

Q2 2015 EDUCATION SECTOR OVERVIEW

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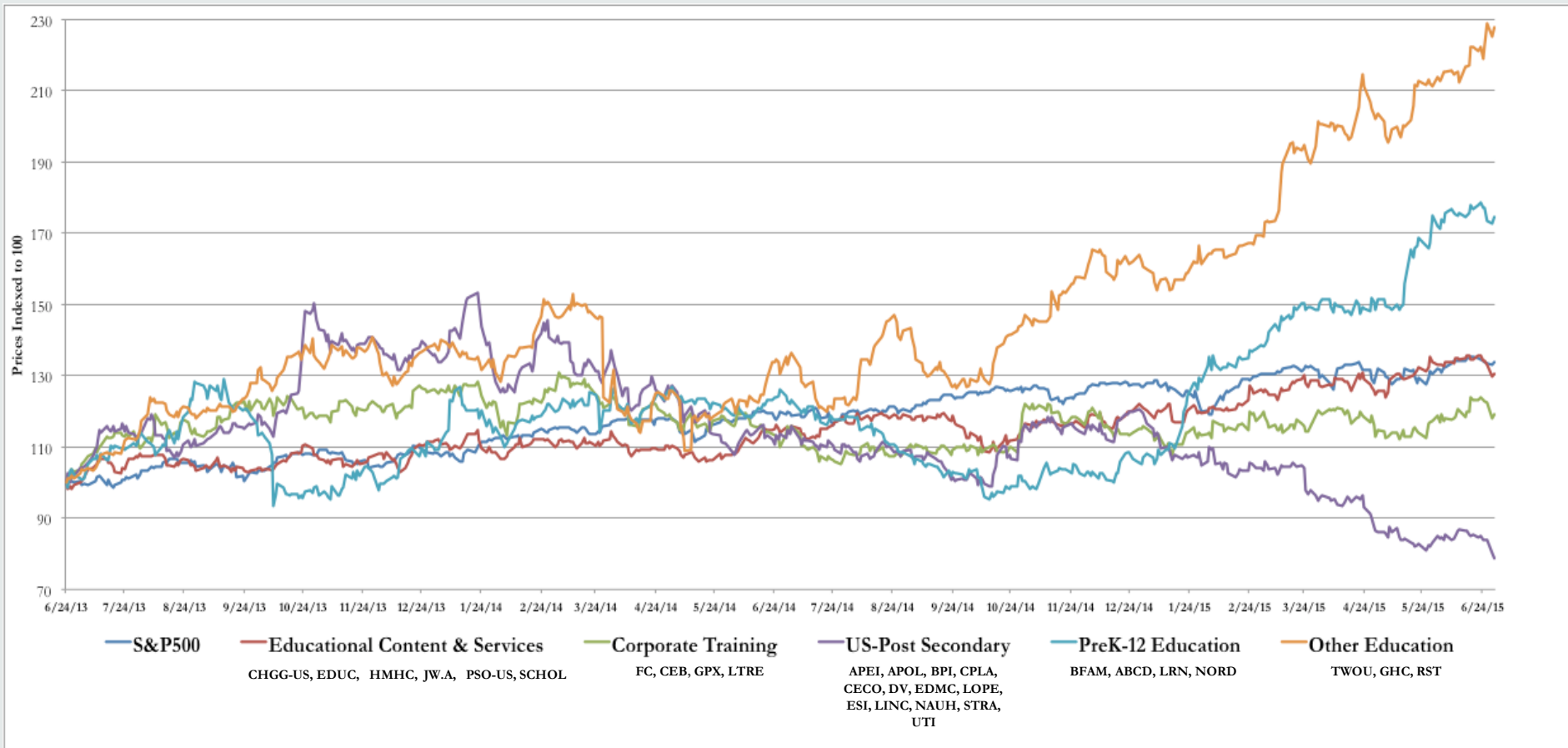
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Overview

Parchman, Vaughan & Company, LLC (“PVC”) is pleased to share with you our quarterly summary of the earnings and other multiples of publicly traded education firms, as well as select merger, acquisition, and divestiture announcements.

We caution that many factors affect the valuation of firms and these multiples are, at best, a guidepost for how the equity market views the industry, specifically only its publicly traded participants. Growth rates, return on capital invested, visibility of earnings, and a host of other elements influence valuation.

Two-Year Education Stock Price Performance by Sector



Sources: CapTarget; PVC

Q2 2015 Education Public Company Valuation Data

U.S. Post-Secondary													
Company Name	Ticker	Latest Reporting Date	Price (As of 6/30/15)	Enterprise Value (\$MM)	Market Cap (\$MM)	3-Year Revenue Growth	EBITDA Margin	LTM TEV/Revenue	NTM TEV/Revenue	LTM TEV/EBITDA	NTM TEV/EBITDA	LTM Price/Earnings	NTM Price/Earnings
American Public Education	APEI	03/31/2015	\$25.72	\$329	\$441	25.0%	23.2%	0.9x	0.9x	4.1x	3.8x	11.4x	12.7x
Apollo Group	APOL	02/28/2015	\$12.88	\$519	\$1,387	(38.2%)	15.3%	0.2x	0.2x	1.2x	1.9x	14.9x	14.2x
Bridgepoint Education	BPI	03/31/2015	\$9.56	\$163	\$437	(34.6%)	9.7%	0.3x	0.2x	2.7x	2.7x	31.9x	37.1x
Capella Education	CPLA	03/31/2015	\$53.67	\$523	\$655	(0.6%)	21.5%	1.2x	1.1x	5.7x	5.1x	17.1x	15.3x
Career Education Corp.	CECO	03/31/2015	\$3.30	\$18	\$224	(61.7%)	NA	0.0x	0.1x	NA	NA	NA	NA
DeVry	DV	03/31/2015	\$29.98	\$1,504	\$1,910	(9.8%)	15.7%	0.8x	0.8x	5.0x	4.8x	13.3x	11.7x
Education Management Corp.	EDMC	06/30/2014	\$0.06	\$969	\$8	(21.3%)	11.4%	0.4x	NA	3.7x	NA	NA	NA
Grand Canyon University	LOPE	03/31/2015	\$42.40	\$1,836	\$1,995	62.3%	31.2%	2.6x	2.4x	8.2x	7.4x	16.8x	15.0x
ITT Educational Services	ESI	03/31/2015	\$3.97	\$215	\$94	(34.6%)	14.5%	0.2x	0.2x	1.6x	1.9x	2.6x	7.9x
Lincoln Educational	LINC	03/31/2015	\$2.02	\$79	\$49	(31.8%)	5.2%	0.2x	0.2x	4.7x	5.3x	NA	NA
National American University	NAUH	02/28/2015	\$2.91	\$47	\$73	6.3%	14.9%	0.4x	NA	2.6x	NA	9.4x	NA
Strayer Education	STRA	03/31/2015	\$43.10	\$402	\$473	(27.0%)	22.2%	0.9x	0.9x	4.1x	4.6x	10.7x	12.7x
Universal Technical Inst.	UTI	03/31/2015	\$8.60	\$168	\$208	(13.7%)	9.3%	0.4x	0.4x	4.8x	4.3x	39.1x	49.0x
			Min	\$18	\$8	(61.7%)	5.2%	0.0x	0.1x	1.2x	1.9x	2.6x	7.9x
			Mean	\$521	\$612	(13.8%)	16.2%	0.7x	0.7x	4.0x	4.2x	16.7x	19.5x
			Median	\$329	\$437	(21.3%)	15.1%	0.4x	0.4x	4.1x	4.4x	14.1x	14.2x
			Max	\$1,836	\$1,995	62.3%	31.2%	2.6x	2.4x	8.2x	7.4x	39.1x	49.0x

Sources: CapTarget; PVC

Q2 2015 Education Public Company Valuation Data

PreK-12 Education														
Company Name	Ticker	Latest Reporting Date	Price (As of 6/30/15)	Enterprise Value (\$MM)	Market Cap (\$MM)	3-Year Revenue Growth	EBITDA Margin	LTM TEV/Revenue	NTM TEV/Revenue	LTM TEV/EBITDA	NTM TEV/EBITDA	LTM Price/Earnings	NTM Price/Earnings	
Bright Horizons Family	BFAM	03/31/2015	\$57.80	\$4,370	\$3,574	NA	17.0%	3.2x	2.8x	18.8x	14.8x	49.0x	30.4x	
Cambium Learning Group	ABCD	03/31/2015	\$4.27	\$315	\$194	(16.6%)	23.4%	2.2x	NA	9.5x	NA	NA	NA	
K12 Inc.	LRN	03/31/2015	\$12.65	\$395	\$485	41.8%	13.0%	0.4x	0.3x	3.2x	3.0x	13.9x	31.4x	
Nord Anglia Education	NORD	02/28/2015	\$24.52	\$3,004	\$2,551	NA	21.4%	5.8x	4.9x	26.9x	15.0x	NA	28.2x	
				Min	\$315	\$194	(16.6%)	13.0%	0.4x	0.3x	3.2x	3.0x	13.9x	28.2x
				Mean	\$2,021	\$1,701	12.6%	18.7%	2.9x	2.7x	14.6x	10.9x	31.4x	30.0x
				Median	\$1,699	\$1,518	12.6%	19.2%	2.7x	2.8x	14.1x	14.8x	31.4x	30.4x
				Max	\$4,370	\$3,574	41.8%	23.4%	5.8x	4.9x	26.9x	15.0x	49.0x	31.4x

Educational Content and Services														
Company Name	Ticker	Latest Reporting Date	Price (As of 6/30/15)	Enterprise Value (\$MM)	Market Cap (\$MM)	3-Year Revenue Growth	EBITDA Margin	LTM TEV/Revenue	NTM TEV/Revenue	LTM TEV/EBITDA	NTM TEV/EBITDA	LTM Price/Earnings	NTM Price/Earnings	
Chegg	CHGG-US	03/31/2015	\$7.84	\$595	\$675	NA	4.7%	1.9x	1.9x	39.8x	56.3x	NA	85.3x	
Houghton Mifflin Harcourt	HMHC	03/31/2015	\$25.20	\$3,498	\$3,881	NA	17.8%	2.5x	2.6x	14.3x	12.1x	NA	NA	
John Wiley & Sons Inc.	JW.A	04/30/2015	\$54.37	\$3,627	\$3,199	2.2%	NA	2.0x	NA	NA	NA	18.3x	17.1x	
Pearson	PSO-US	12/31/2014	\$18.95	\$18,134	\$15,545	(14.6%)	20.6%	2.3x	2.1x	10.9x	11.1x	38.2x	15.0x	
Scholastic	SCHL	02/28/2015	\$44.13	\$1,517	\$1,446	(6.7%)	11.2%	0.8x	0.9x	7.2x	12.8x	35.9x	29.8x	
Educational Development	EDUC	02/28/2015	EDUC-US	\$5	\$21	19.8%	23.9%	4.7x	0.6x	NA	13.7x	NA	23.3x	
				Min	\$5	\$21	(14.6%)	4.7%	0.8x	0.6x	7.2x	11.1x	18.3x	15.0x
				Mean	\$4,563	\$4,128	0.2%	15.7%	2.4x	1.6x	18.0x	21.2x	30.8x	34.1x
				Median	\$2,507	\$2,323	(2.2%)	17.8%	2.1x	1.9x	12.6x	12.8x	35.9x	23.3x
				Max	\$18,134	\$15,545	19.8%	23.9%	4.7x	2.6x	39.8x	56.3x	38.2x	85.3x

Sources: CapTarget; PVC

Q2 2015 Education Public Company Valuation Data

Corporate Training														
Company Name	Ticker	Latest Reporting Date	Price (As of 6/30/15)	Enterprise Value (\$MM)	Market Cap (\$MM)	3-Year Revenue Growth	EBITDA Margin	LTM TEV/Revenue	NTM TEV/Revenue	LTM TEV/EBITDA	NTM TEV/EBITDA	LTM Price/Earnings	NTM Price/Earnings	
Franklin Covey	FC	02/28/2015	\$20.29	\$350	\$342	27.6%	18.3%	1.7x	1.3x	9.1x	7.6x	20.7x	20.7x	
Corporate Executive Board	CEB	03/31/2015	\$87.06	\$3,212	\$2,913	84.8%	23.6%	3.5x	3.2x	14.8x	12.5x	47.3x	22.2x	
GP Strategies	GPX	03/31/2015	\$33.24	\$615	\$571	37.7%	10.5%	1.2x	1.1x	11.7x	10.2x	22.9x	20.3x	
Learning Tree Intl	LTRE	04/03/2015	\$1.29	(\$5)	\$17	(18.1%)	NA	(0.0x)	NA	NA	NA	NA	NA	
				Min	(\$5)	\$17	(18.1%)	10.5%	(0.0x)	1.1x	9.1x	7.6x	20.7x	20.3x
				Mean	\$1,043	\$961	33.0%	17.5%	1.6x	1.9x	11.9x	10.1x	30.3x	21.0x
				Median	\$483	\$457	32.7%	18.3%	1.5x	1.3x	11.7x	10.2x	22.9x	20.7x
				Max	\$3,212	\$2,913	84.8%	23.6%	3.5x	3.2x	14.8x	12.5x	47.3x	22.2x

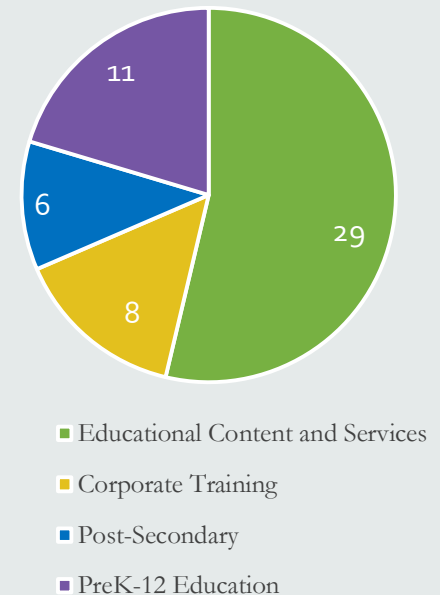
Other Education														
Company Name	Ticker	Latest Reporting Date	Price (As of 6/30/15)	Enterprise Value (\$MM)	Market Cap (\$MM)	3-Year Revenue Growth	EBITDA Margin	LTM TEV/Revenue	NTM TEV/Revenue	LTM TEV/EBITDA	NTM TEV/EBITDA	LTM Price/Earnings	NTM Price/Earnings	
2U	TWOU	03/31/2015	\$32.19	\$1,248	\$1,331	NA	NA	10.5x	7.6x	NA	NA	NA	NA	
Graham Holdings Company	GHC	03/31/2015	\$1,075.05	\$5,843	\$6,271	(14.1%)	18.7%	1.7x	NA	8.8x	NA	8.7x	NA	
Rosetta Stone Inc	RST	03/31/2015	\$7.98	\$130	\$172	(7.6%)	NA	0.5x	NA	NA	NA	NA	NA	
				Min	\$130	\$172	(14.1%)	18.7%	0.5x	7.6x	8.8x	NA	8.7x	NA
				Mean	\$2,407	\$2,591	(10.9%)	18.7%	4.2x	7.6x	8.8x	NA	8.7x	NA
				Median	\$1,248	\$1,331	(10.9%)	18.7%	1.7x	7.6x	8.8x	NA	8.7x	NA
				Max	\$5,843	\$6,271	(7.6%)	18.7%	10.5x	7.6x	8.8x	NA	8.7x	NA

Sources: CapTarget; PVC

Select Q2 2015 Education Merger, Acquisition, and Divestiture Transactions

While some sectors of the education space, including EdTech, PreK-12 and service firms continue to experience a healthy level of M&A activity, the U.S. Post-secondary market has been less active due in part to the likely implementation of the new Gainful Employment rules as well as enrollment pressures. At PVC, we continue to execute transactions in this challenging sector, as evidenced by our recent advisory roles for Brooks Institute and Harrington College.

Select Q2 2015 Education Transactions by Sector



Select Q2 2015 Education Merger, Acquisition, and Divestiture Transactions

Announcement Date	Acquirer Company	Target Company	Target Business Type	Acquisition Price (\$MM)
6/30/2015	Data Recognition Corporation	CTB Assessment Business of McGraw-Hill Education	Educational Content and Services	NA - Pending
6/29/2015	American Achievement Corporation	Gaspard	Educational Content and Services	NA - Pending
6/25/2015	Apollo Education Group	The Iron Yard	Corporate Training	NA
6/24/2015	Safari	Popforms	Corporate Training	NA
6/22/2015	New Harbor Capital	New York Kids Club	PreK-12	NA
6/19/2015	The Kingfisher Day Nursery	The Play-Station Day Nursery	PreK-12 (Int'l)	NA
6/18/2015	Gphomestay	Brooks Institute	Post-Secondary	NA
6/17/2015	Vista Equity Partners	PowerSchool	Educational Content and Services	\$350.0 - Pending
6/15/2015	Kuepa.com	First Class English	Corporate Training (Int'l)	NA
6/15/2015	Emerald Global Publishing Group	Good Practice	Educational Content and Services (Int'l)	\$1.6
6/11/2015	GovLoop/Actua Corp.	Talent Management in Government	Corporate Training	NA
6/9/2015	Willbes & Co.	Namu Business Academy	Corporate Training (Int'l)	\$13.4 - Pending
6/9/2015	Bertram Nursery Group	Corner House Nursery Group	PreK-12 (Int'l)	NA
6/8/2015	Dean Close School	St. John's-on-the-Hill School	PreK-12 (Int'l)	NA
6/3/2015	TES Global/TPG Capital Management	Hibernia College	Post-Secondary (Int'l)	NA
6/3/2015	Bertelsmann	Affero Participações	Educational Content and Services (Int'l)	NA
6/2/2015	West Corp.	Extrafinity (dba SharpSchool)	Educational Content and Services	\$19.0
6/2/2015	Global University Systems	The University of Law	Post-Secondary (Int'l)	NA
6/1/2015	Sato Sogo Kikaku YK	Gakidaisho Co.	PreK-12 (Int'l)	\$12.1 - Pending
5/29/2015	J-COM Holdings Co.	Success Holdings Co.	PreK-12 (Int'l)	\$17.2 - Pending
5/27/2015	Solutio ApS	Datagiraffen	Educational Content and Services (Int'l)	NA
5/22/2015	GAlA System Solutions	Sension	Educational Content and Services	NA
5/21/2015	Sandbox Partners	Family Education Network	Educational Content and Services	NA
5/20/2015	TA Associates Management	Procure Software	Educational Content and Services	NA
5/19/2015	ZE Holdings/Zoshinkai Publishers	Eikoh Holdings	PreK-12 (Int'l)	\$89.0 - Pending
5/18/2015	The Learning House/Weld North	Acatar	Educational Content and Services (Int'l)	NA
5/18/2015	Aire View Infant School	Hothfield Junior School	PreK-12 (Int'l)	NA - Pending
5/15/2015	Navitas	University of Canberra	Post-Secondary (Int'l)	\$3.9

Sources: CapTarget; PVC

Select Q2 2015 Education Merger, Acquisition, and Divestiture Transactions

Announcement Date	Acquirer Company	Target Company	Target Business Type	Acquisition Price (\$MM)
5/14/2015	AdvancePath Academics	ScholarCentric	Educational Content and Services	NA
5/13/2015	ThorenGruppen	Karl-Oskar Utbildning	PreK-12 (Int'l)	NA
5/12/2015	TAL Education Group	Gaokaopai.com	Educational Content and Services (Int'l)	NA
5/7/2015	SkillSoft	Vodeclic SAS	Educational Content and Services (Int'l)	NA
5/4/2015	Sheltering Arms Children & Family Services	Mother Hale Learning Center	PreK-12	NA
5/1/2015	Frontline Technologies Group/Insight Venture Management	My Learning Plan	Educational Content and Services	NA
4/27/2015	Nord Anglia Education/Baring Private Equity	Meritas (6 Schools)	PreK-12	\$559.0
4/24/2015	Houghton Mifflin Harcourt Co.	Scholastic Corp.'s EdTech Business	Educational Content and Services	\$575.0
4/23/2015	Learning Seat/Riverside Partners	C-Learning	Educational Content and Services (Int'l)	NA
4/22/2015	PHINMA Corp.	Southwestern University	Post-Secondary (Int'l)	\$42.9 - Pending
4/20/2015	Xiamen Insight Investment Co.	Xueda Education Group	Educational Content and Services (Int'l)	\$148.3 - Pending
4/20/2015	Nautic Partners	Source4Teachers	Educational Content and Services	NA
4/14/2015	Ashley Services Group	Global Education & Training Group (dba Silk Education & Training)	Corporate Training (Int'l)	\$3.4
4/14/2015	ALPHA Camp	The Pragmatic Lab	Corporate Training (Int'l)	NA
4/12/2015	La Universidad ICEL	Universidad Guadalajara Lamar	Post-Secondary (Int'l)	\$65.0
4/10/2015	Blackboard	Remote-Learner UK	Educational Content and Services (Int'l)	NA
4/10/2015	Quadrant4 Systems Corp.	Brainchild Corp.	Educational Content and Services	\$1.6
4/9/2015	LinkedIn Corp.	lynda.com	Educational Content and Services	\$1,500.0
4/8/2015	Proquest	SIPX	Educational Content and Services	NA
4/8/2015	Unigo Group/Aequitas Capital	PrepTalk	Educational Content and Services	NA
4/6/2015	Valore/North Hill Ventures/Flybridge Capital/Atlas Venture	Boundless Learning	Educational Content and Services	NA
4/6/2015	Campus Management Corp./Leeds Equity Partners/Ares Capital	IDenizen Smartware	Educational Content and Services (Int'l)	NA
4/6/2015	Classroom24-7 Management/Rizk Ventures	Classroom24-7	Educational Content and Services	NA
4/6/2015	Xseed Education	Pleolabs Technology	Educational Content and Services (Int'l)	NA - Pending
4/6/2015	The Learning House/Weld North	Software Craftsmanship Guild	Educational Content and Services	NA - Pending
4/1/2015	Skillpath Seminars	National Seminars	Corporate Training	NA

Sources: CapTarget; PVC

For more information, please visit www.parchmanvaughan.com