



HYDE PARK CAPITAL

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Investment Banking | Mergers & Acquisitions | Capital Raising

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Education

Industry Update

September 2011

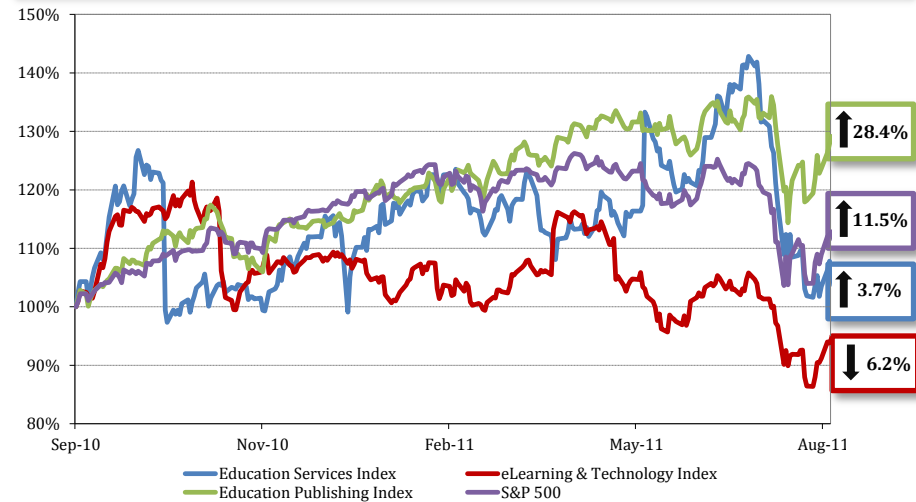


Education – Industry Update

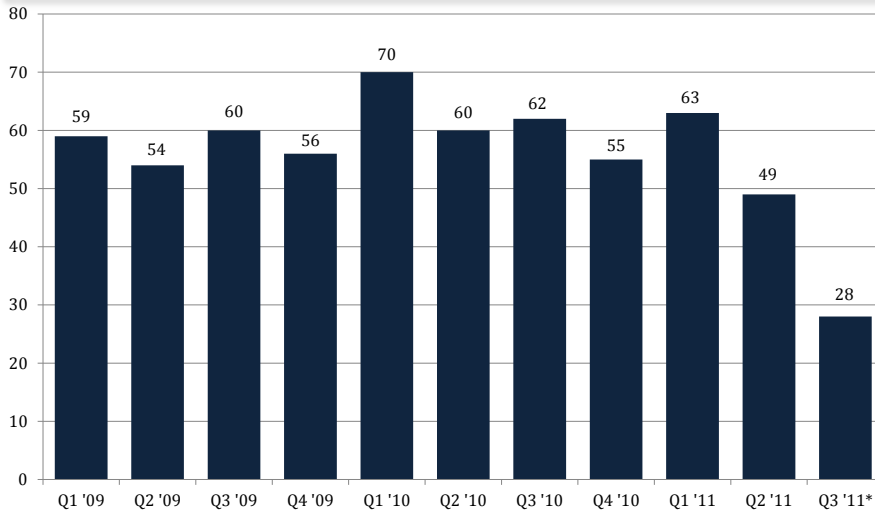
Commentary

- As of September 1, 2011, the performance of the Education industry's sectors: *eLearning & Technology* (down 6%), *Services/Post-Secondary* (up 4%), and *Publishing* (up 28%), varied in their public market performance in the past year.
- Year-to-date, 140 M&A transactions (*deals with disclosed values above \$10 million*) have been completed, keeping pace to exceed 200 closed deals for the full year, which compares to 229 and 247 deals completed in 2009 and 2010, respectively.
- A few notable pending M&A transactions include Providence Equity Partners' \$1.7 billion purchase of Blackboard, Inc. and competing bids recently announced by Permira Funds and PLATO Learning, respectively, to acquire Renaissance Learning, Inc. for approximately \$450 million.

Stock Price Performance (LTM)



Completed M&A Transactions



Source: Capital IQ (*Q3 '11 as of 8/30/2011)

Select Private Placements – Education

(\$ in millions)

Closed Date	Target	Buyer / Investor	Transaction Value	Education Sector
Aug-11	VectorLearning.com, Inc.	LLR Partners, Inc.	\$24	e-Learning
Jul-11	C2 Education Centers, Inc.	Serent Capital	\$30	Education Services
May-11	Edleun Group, Inc. (TSXV:EDU)	Vision Capital Corp.	\$25	Education Services
Apr-11	K12, Inc. (NYSE:LRN)	Technology Crossover Ventures	\$126	e-Learning
Feb-11	Cambium Learning Group, Inc. (NasdaqGM:ABCD)	Confidential	\$174	Education Services
Sep-10	Chegg, Inc.	Academic and Continuing Education, Ltd.	\$75	e-Learning
May-10	Edleun Group, Inc. (TSXV:EDU)	Confidential	\$41	Education Services
Apr-10	Echo360, Inc.	SCP Partners; Court Square Ventures, LLC	\$26	e-Learning
Mar-10	Princeton Review, Inc. (NasdaqGM:REVU)	Camden Partners Holdings, LLC	\$50	e-Learning
Mar-10	Houghton Mifflin Harcourt Publishing Co.	Confidential	\$650	Publishing



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Education – Recent M&A Transactions Profiled

Blackboard, Inc. (Nasdaq: BBBB)

- Blackboard, Inc. is a global leader in enterprise technology and innovative solutions to allow thousands of higher education, K-12, professional, corporate, and government organizations to extend teaching and learning online.
- On July 1, Blackboard, Inc. entered into a definitive agreement to be acquired for \$45.00 per share of common stock by an investor group led by Providence Equity Partners in an all-cash transaction valued at approximately \$1.7 billion, including the assumption of debt.
- The offer represents a 21% premium over the closing price of \$37.16 per share on April 18, 2011, the day before Blackboard publicly announced it was evaluating strategic alternatives. The transaction is anticipated to close during Q4 2011.

Renaissance Learning, Inc. (Nasdaq: RLRN)

- Renaissance Learning, Inc. is a leading provider of technology-based school improvement and student assessment programs for K-12 and has been adopted by 70,000 schools.
- On August 16, Permira Funds entered into a definitive merger agreement to acquire Renaissance Learning for approximately \$440 million (\$14.85 per share), a premium of 26% over Renaissance Learning's closing stock price on August 15, 2011.
- On August 24, PLATO Learning submitted an unsolicited bid of \$455 million or \$15.50 per share, 7% more than Renaissance Learning's closing price on the prior day and 4% above Permira's previous \$14.85 per share offer for the company.

Source: Capital IQ



Transaction Details

Financial Profile		Transaction Analysis	
<i>(\$ in millions)</i>			
	LTM		
Income Statement	6/30/11		
Revenue	\$481.4	Purchase Price (Equity)	\$1,581.2
EBITDA	\$79.1	Plus Net Debt	<u>\$126.3</u>
Net Income	(\$0.2)	Implied Enterprise Value	\$1,707.5
	As of		
Balance Sheet	6/30/11	Implied Purchase Multiples	
Cash	\$84.7	Revenue	3.5x
Debt	<u>\$211.0</u>	EBITDA	21.6x
Net Debt	\$126.3	Net Income	NM

Transaction Details

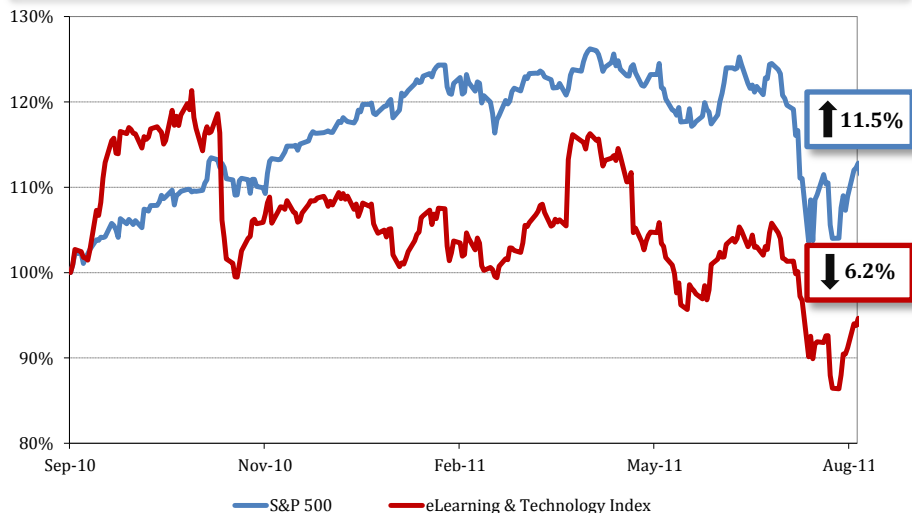
Financial Profile		Transaction Analysis	
<i>(\$ in millions)</i>			
	LTM		
Income Statement	6/30/11		
Revenue	\$136.1	Purchase Price (Equity)	\$455.1
EBITDA	\$39.6	Plus Net Debt	<u>(\$9.3)</u>
Net Income	\$24.6	Implied Enterprise Value	\$445.8
	As of		
Balance Sheet	6/30/11	Implied Purchase Multiples	
Cash	\$9.3	Revenue	3.3x
Debt	<u>\$0.0</u>	EBITDA	11.3x
Net Debt	(\$9.3)	Net Income	18.5x

Public Company Analysis

(\$ in millions, except per share)

Company	Ticker	Closing Price 9/1/11	% of 52 Week High	Equity Value	Enterprise Value	LTM			LTM Margins		Enterprise Value / LTM	
						Revenue	Gross Profit	EBITDA	Gross Profit	EBITDA	Revenue	EBITDA
Blackboard Inc.	BBBB	\$43.26	86%	\$1,515	\$1,642	\$481	\$331	\$79	68.7%	16.4%	3.4x	20.7x
K12, Inc.	LRN	\$26.75	67%	\$850	\$834	\$482	\$198	\$57	41.0%	11.8%	1.7x	14.7x
Smart Technologies Inc.	TSX:SMA	\$4.86	32%	\$605	\$830	\$773	\$380	\$144	49.2%	18.6%	1.1x	5.8x
American Public Education, Inc.	APEI	\$39.89	81%	\$732	\$637	\$224	\$139	\$61	62.1%	27.2%	2.8x	10.4x
Renaissance Learning Inc.	RLRN	\$15.50	99%	\$455	\$445	\$136	\$108	\$40	79.1%	29.1%	3.3x	11.3x
Archipelago Learning, Inc.	ARCL	\$8.91	69%	\$228	\$269	\$68	\$62	\$21	90.9%	31.3%	4.0x	12.6x
Promethean World Plc	PRW	\$0.96	46%	\$194	\$177	\$355	\$152	\$37	42.9%	10.3%	0.5x	4.9x
Rosetta Stone, Inc.	RST	\$13.00	53%	\$269	\$154	\$259	\$213	(\$11)	82.3%	NM	0.6x	NM
LeapFrog Enterprises Inc.	LF	\$3.15	47%	\$206	\$148	\$422	\$175	\$20	41.5%	4.7%	0.4x	7.5x
Learning Tree International Inc.	LTRE	\$9.00	80%	\$121	\$81	\$133	\$71	\$10	53.3%	7.2%	0.6x	8.5x
Average			66%	\$517	\$522	\$333	\$183	\$46	61.1%	17.4%	1.8x	10.7x
Median			68%	\$362	\$357	\$307	\$164	\$38	57.7%	16.4%	1.4x	10.4x

Stock Price Performance (LTM)



Source: Capital IQ

Select M&A Transactions - eLearning & Technology

(\$ in millions)

Closed Date	Target	Buyer / Investor	Enterprise Value	EV / Revenue	EV / EBITDA
Pending	Renaissance Learning, Inc. (NasdaqGS:RLRN)	Plato Learning	\$445.8	3.3x	11.3x
Pending	Blackboard, Inc. (NasdaqGS:BBBB)	Providence Equity Partners, LLC	\$1,707.5	3.5x	21.6x
Pending	iPal Interactive Learning, Inc.	Knightsbridge Human Capital Management, Inc.	NA	NA	NA
Pending	Super Star Learning, Inc.	AppTech Corp. (OTCPK:APCX)	NA	NA	NA
Pending	Insight Schools, Inc.	K12, Inc. (NYSE:LRN)	\$13.0	NA	NA
Pending	Credu Corp.	Samsung SDS Co., Ltd.	\$116.0	2.3x	28.6x
Jun-11	Plateau Systems, Ltd.	SuccessFactors, Inc. (NYSE:SFSF)	\$290.0	NA	NA
May-11	SchoolNet, Inc.	Pearson plc	\$230.0	NA	NA
Jan-11	TutorVista Global Pvt., Ltd.	Pearson plc	\$127.0	NA	NA
Jan-11	Presidium Learning, Inc.	Blackboard, Inc. (NasdaqGS:BBBB)	\$58.9	NA	NA



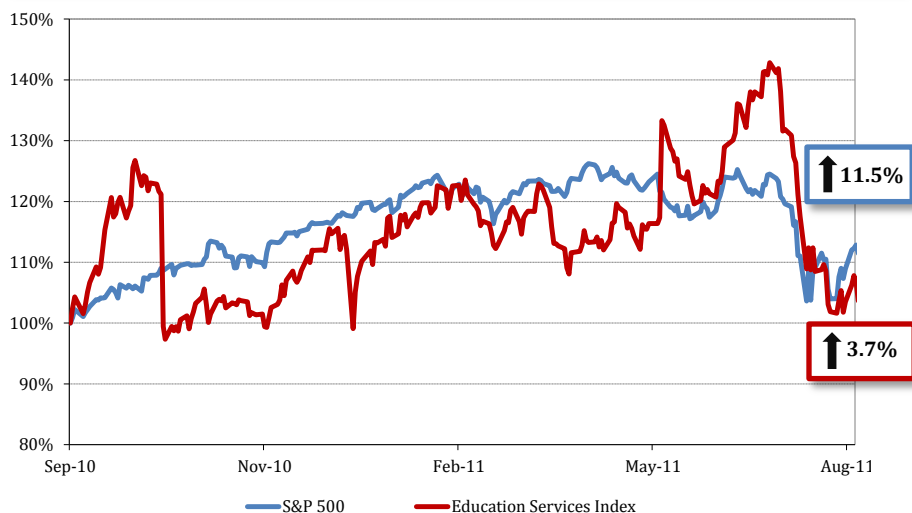
Education Services

Public Company Analysis

(\$ in millions, except per share)

Company	Ticker	Closing Price 9/1/11	% of 52 Week High	Equity Value	Enterprise Value	LTM			LTM Margins		Enterprise Value / LTM	
						Revenue	Gross Profit	EBITDA	Gross Profit	EBITDA	Revenue	EBITDA
Apollo Group Inc.	APOL	\$46.07	85%	\$6,466	\$5,235	\$4,870	\$2,697	\$1,418	55.4%	29.1%	1.1x	3.7x
Education Management Corporation	EDMC	\$15.50	54%	\$2,064	\$3,239	\$2,888	\$1,589	\$648	55.0%	22.4%	1.1x	5.0x
DeVry, Inc.	DV	\$42.52	64%	\$2,972	\$2,522	\$2,182	\$1,257	\$559	57.6%	25.6%	1.2x	4.5x
ITT Educational Services Inc.	ESI	\$70.31	74%	\$1,949	\$1,794	\$1,582	\$1,076	\$612	68.0%	38.7%	1.1x	2.9x
Strayer Education Inc.	STRA	\$91.03	50%	\$1,068	\$1,133	\$655	\$428	\$225	65.4%	34.4%	1.7x	5.0x
Bridgepoint Education, Inc.	BPI	\$20.86	68%	\$1,209	\$920	\$853	\$630	\$286	73.9%	33.6%	1.1x	3.2x
Career Education Corp.	CECO	\$16.04	58%	\$1,212	\$824	\$2,108	\$1,571	\$466	74.5%	22.1%	0.4x	1.8x
Grand Canyon Education, Inc.	LOPE	\$15.05	65%	\$678	\$687	\$404	\$250	\$99	62.0%	24.6%	1.7x	6.9x
Corinthian Colleges Inc.	COCO	\$1.99	27%	\$169	\$393	\$1,869	\$757	\$209	40.5%	11.2%	0.2x	1.9x
Capella Education Co.	CPLA	\$30.88	37%	\$484	\$311	\$437	\$267	\$118	61.1%	27.1%	0.7x	2.6x
Universal Technical Institute, Inc.	UTI	\$14.38	64%	\$356	\$279	\$460	\$233	\$69	50.6%	15.0%	0.6x	4.0x
Lincoln Educational Services Corporation	LINC	\$9.29	47%	\$210	\$216	\$608	\$371	\$135	61.1%	22.2%	0.4x	1.6x
Average			58%	\$1,570	\$1,463	\$1,576	\$927	\$404	60.4%	25.5%	0.9x	3.6x
Median			61%	\$1,139	\$872	\$1,217	\$694	\$256	61.1%	25.1%	1.1x	3.5x

Stock Price Performance (LTM)



Source: Capital IQ

Select M&A Transactions - Education Services

(\$ in millions)

Closed Date	Target	Buyer / Investor	Enterprise Value	EV / Revenue	EV / EBITDA
Pending	Carnegie Learning, Inc.	Apollo Group, Inc. (NasdaqGS:APOL)	\$75	NA	NA
Pending	Drake Beam Morin, Inc.	Lee Hecht Harrison	\$216	1.8x	NA
Pending	Sistema Educacional Brasileiro SA	Pearson plc	\$1,059	NM	NM
Pending	SEB Sistema Educacional Brasileiro SA	Pearson plc	\$457	1.8x	14.3x
Aug-11	Nobel Learning Communities, Inc.	Leeds Equity Partners	\$145	0.6x	8.4x
Aug-11	American University of the Caribbean and Medical Education Services, Inc.	DeVry, Inc. (NYSE:DV)	\$235	NA	NA
May-11	Education Development International plc	Pearson plc	\$166	3.5x	10.2x
Apr-11	YPCS, Inc.	Acadia Healthcare Company, LLC	\$178	1.0x	NA
Mar-11	Euro Forma-Dis	21 Centrale Partners	\$104	1.5x	7.5x
Feb-11	James Bowers Education, Ltd.	ISIS Equity Partners	\$32	NA	NA



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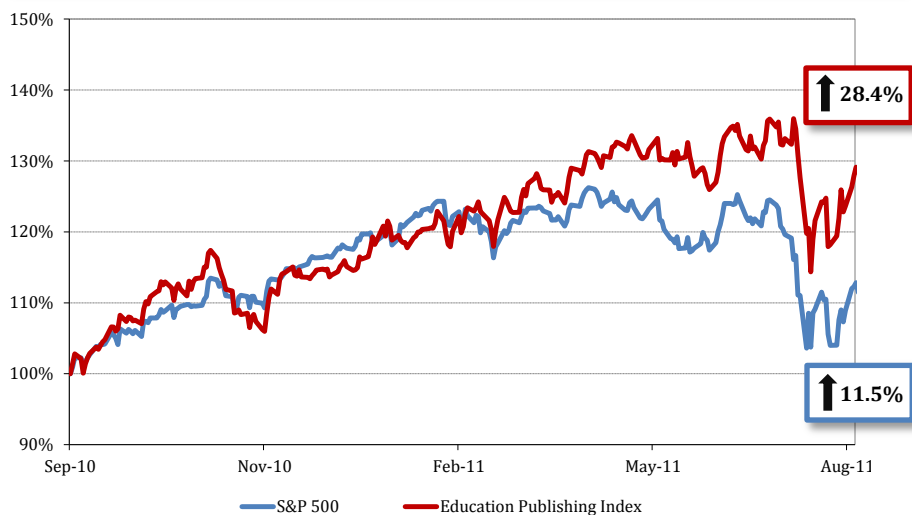
Education Publishing

Public Company Analysis

(\$ in millions, except per share)

Company	Ticker	Closing Price 9/1/11	% of 52 Week High	Equity Value	Enterprise Value	LTM			LTM Margins		Enterprise Value / LTM	
						Revenue	Gross Profit	EBITDA	Gross Profit	EBITDA	Revenue	EBITDA
Pearson plc	PSON	\$18.15	92%	\$14,516	\$16,797	\$9,214	\$5,062	\$1,488	54.9%	16.1%	1.8x	11.3x
The McGraw-Hill Companies, Inc.	MHP	\$41.55	91%	\$12,847	\$12,720	\$6,367	\$3,934	\$1,634	61.8%	25.7%	2.0x	7.8x
John Wiley & Sons Inc.	JW.A	\$48.88	92%	\$3,023	\$3,316	\$1,743	\$1,204	\$307	69.1%	17.6%	1.9x	10.8x
Scholastic Corporation	SCHL	\$26.85	84%	\$846	\$999	\$1,906	\$1,023	\$152	53.7%	8.0%	0.5x	6.6x
School Specialty Inc.	SCHS	\$9.16	55%	\$173	\$519	\$785	\$311	\$52	39.6%	6.6%	0.7x	10.0x
Average			83%	\$6,281	\$6,870	\$4,003	\$2,307	\$727	55.8%	14.8%	1.4x	9.3x
Median			91%	\$3,023	\$3,316	\$1,906	\$1,204	\$307	54.9%	16.1%	1.8x	10.0x

Stock Price Performance (LTM)



Source: Capital IQ

Select Transactions - Education Publishing

(\$ in millions)

Closed Date	Target	Buyer / Investor	Transaction Value	Transaction Type
Aug-11	National Geographic School Publishing, Inc.	Cengage Learning, Inc.	NA	M&A
Jun-11	The HW Wilson Company, Inc.	EBSCO Publishing, Inc.	NA	M&A
May-11	Nolo	Internet Brands, Inc.	NA	M&A
May-11	Physicians' Education Resource, LP	ArcMesa Educators, LLC	NA	M&A
Apr-11	Key Education Publishing Company, LLC	Carson-Dellosa Publishing, LLC	NA	M&A
May-11	Houghton Mifflin Harcourt Publishing Co.	NA	\$300	Public Offering
Mar-11	FrogDogMedia, LLC	Zuuka! GmbH	NA	M&A
Mar-11	Second Language Testing, Inc.	Berlitz Corp.	NA	M&A
Sep-10	Nationwide Learning, LLC	C3 Capital, LLC; Brass Ring Capital, Inc	NA	Private Placement
Mar-10	Houghton Mifflin Harcourt Publishing Co.	NA	\$650	Private Placement



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Hyde Park Capital advises Real Estate School Online on its sale to Kaplan



Overview of Transaction

- Effective December 10, 2010, Real Estate School Online, Inc. became a wholly-owned subsidiary of DF Institute, Inc. doing business as Kaplan Schweser.
- Real Estate School Online is a provider of real estate licensing, continuing education, and exam preparation courses and classes. The Company offers its real estate education services online, on CD-ROM, and by correspondence to obtain real estate licenses, continuing education credit, exam preparation materials, and professional development across the U.S.

Hyde Park Capital's Role

- A subsidiary of Inuvo, Inc. (AMEX:INUV), Hyde Park Capital was engaged as the exclusive investment banker and financial advisor to Inuvo, Inc. in connection with the sale of Real Estate Online School, Inc.
- The transaction highlights Hyde Park Capital's extensive network of relationships in the Education industry with strategic buyers and financial sponsors, providing our clients with the ability to quickly and comprehensively access the market interest and value for their business in order to execute upon an exit and/or liquidity strategy.





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Recent Transactions

 <p>has been acquired by</p> 	 <p>has been recapitalized by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has acquired</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been recapitalized by</p> 	 <p>has merged with</p> 
 <p>has been recapitalized by</p> 	 <p>has acquired</p> 	 <p>has been recapitalized by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 