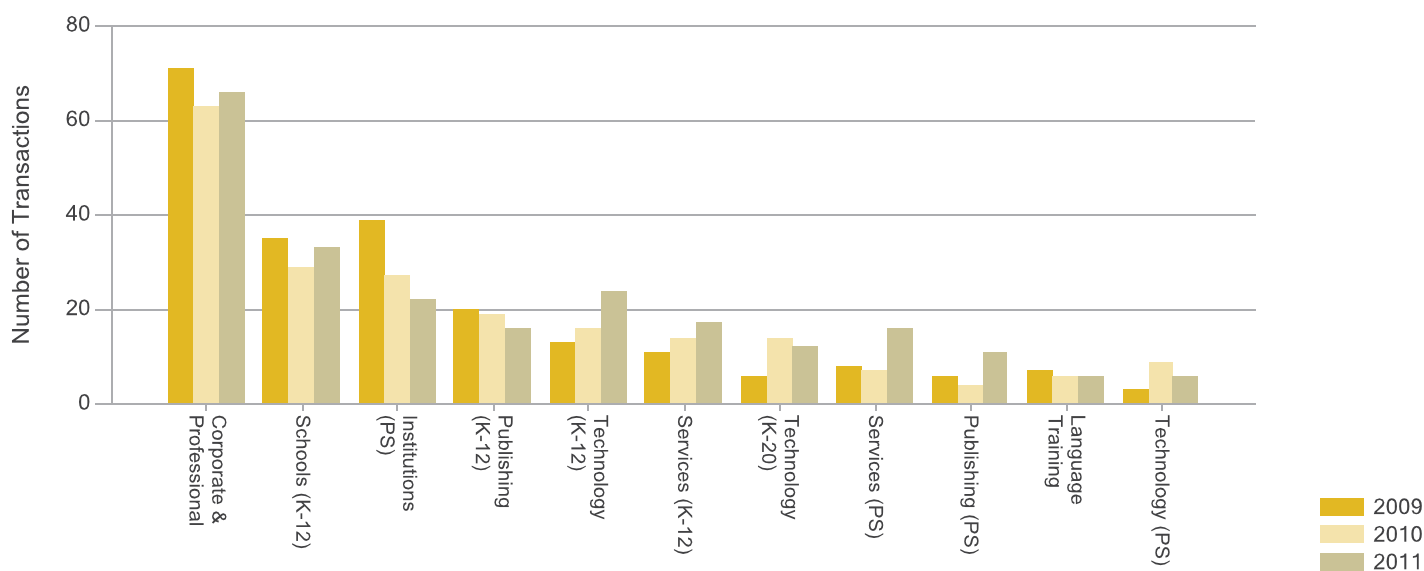


Figure 9. Presents the transaction volume by target segment within the Education Industry from 2009-2011.

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INVESTMENT BANKERS

Founded in 1980, Berkery Noyes is a leading independent investment bank serving the information, software, marketing, 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 healthcare, financial services, education, and entertainment markets.

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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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