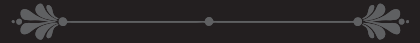




BUSINESS  
SERVICES  
GROUP



INDUSTRY  
UPDATE

Education Services

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INDUSTRY FOCUS

Business Services Group

BUSINESS SERVICES	CONSUMER	FINANCIAL SERVICES	FINANCIAL SPONSORS	HEALTHCARE	INDUSTRIALS & BUILDING PRODUCTS
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McColl Partners has served as an advisor to a diverse collection of business services companies. Representative clients include outsourced software companies, postsecondary education institutions, database service providers, and transportation companies.

Recent advisory transactions include the sale of OMEGA Training Group, Inc. to Cubic Corporation and the recapitalization of Bryant & Stratton College, Inc. by Parthenon Capital, LLC.

From merger and acquisition advisory to private capital raises, McColl Partners is equipped to assist business services companies with a broad range of services. Our professionals, with a wealth of industry experience, have a thorough understanding of these diverse and dynamic markets. The Business Services Group combines unparalleled knowledge of the industry with innovative approaches to traditional investment banking services. Our professionals work with clients to design a specialized approach that targets the specific needs of each individual and company.

McColl Partners continually monitors trends and factors that influence the business services industries and related sectors.

- Demographic trends
- Economic developments
- Domestic and international market dynamics
- Performance of publicly traded comparable companies
- Notable mergers, acquisitions, and joint ventures

SUBSECTORS

BUSINESS PROCESS OUTSOURCING	COMMERCIAL AND INDUSTRIAL SERVICES	DATABASE SERVICES	
DISTRIBUTION AND FULFILLMENT	EDUCATION	GOVERNMENT CONTRACTING	
HUMAN RESOURCES AND RELATED SECTORS	PRINTING AND PUBLISHING	PROFESSIONAL AND INFORMATION SERVICES	
RESEARCH ORGANIZATIONS	SECURITY RELATED SERVICES	TECHNOLOGY	TRANSPORTATION AND LOGISTICS

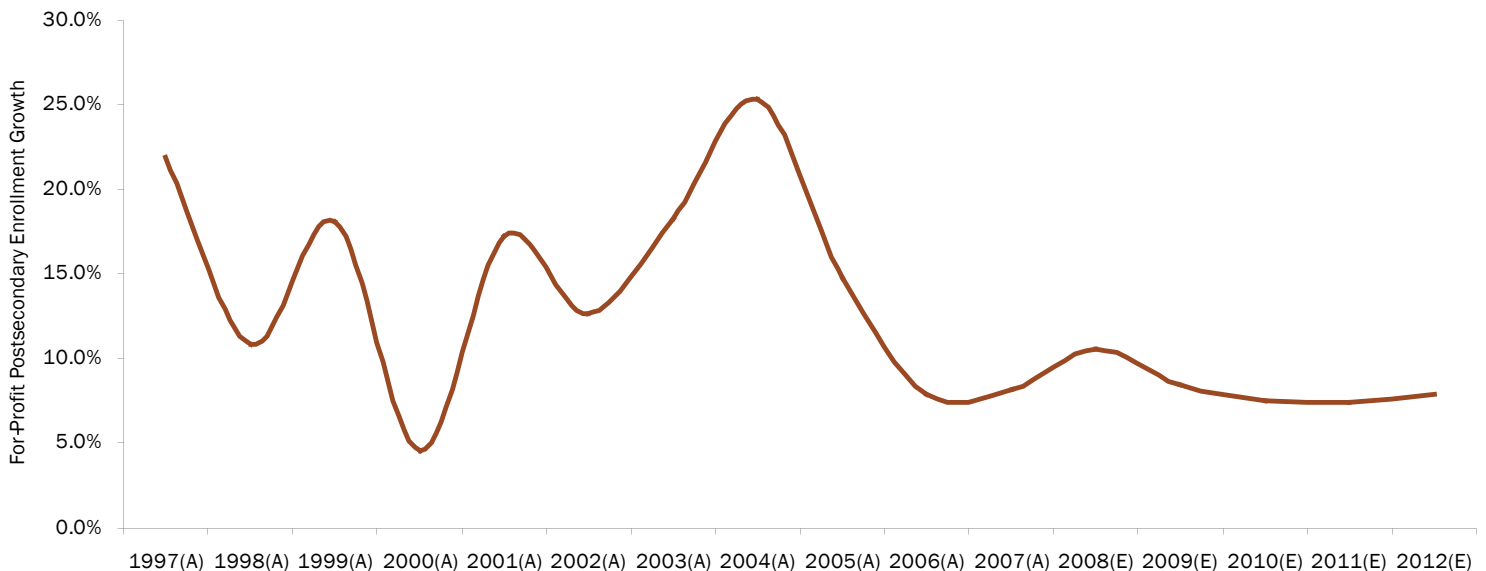
## MCCOLL PARTNERS SECTOR SPOTLIGHT

## Education Services Firms Prosper Amidst Financial Market Challenges

While ailing financial markets have caused many industries to flounder in recent months, education services firms have broadly prospered. Representative companies such as Strayer Education, Inc. (NASDAQ: STRA), Capella Education Co. (NASDAQ: CPLA), Educational Services, Inc. (NYSE: ESI), and DeVry, Inc. (NYSE: DV) performed well during the first half of 2008 despite a tough operating environment, and are expected to continue this growth in earnings and profitability in the coming months. Generally classified as a counter-cyclical industry, the education services sector has historically outperformed overall market indices during economic downturns. Recently, companies within the sector have enjoyed notable revenue and profit growth as unemployment rates have risen steadily. Concurrently, prospective students have recognized that the additive value of a postsecondary degree eclipses the incremental cost of tuition.

Although select lending and affordability issues caused by deficiencies within subprime credit markets have challenged near-term growth, companies within the postsecondary education sector have benefited from heightened enrollment growth in recent quarters. Only select players with significant subprime private loan student enrollment concentration are expected to be materially affected by credit restraints, such as Corinthian Colleges, Inc. (NASDAQ: COCO) and Universal Technical Institute, Inc. (NYSE: UTI). Meanwhile, the credit profile of the average student at other institutions is favorable, and students have historically exhibited very low default rates. As such, industry analysts expect the benefit of heightened student enrollment to overcome tightening federal student aid limits and private loan availability in the near term. Figure 1 illustrates the historic and projected annual enrollment growth at for-profit postsecondary institutions.

Figure 1: Annual For-Profit Postsecondary Enrollment Growth

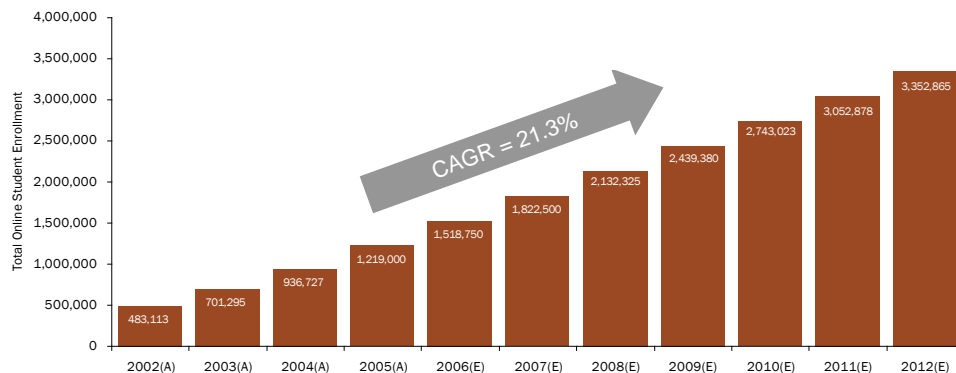


Note: Based on enrollment of students registered at Fall period of the stated year.

Source: Department of Education; Industry Analyst Estimates.

With credit restraints expected to abate in the near term, education services firms should enjoy continued growth in the future. Moreover, the advent and expansion of online courses has augmented the accessibility of these companies' offerings, leading to still higher enrollment rates and lower operating expenses per student. Although growth in online course registration has slowed in recent years, the market remains strong and the prospect of maintained profitability is evident. Figure 2 illustrates the historic and projected online registration enrollment growth.

Figure 2: Online Student Headcount



Note: Based on enrollment of students registered at Fall period of the stated year.

Source: Eduventures; Industry Analyst Estimates.

The postsecondary education business is performing well and is characterized by multiple compelling investment merits. Due to (i) favorable, industry-specific macroeconomic trends, (ii) heightened enrollment, (iii) strong free cash flows, and (iv) high margins and overall returns, the education services market is expected to benefit from continued growth well into the foreseeable future. In recent quarters, the industry has overcome challenging financial markets and enjoyed strong performance. Going forward, emphasis will be placed on institutions that can offer the most affordable tuition options for prospective students without sacrificing academic quality.

As testament to the sector's strong performance in recent months, the mergers and acquisitions and recapitalization environment for the education services industry has been particularly robust. Representative transactions include:

In February 2008, Bryant & Stratton College, Inc., a leading and accredited provider of career-focused postsecondary education, pursued a recapitalization to promote continued growth within its core, regional markets. McColl Partners acted as the financial advisor to Bryant & Stratton College, Inc., introducing the opportunity to a select audience of investors with significant education industry experience.

On July 30, 2008, DeVry, Inc. (NYSE: DV) announced its plans to acquire U.S. Education Corporation, a leading provider of postsecondary education and training, for \$290.0 million. U.S. Education Corporation is currently a portfolio company of two Chicago-based firms, Chicago Growth Partners, and ClearLight Partners. The acquisition is consistent with DeVry, Inc.'s strategy of increased vertical diversification in the healthcare field and expanded offerings at the pre-baccalaureate level.

Publicly traded for-profit education companies have maintained strong earnings before interest, taxes, depreciation, and amortization (“EBITDA”) multiples in a very tough market. As of September 30th, 2008, the following for-profit education and education technology companies were trading at a median of 12.0x and 6.6x latest twelve months (“LTM”) EBITDA respectively.

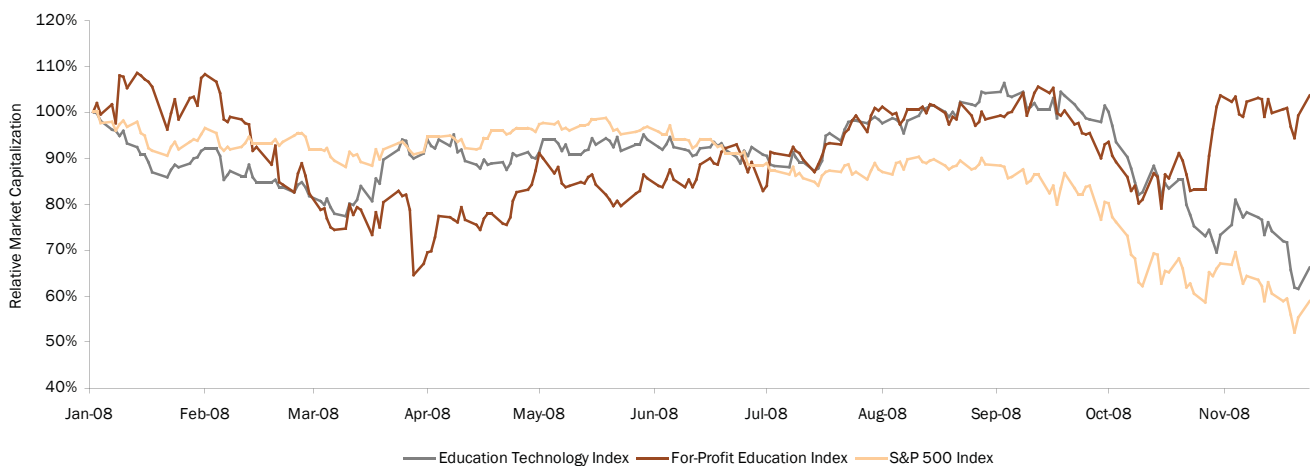
**COMPARABLE EDUCATION SERVICES COMPANIES**

(\$ in Millions)

	% of 52 Week High	LTM Revenue	LTM EBITDA	EBITDA Margin	Equity Market Value	Enterprise Value (“EV”) <sup>(1)</sup>	EV/ Revenue	EV/ EBITDA
<b>For-Profit Education</b>								
American Public Education, Inc.	74.3 %	\$96.9	\$26.4	27.3 %	\$710.2	\$622.9	6.4 x	23.6 x
Apollo Group, Inc.	94.1	3,140.9	829.2	26.4	12,218.9	11,740.5	3.7	14.2
Career Education Corp.	60.2	1,645.6	176.5	10.7	1,657.9	1,160.6	0.7	6.6
Corinthian Colleges, Inc.	88.1	1,113.8	101.7	9.1	1,376.3	1,401.2	1.3	13.8
DeVry, Inc.	93.4	1,145.2	215.3	18.8	4,117.3	4,098.0	3.6	19.0
ITT Educational Services, Inc.	76.9	966.0	324.9	33.6	3,485.4	3,348.7	3.5	10.3
Learning Tree International, Inc.	42.3	181.2	24.0	13.3	193.9	124.1	0.7	5.2
Lincoln Educational Services Corp.	86.2	359.9	49.4	13.7	350.1	354.1	1.0	7.2
New Horizons Worldwide, Inc.	62.5	40.1	5.7	14.3	14.1	14.5	0.4	2.5
Strayer Education, Inc.	99.8	371.1	126.6	34.1	3,408.9	3,059.2	8.2	24.2
<b>Median</b>	<b>81.6 %</b>	<b>\$668.5</b>	<b>\$114.1</b>	<b>16.5 %</b>	<b>\$1,517.1</b>	<b>\$1,280.9</b>	<b>2.4 x</b>	<b>12.0 x</b>
<b>Mean</b>	<b>77.8 %</b>	<b>\$906.1</b>	<b>\$188.0</b>	<b>20.1 %</b>	<b>\$2,753.3</b>	<b>\$2,592.4</b>	<b>2.9 x</b>	<b>12.6 x</b>
<b>Education Technology</b>								
Blackboard, Inc.	54.7 %	\$290.3	\$49.4	17.0 %	\$772.2	\$816.3	2.8 x	16.5 x
Healthstream, Inc.	71.4	50.1	7.0	14.0	53.5	51.8	1.0	7.4
ilinc Communications, Inc.	18.2	7.2	(2.6)	NM	3.5	8.2	1.1	NM
Saba Software, Inc.	22.4	107.6	3.4	3.1	35.0	20.3	0.2	6.0
SkillSoft plc	52.5	325.5	96.9	29.8	627.0	697.1	2.1	7.2
SmartPros Ltd.	48.0	16.9	1.4	8.3	14.6	7.4	0.4	5.3
SumTotal Systems, Inc.	56.1	130.4	8.9	6.9	91.2	49.6	0.4	5.5
<b>Median</b>	<b>52.5 %</b>	<b>\$107.6</b>	<b>\$7.0</b>	<b>11.1 %</b>	<b>\$53.5</b>	<b>\$49.6</b>	<b>1.0 x</b>	<b>6.6 x</b>
<b>Mean</b>	<b>46.2 %</b>	<b>\$132.6</b>	<b>\$23.5</b>	<b>13.2 %</b>	<b>\$228.1</b>	<b>\$235.8</b>	<b>1.2 x</b>	<b>8.0 x</b>

Figure 3 demonstrates that both for-profit education and education technology companies have outperformed the broader market in the second half of 2008.

Figure 3: Historical Stock Price Index<sup>(2)</sup>



(1) Enterprise value equals market value of equity plus net debt.  
 (2) Market data as of November 30, 2008.

Despite significant declines in U.S. M&A activity, over 45 education services transactions have been announced or closed in 2008.

## SELECTED EDUCATION SERVICES TRANSACTIONS

(\$ in Millions)

Target/Acquirer	Close Date	LTM Revenue	LTM EBITDA	EBITDA Margin	Enterprise Value <sup>(1)</sup>	EV/Revenue	EV/EBITDA
<b>Nobel Learning Communities, Inc.</b> Knowledge Learning Corporation	Pending	\$206.2	\$19.3	9.4 %	\$188.9	0.9 x	9.8 x
<b>U.S. Education Corporation</b> DeVry, Inc.	Sep-08	144.0	NA	NA	290.0	2.0	NA
<b>Bright Horizons Family Solutions, Inc.</b> Bain Capital, LLC	May-08	774.6	103.7	13.4	1,327.3	1.7	12.8
<b>eCollege.com</b> Pearson Education, Inc.	Jul-07	54.9	19.3	35.1	495.7	9.0	25.7
<b>Laureate Education, Inc.</b> Investor Group Consortium <sup>(2)</sup>	Jul-07	1,194.2	215.6	18.1	3,797.8	3.2	17.6
<b>MindLeaders.com</b> ThirdForce plc	Jun-07	17.4	2.2	12.6	16.4	0.9	7.5
<b>Educate, Inc.</b> Citigroup Private Equity; Sterling Partners	Jun-07	350.6	39.6	11.3	517.1	1.5	13.1
<b>Median</b>		<b>\$206.2</b>	<b>\$29.5</b>	<b>13.0 %</b>	<b>\$495.7</b>	<b>1.7 x</b>	<b>12.9 x</b>
<b>Mean</b>		<b>\$391.7</b>	<b>\$66.6</b>	<b>16.6 %</b>	<b>\$947.6</b>	<b>2.8 x</b>	<b>14.4 x</b>

## ADDITIONAL EDUCATION SERVICES TRANSACTIONS

Target	Acquirer	Closed	Target Description
Nobel Learning Communities, Inc.	Knowledge Learning Corporation	Pending	Operates a network of nonsectarian private schools.
CET Connect	ThinkTV Network	Pending	Provides education and enrichment in classrooms and living rooms in Greater Cincinnati.
Pacific Language Institute	Kaplan, Inc.	Pending	Offers a selection of education programs.
California Graduate Institute	The Chicago School of Professional Psychology	Nov-08	Serves as an educational institution.
The Study Group	Kaplan, Inc.	Oct-08	Provides bar review courses and study aids directly to students in the United States.
CTT Corporation	eLandia International, Inc.	Oct-08	Offers certification of knowledge in information and communications technologies areas.
U.S. Education Corporation	DeVry, Inc.	Sep-08	Operates private career colleges and schools in the United States.
Learning Care Group, Inc.	Morgan Stanley Private Equity	Jun-08	Provides early childhood care and educational services.
Education Management Corporation	Providence Equity Partners, Inc.	Jun-08	Provides private post-secondary education in North America.
The Princeton Review of Orange County, Inc.	Princeton Review, Inc.	Jun-08	Provides test preparation and educational support services.
Institute of Medical & Dental Technology	Ross Education, LLC	May-08	Provides post-secondary career education in allied health fields.
Bright Horizons Family Solutions, Inc.	Bain Capital, LLC	May-08	Provides workplace services for employers and families.
Little Sprouts, Inc.	American Education Group, LLC	Mar-08	Provides childhood education.
Corinthian Colleges, Inc. (Twelve Schools)	The Eminata Group	Mar-08	Offers education services in the United States and Canada.
Sylvan Learning Centers in Virginia	Honeytree Early Learning Centers	Mar-08	Offers preschool, child care and day care services.
Advanced Education Systems, LLC	TrainCo Holdings Corporation, LLC	Mar-08	Operates mortgage training education institutions.
Test Services, Inc.	Princeton Review, Inc.	Mar-08	Provides test preparation services to students.
PRIMEDIA Healthcare	The Chatham Institute	Feb-08	Offers educational courses in nursing.
Bryant & Stratton College, Inc.	Parthenon Capital, LLC	Feb-08	Provides career-focused post-secondary education.
Medical Knowledge Group, LLC	CIVC Partners, LP	Jan-08	Designs medical education initiatives.
Touro University International	Summit Partners	Nov-07	Provides online post-secondary education.
Porter & Chester Institute, Inc.	Thoma Cressey Bravo	Oct-07	Provides various services for hospitals, including transcription services.
Advanced Academics, Inc.	DeVry, Inc.	Oct-07	Provides online education and learning programs and services.
Protocol Skills Ltd.	Close Brothers Private Equity Ltd.	Sep-07	Provides vocational training services for businesses and individuals.
eCollege.com	Pearson Education, Inc.	Jul-07	Provides information services to the post-secondary education industry.
Laureate Education, Inc.	Investor Group Consortium <sup>(1)</sup>	Jul-07	Provides higher education programs through campus-based and online universities.
MindLeaders.com	ThirdForce plc	Jun-07	Provides a suite of integrated e-learning solutions.
Florida Career Colleges	Greenhill Capital Partners, LLC; Abrams Capital, LLC	Jun-07	Operates career and vocational higher education institutions in Florida.
Educate, Inc.	Citigroup Private Equity; Sterling Partners	Jun-07	Provides tutoring and other supplemental services.

(1) Enterprise value equals market value of equity plus net debt assumed.

(2) Bregal Investments LLP; Caisse de Depot et Placement du Quebec; Citigroup Private Equity; Kohlberg Kravis Roberts & Co.; Makena Capital Management, LLC; S.A.C. Capital Management, LLC; Snow Phipps Group, LLC; Southern Cross Capital Limited; Sterling Capital Partners, LP; Torreal SCR.



has completed a  
management recapitalization with



McColl Partners acted as  
exclusive financial advisor to  
Bryant & Stratton College, Inc.

February 2008

“McColl Partners demonstrated enormous dedication to achieving an outcome that exceeded our shareholders’ objectives. The McColl team was unwavering in its commitment to design, and subsequently execute, a process that worked well for our shareholders, our employees, our students, and the regulatory bodies that govern Bryant & Stratton. We appreciated their knowledge of the private equity community and the tenacity and sound advice they provided throughout the process.”

Bryant H. Prentice, III  
Chairman  
Bryant & Stratton College, Inc.

### Deal Summary

McColl Partners, LLC served as exclusive financial advisor to Bryant & Stratton College, Inc. (“Bryant & Stratton” or the “College”) in its management recapitalization with Parthenon Capital (“Parthenon”), which was completed on February 1, 2008. The recapitalization will enable the management team of Bryant & Stratton to partner with Parthenon and execute on the College’s strategic plan.

Bryant & Stratton is a preeminent provider of career focused, outcomes-based, proprietary postsecondary education, serving approximately 7,000 full tuition equivalent students through a network of 15 campuses located throughout New York, Ohio, Virginia, and Wisconsin. Founded in 1854, Bryant & Stratton offers Associate and Bachelor degrees through 17 programs and is regionally accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools. The College also operates a well developed online segment and a Professional Skills Center.

McColl Partners provides investment banking services to owners and management of middle-market businesses and financial sponsors by combining experienced, dedicated professionals, unparalleled access to decision makers, and focused industry expertise.

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McColl Partners’ Business Services Group combines robust knowledge of diverse and dynamic capital markets with innovative approaches to traditional investment banking. From mergers and acquisitions to private capital raises, McColl Partners professionals work with each client to develop tailored solutions.

For more information on how McColl Partners can assist your company, please contact:

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