



# HYDE PARK CAPITAL BUSINESS SERVICES NEWSLETTER

## Education Services

HYDE PARK CAPITAL ADVISORS, LLC • Q4 2009

### NEWS & TRENDS

The upward trend in the education services industry continued during Q4 2009, as the highest deal value and volume were recorded compared to the last 5 quarters. For the calendar year, total deal volume in 2009 was more than double 2008, with a total transaction volume of 122 deals compared to 59 in 2008. Deal value was also greater in 2009 than in 2008, having increased 31% from \$2.4 billion to \$3.1 billion. Total U.S. education services deal volume remained flat in Q4 2009 compared to the previous quarter, although total transaction value increased by more than 3.5x to \$1.6 billion, buoyed by BC Partners' \$581 million acquisition of ATI Enterprise, Inc.

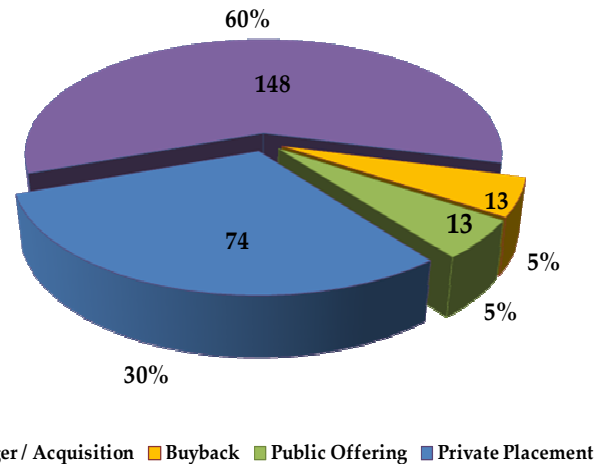
During Q4 2009, the Hyde Park Capital Education Services Index increased by 2.2%, compared to an increase in the S&P 500 index of approximately 8.8% during the same period. While the Education Services Index outperformed during Q1, its momentum slowed throughout the year leaving it slightly short of the S&P 500 entering Q4. However, the Education Services Index experienced an upswing the last few weeks of the year; an indication the education industry will continue to strengthen.

During calendar year 2009, the increase in total announced transaction value and volume was driven primarily by increased valuations in the equity markets and renewed activity in the sector among the private equity community. Currently there are over 100 U.S. education companies that have been held by private equity firms for at least three years. As equity holders look to realize their investments, transaction volume is expected to continue its upward trend in 2010.

Additionally, the current presidential administration has indicated that the education industry will receive increased funding over the next several years. Currently, federal and state expenditures for the education segment exceed \$750 billion, a figure which is expected to increase significantly. This increased emphasis on the industry, coupled with the positive trends that have been observed recently in both the public and private equity markets, serve as an initial signal that an uptick in deal volume and value is quite likely to continue.

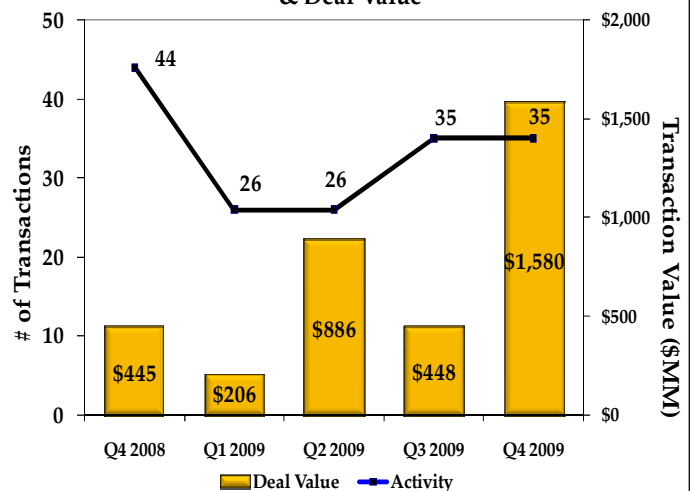
### EDUCATION TRANSACTIONS

Number of U.S. Transactions by Type<sup>(1)</sup>



(1) Based on LTM transactions for the Education Services Industry. All transaction types comprising less than 1% are not shown.

Education Services Quarterly Transaction Activity & Deal Value<sup>(1)</sup>



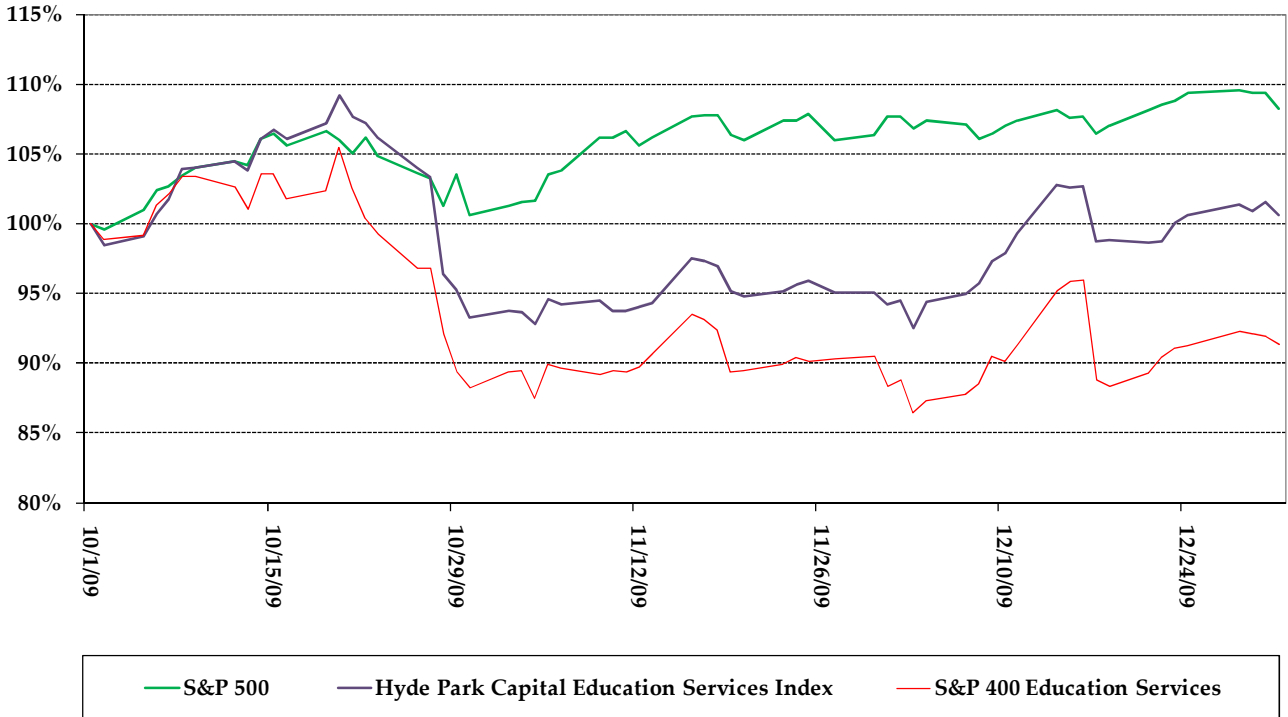
(1) Transaction volume is based on closed or announced transactions and transaction value is based on reported transactions for the Education Services Industry.

Source: Capital IQ.

## EDUCATION SERVICES MARKET TRENDS & STATISTICS

### Education Services Index

Relative Price Value (%)

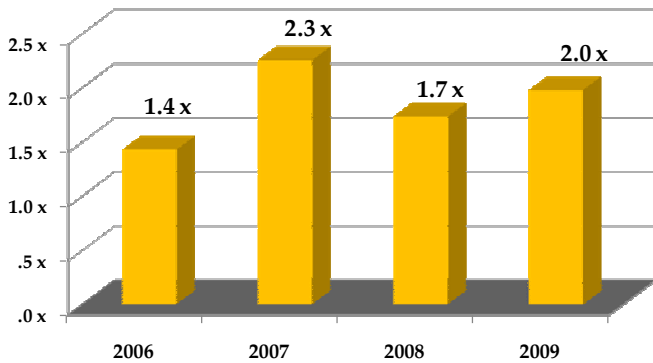


Source: Capital IQ.

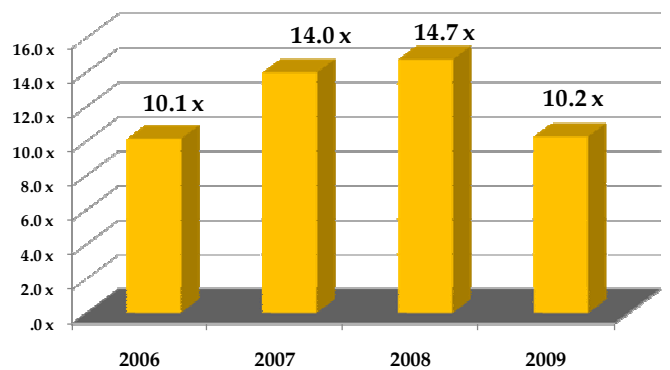
### Hyde Park Capital Education Services Index:

American Public Education, Inc. (NasdaqGS:APEI)	Princeton Review, Inc. (NasdaqGM:REVU)	Apollo Group, Inc. (NasdaqGS:APOL)
Corinthian Colleges, Inc. (NasdaqGS:COCO)	Strayer Education, Inc. (NasdaqGS:STRA)	Career Education Corp. (NasdaqGS:CECO)
Grand Canyon Education, Inc. (NasdaqGS:LOPE)	The McGraw-Hill Companies, Inc. (NYSE:MHP)	DeVry, Inc. (NYSE:DV)
K12, Inc. (NYSE:LRN)	Universal Technical Institute, Inc. (NYSE:UTI)	Education Management Corp. (NasdaqGS:EDMC)
Plato Learning, Inc. (NasdaqGM:TUTR)		ITT Educational Services, Inc. (NYSE:ESI)

#### TEV / LTM Revenue Multiples<sup>(a)</sup>



#### TEV / LTM EBITDA Multiples<sup>(a)</sup>



(a) Based on HPC Education Services Index median multiples for LTM.  
Source: Capital IQ.

## EDUCATION SERVICES TRANSACTIONS

### EDUCATION SERVICES M&A AND PRIVATE PLACEMENT TRANSACTIONS - Q4 2009

Date	Target	Target Headquarters	Target Description	Buyers	Transaction Types	Transaction Value	Enterprise Value
12/15/2009	The American Academy, LLC	Salt Lake City, UT	Provides online and alternative educational services to high schools in the U.S.	Austin Ventures; vSpring Capital	Private Placement	\$5.9	NA
12/11/2009	Career Athletes, LLC	Olathe, KS	Provides career development services and software within collegiate athletics.	N/A	Private Placement	\$0.5	NA
12/08/2009	Bridge International Academies	United States	Operates primary schools.	Omidyar Network	Private Placement	\$1.8	NA
12/07/2009	Career Quest Learning Centers, Inc.	Lansing, MI	Operates as a career training school and provides career training programs that focus on employment.	Sverica International	Merger/Acquisition	NA	NA
12/04/2009	CompassLearning, Inc.	Austin, TX	Develops research-based curriculum and assessment software solutions for students.	Marlin Equity Partners, LLC	Merger/Acquisition	\$43.2	\$43.2
11/30/2009	The Refrigeration School, Inc.	Phoenix, AZ	Provides education and training for air conditioning and refrigeration technicians.	Tulsa Welding School, Inc.	Merger/Acquisition	NA	NA
11/30/2009	The Institute For Life Coach Training	Plano, TX	Specializes in training psychotherapists, psychologists, counselors and helping professionals.	LifeOptions Group, Inc.	Merger/Acquisition	NA	NA
11/19/2009	Chegg, Inc.	Santa Clara, CA	Offers rentals of higher-education textbooks online.	InSight Venture Partners	Private Placement	\$57.0	NA
11/18/2009	Language Learning Enterprises, Inc.	Washington, DC	Provides technology supported language solutions in the U.S. and internationally.	CyraCom International, Inc.	Merger/Acquisition	NA	NA
11/09/2009	ATI Enterprises, Inc.	North Richland Hills, TX	Operates career training centers and schools.	BC Partners	Merger/Acquisition	\$581.0	\$581.0
11/09/2009	MedVance Institute	Cookeville, TN	Provides medical career training and allied healthcare education programs.	Education Affiliates, Inc.	Merger/Acquisition	NA	NA
11/04/2009	Piccolo Educational Systems, Inc (OTCPK:PEDU)	Scottsdale, AZ	Provides online postsecondary education services.	FL-EX Holdings, Inc.	Merger/Acquisition	NA	NA
10/19/2009	Heald Capital, LLC	United States	Operates as a subsidiary of Corinthian Colleges, Inc.	Corinthian Colleges, Inc. (NasdaqGS:COCO)	Merger/Acquisition	\$395.0	\$395.0
10/19/2009	Trinity ELL, LLC	Sykesville, MD	Offers educational training and consulting services for teachers.	Pearson, plc (LSE:PSON)	Merger/Acquisition	NA	NA
10/16/2009	Princeton Review, Inc. (NasdaqGM:REVU)	Framingham, MA	Provides products and services for students, parents, educators, and educational institutions.	Bain Capital, LLC; Falcon Investment Advisors, LLC	Private Placement	\$40.0	NA
10/05/2009	Southern Careers Institute, Inc.	Austin, TX	Operates a chain of technical schools.	Endeavour Capital, Inc.	Merger/Acquisition	NA	NA

### EDUCATION SERVICES BUYBACK TRANSACTIONS - LTM

Date	Target	Target Description	Negotiated Buyback	Number of Shares	Percent of Shares	Total Revenue	EBITDA
12/21/2009	Lincoln Educational Services Corporation (NasdaqGS:LINC)	Offers degree and diploma programs for high school graduate and working adults.	\$26.2	1,250,000	4.60%	\$502.4	\$92.8
11/11/2009	DeVry, Inc. (NYSE:DV)	Offers associate, bachelor, and master degree programs.	\$50.0	N/A	N/A	\$1,588.9	\$332.9

### EDUCATION SERVICES PUBLIC OFFERINGS - LTM

Date	Target	Target Headquarters	Sellers	Transaction Value
8/27/2009	Grand Canyon Education, Inc. (NasdaqGS:LOPE)	Phoenix, AZ	Endeavour Capital, Inc.	\$99.0
9/21/2009	Lincoln Educational Services Corporation (NasdaqGS:LINC)	West Orange, NJ	N/A	\$81.0
2/3/2009	Lincoln Educational Services Corporation (NasdaqGS:LINC)	West Orange, NJ	N/A	\$77.0

Source: Capital IQ.

## HYDE PARK CAPITAL RECENT BUSINESS SERVICES TRANSACTIONS



Network System  
Integration & Value  
Added Reseller

Orlando, FL  
Sale to  
Presidio, Inc.



Property & Casualty  
Insurance Company

Lauderdale Lakes, FL  
Financial Advisory to  
Board of Directors



Identity Security  
Company

Delray Beach, FL  
Merger with VeriChip  
Fairness Opinion



Lawn & Pest Control  
Company

Deerfield Beach, FL  
Sale to Massey Services  
Fairness Opinion



HR Software &  
Services

Orlando, FL  
Recapitalization by  
Atlanta Equity Investors



HR Software &  
Services

Orlando, FL  
Purchase of Sage  
Compliance Services, Inc.



Top 25 U.S.  
Professional Employer  
Organization

Bradenton, FL  
Sale to CoAdvantage, Inc.



Permanent Placement  
Agency Specializing in  
Military Veterans

Raleigh, NC  
Sale to Centre Partners  
Management, LLC

**HYDE PARK CAPITAL ADVISORS, LLC** is an institutionally focused investment banking firm serving the corporate finance needs of companies typically operating in the business services and healthcare industries and most often located in Florida and the Southeastern United States. Our principals have extensive investment banking experience executing merger & acquisition engagements, including purchase and sale of company assignments, recapitalizations, financial advisory, fairness opinions and raising growth capital and acquisition financing for companies, including equity, mezzanine and senior debt. We pride ourselves on our professional representation of both middle market public companies and family owned and entrepreneurial driven large private companies. As one of the most active investment banking firms in the Southeast, our professionals have advised on more than 300 corporate investment banking transactions totaling more than \$10 billion in transaction value. We are headquartered in Tampa, Florida and are a member of FINRA and SIPC.

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