

EDUCATION INDUSTRY

Q3 Key Highlights

- The most active acquirer through Q3 2011 was Pearson plc with 6 acquisitions, including Connections Education LLC and Stark Verlag within Q3 2011.
- The largest transaction for both Q3 2011 and year-to-date was Hellman & Friedman LLC's announced acquisition of SunGard Higher Education Inc. from SunGard Data Systems Inc. for \$1.78 billion. This will result in a merger under a new holding company with Datatel Inc., an existing Hellman & Friedman portfolio company.

Q3 Key Trends

- Total transaction volume in Q3 2011 increased by 12 percent from Q2 2011, from 51 to 57 transactions.
- Total transaction value in Q3 2011 increased by 244 percent over Q2 2011, from \$1.6 billion to \$5.5 billion. This was due to five of the top ten largest deals year-to-date occurring in the third quarter.

M&A Market Dynamics By Quarter

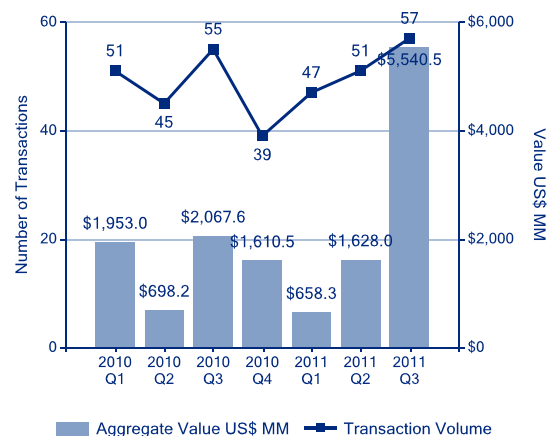


Figure 1. 2010 - 2011 value and volume comparison.

Median Enterprise Value Multiples

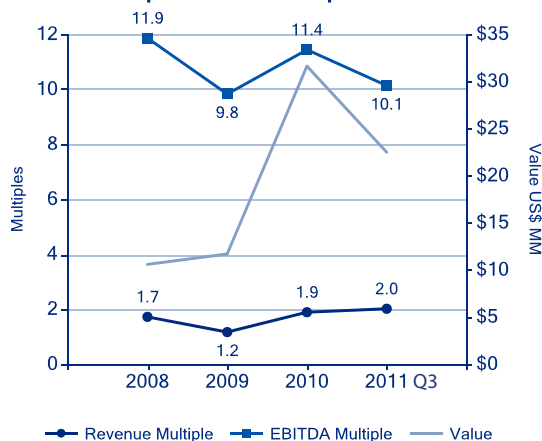


Figure 2. 2008 - 2011 median: Value, Revenue, EBITDA comparison through Q3 2011.

Multiples Trends & Highlights

- Median EBITDA multiples have decreased 11 percent from 2010 to the first nine months of 2011, from 11.4 to 10.1. Median revenue multiples rose slightly from 1.9 to 2.0, a 5 percent increase.
- Providence Equity Partners' acquisition of Blackboard Inc. for \$1.7 billion during Q3 2011, a top ten 2011 deal by value, represents a 3.7 revenue multiple and a 22.3 EBITDA multiple.

Top Ten Deals through Q3 2011

- The top ten deals by value have increased since the half year report, with five new acquisitions in Q3 2011. The two largest were Datatel Inc.'s acquisition of SunGuard Higher Education Inc. (see description above) and Providence Equity Partners Inc.'s acquisition of Blackboard Inc.
- Permira's acquisition of Renaissance Learning, Inc., Pearson plc's acquisition of Connections Education LLC, and Devry Inc.'s acquisition of American University of the Caribbean have also entered into the top ten list of deals.
- These five Q3 2011 deals, with an aggregate value of \$4.5 billion, represent 56 percent of the overall value of transactions in the 1st 3 Quarters of 2011, and 78 percent of Q3 2011 transaction value.

Top Ten Notable Transactions - 1st 3 Quarters 2011

Deal Date	Target Name	Buyer	Value MM US\$
08/08/11	SunGard Higher Education, Inc.	Datatel Inc.	\$1,775
07/01/11	Blackboard Inc.	Providence Equity Partners Inc.	\$1,712
08/16/11	Renaissance Learning, Inc.	Permira	\$425
09/15/11	Connections Education LLC	Pearson plc	\$400
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
05/18/11	Nobel Learning Communities, Inc.	Leeds Equity Partners	\$142
04/25/11	Barbri	Leeds Equity Partners	N/A
2011 Aggregate Transaction Value			\$7,976
Top 9 Aggregate Transaction Value			\$5,338
Top 9 Aggregate Value as a Percentage of All Transactions			67 %

Figure 3. Lists the top ten announced transactions in the 1st nine months of 2011 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. 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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