

Q3 2015 EDUCATION SECTOR OVERVIEW

November 19, 2015

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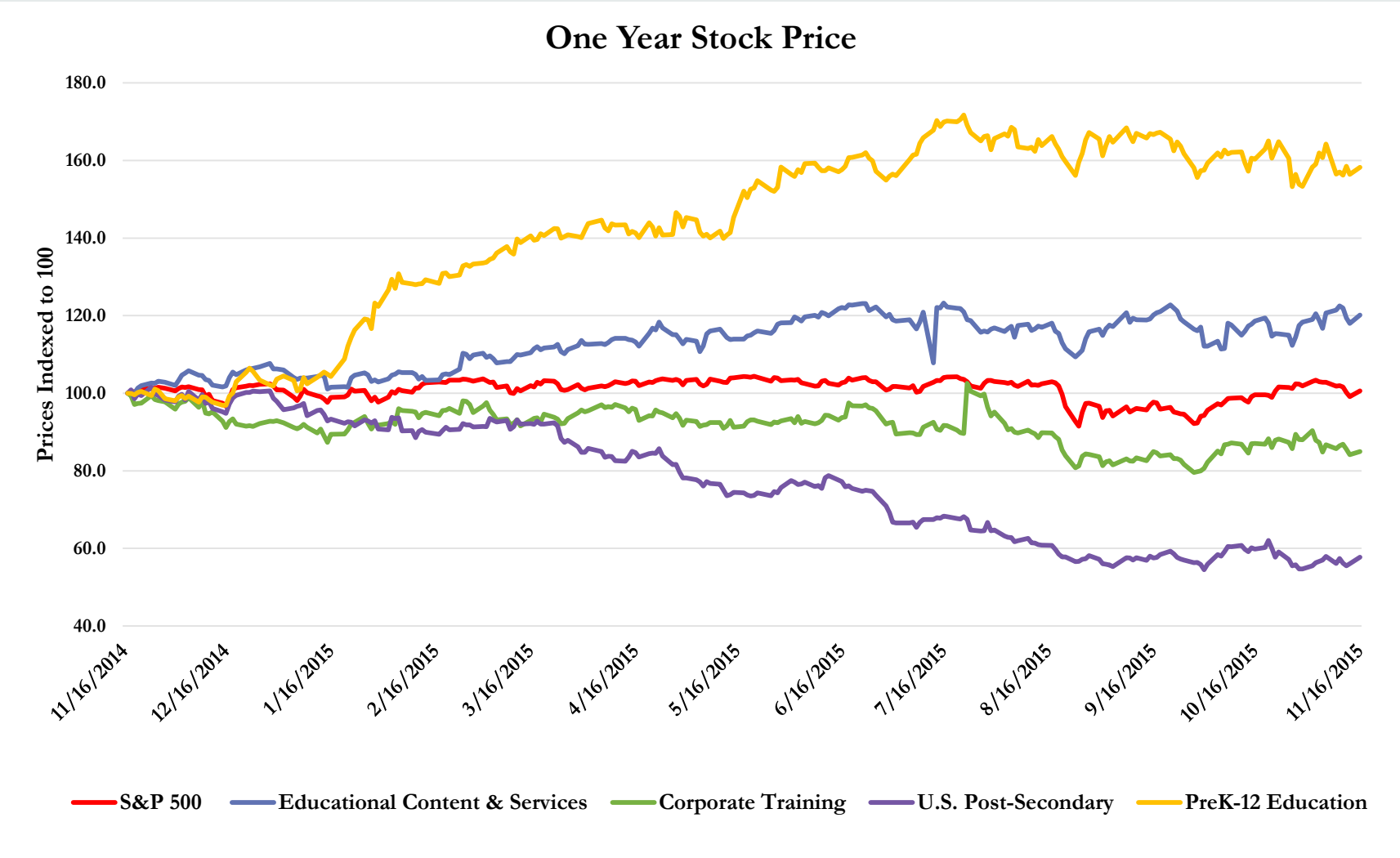
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Overview

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.

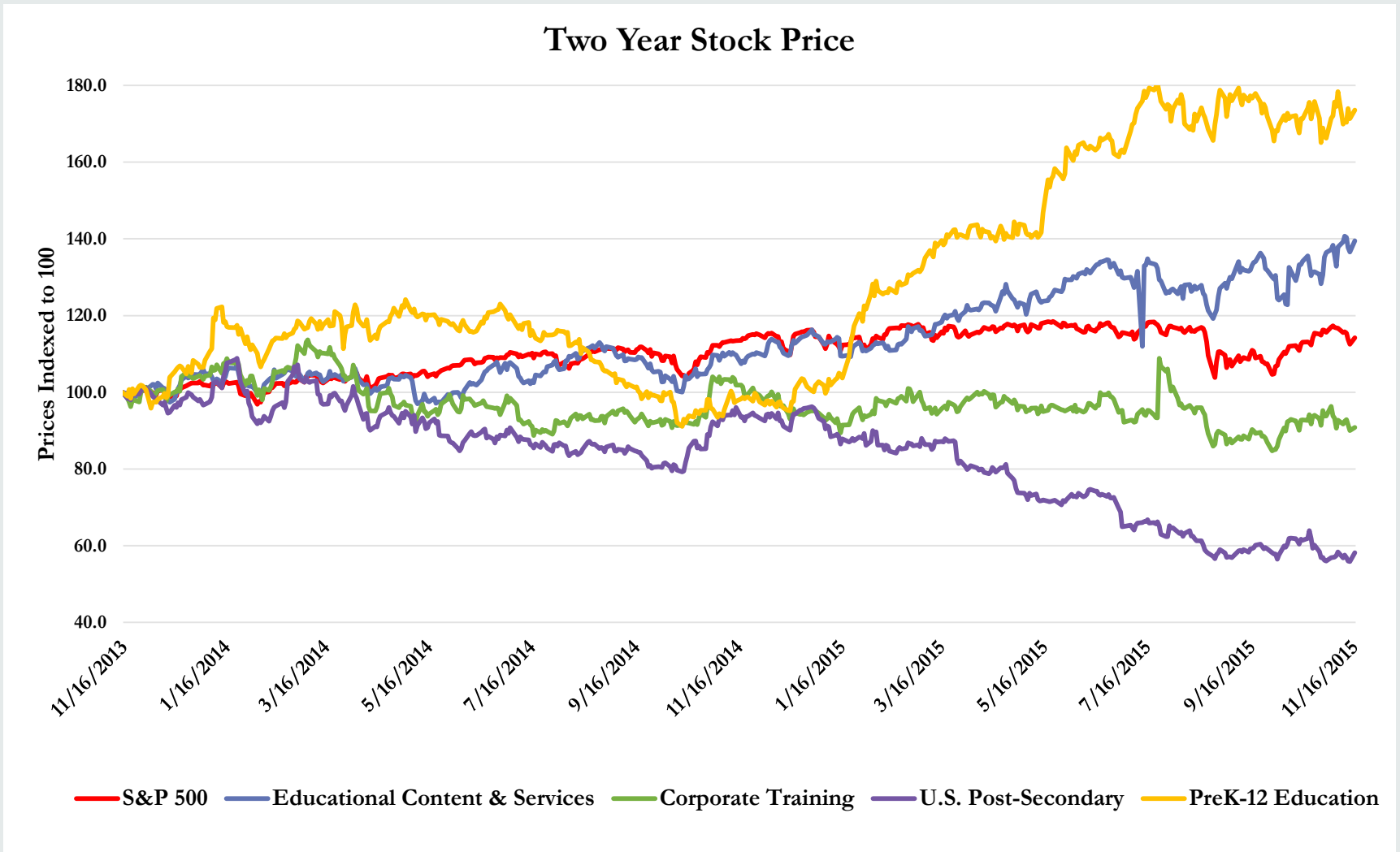
We caution that many factors affect the valuation of firms and these multiples are, at best, a guidepost for how the equity markets view the industry, specifically publicly traded participants. Growth rates, return on capital invested, visibility of earnings, and a host of other elements influence valuation.

One Year Education Stock Price Performance by Sector



Sources: CapTarget and PVC

Two Year Education Stock Price Performance by Sector



Sources: CapTarget and PVC

Q3 2015 Education Public Company Valuation Data

U.S. Post-Secondary

Company Name	Price (As of 11/16/15)	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, Inc.	\$21.78	\$240.4	\$354.3	9.9%	22.1%	0.7x	0.7x	3.3x	3.2x	10.8x	12.9x
Apollo Education Group, Inc.	\$7.27	\$135.9	\$788.1	(39.7%)	12.6%	0.1x	0.1x	0.4x	0.5x	26.9x	12.4x
Bridgepoint Education, Inc.	\$7.69	\$62.9	\$352.1	(41.1%)	5.7%	0.1x	NM	1.9x	0.4x	NM	30.1x
Capella Education Company	\$45.22	\$412.5	\$539.3	1.0%	21.1%	1.0x	0.8x	4.6x	3.6x	13.7x	13.4x
Career Education Corporation	\$4.00	\$72.6	\$272.0	(56.0%)	NM	0.1x	0.1x	NM	NM	NM	NM
DeVry Education Group Inc.	\$22.86	\$1,006.9	\$1,451.1	(8.0%)	15.2%	0.5x	0.5x	3.5x	3.4x	12.0x	9.2x
Education Management Corporation	\$0.07	\$969.9	\$8.8	(21.3%)	12.2%	0.4x	NM	3.5x	NM	NM	NM
Graham Holdings Company	\$548.65	\$2,295.0	\$3,204.7	(18.8%)	18.2%	0.7x	NM	3.8x	NM	18.4x	NM
Grand Canyon Education, Inc.	\$38.65	\$1,678.1	\$1,821.9	55.8%	31.1%	2.2x	2.1x	7.2x	6.5x	14.5x	13.2x
ITT Educational Services, Inc.	\$3.03	\$197.5	\$71.7	(33.6%)	15.1%	0.2x	NM	1.4x	NM	2.0x	7.8x
Lincoln Educational Services Corporation	\$1.81	\$79.3	\$43.2	(26.2%)	6.1%	0.3x	0.2x	4.1x	3.8x	NM	NM
National American University Holdings, Inc.	\$2.67	\$44.9	\$67.2	(7.7%)	10.8%	0.4x	NM	3.7x	NM	20.5x	NM
Strayer Education, Inc.	\$51.20	\$477.0	\$564.6	(24.1%)	20.4%	1.1x	0.9x	5.4x	4.4x	13.7x	13.0x
Universal Technical Institute, Inc.	\$4.93	\$91.7	\$119.0	(13.3%)	8.5%	0.2x	0.1x	2.9x	1.7x	61.6x	36.3x
Min		\$44.9	\$8.8	(56.0%)	5.7%	0.1x	0.1x	0.4x	0.4x	2.0x	7.8x
Mean		\$554.6	\$689.9	(15.9%)	15.3%	0.6x	0.6x	3.5x	3.1x	19.4x	16.5x
Median		\$218.9	\$353.2	(20.0%)	15.1%	0.4x	0.5x	3.5x	3.4x	14.1x	13.0x
Max		\$2,295.0	\$3,204.7	55.8%	31.1%	2.2x	2.1x	7.2x	6.5x	61.6x	36.3x

Corporate Training

Company Name	Price (As of 11/16/15)	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
CEB Inc.	\$73.22	\$2,838.9	\$2,423.0	65.9%	24.5%	3.1x	2.7x	12.5x	10.5x	24.1x	18.0x
Franklin Covey Co.	\$14.28	\$241.4	\$231.6	22.0%	15.5%	1.2x	0.9x	7.5x	6.0x	21.6x	18.7x
GP Strategies Corporation	\$25.79	\$486.2	\$439.2	25.6%	8.9%	1.0x	0.9x	11.1x	9.0x	22.2x	17.8x
Learning Tree International, Inc.	\$1.14	(\$3.7)	\$15.0	(20.3%)	NM	NM	NM	NM	NM	NM	NM
Workday, Inc.	\$80.59	\$13,827.4	\$15,231.5	389.6%	NM	14.2x	9.4x	NM	116.9x	NM	NM
Min		(\$3.7)	\$15.0	(20.3%)	8.9%	1.0x	0.9x	7.5x	6.0x	21.6x	17.8x
Mean		\$3,478.0	\$3,668.0	96.6%	16.3%	4.9x	3.5x	10.4x	35.6x	22.7x	18.1x
Median		\$486.2	\$439.2	25.6%	15.5%	2.1x	1.8x	11.1x	9.7x	22.2x	18.0x
Max		\$13,827.4	\$15,231.5	389.6%	24.5%	14.2x	9.4x	12.5x	116.9x	24.1x	18.7x

Sources: CapTarget and PVC

Q3 2015 Education Public Company Valuation Data

Educational Content & Services

Company Name	Price (As of 11/16/15)	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, Inc.	\$21.56	\$807.3	\$982.6	NM	NM	5.9x	4.2x	NM	NM	NM	NM
Barnes & Noble Education, Inc.	\$14.20	\$637.0	\$686.0	NM	4.8%	0.4x	NM	7.5x	NM	45.4x	NM
Chegg, Inc.	\$6.78	\$493.2	\$595.9	NM	2.6%	1.6x	1.6x	60.0x	22.0x	NM	48.2x
Educational Development Corporation	\$13.21	\$54.6	\$53.6	53.2%	NM	1.3x	NM	NM	NM	33.9x	NM
Houghton Mifflin Harcourt Company	\$19.12	\$2,838.5	\$2,567.8	11.3%	13.8%	2.1x	1.9x	14.8x	9.8x	NM	NM
Instructure, Inc.	\$17.70	\$434.0	\$467.1	NM	NM	6.7x	NM	neg.	NM	NM	NM
John Wiley & Sons, Inc. A	\$50.59	\$3,441.2	\$2,960.1	2.5%	23.2%	1.9x	NM	8.2x	NM	17.1x	16.4x
Pearson PLC	\$11.63	\$13,043.1	\$9,547.0	NM	NM	NM	1.4x	NM	7.9x	NM	11.5x
Rosetta Stone, Inc	\$7.38	\$134.0	\$160.9	(7.8%)	neg.	0.5x	NM	NM	NM	NM	NM
Scholastic Corporation	\$39.90	\$1,083.5	\$1,360.1	(27.4%)	9.7%	0.7x	0.6x	7.2x	8.0x	4.9x	24.2x
	Min	\$54.6	\$53.6	(27.4%)	2.6%	0.4x	0.6x	7.2x	7.9x	4.9x	11.5x
	Mean	\$2,296.6	\$1,938.1	6.4%	10.8%	2.3x	2.0x	19.5x	11.9x	25.3x	25.1x
	Median	\$722.1	\$834.3	2.5%	9.7%	1.6x	1.6x	8.2x	8.9x	25.5x	20.3x
	Max	\$13,043.1	\$9,547.0	53.2%	23.2%	6.7x	4.2x	60.0x	22.0x	45.4x	48.2x

PreK-12 Education

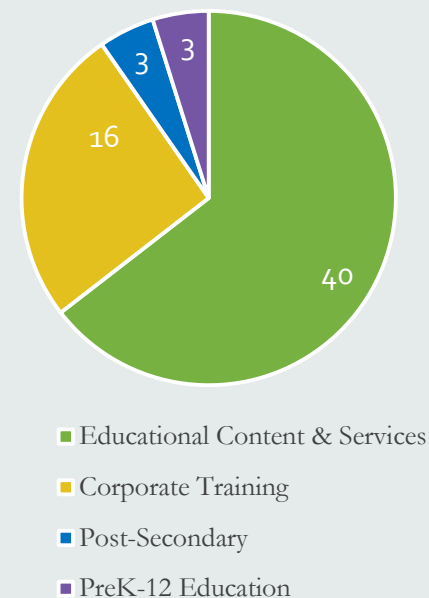
Company Name	Price (As of 11/16/15)	Enterprise Value (\$MM)	Market Cap (\$MM)	3-Year Revenue Growth	EBITDA Margin	LTM TEV/Revenue	NTM TEV/Revenue	LTM TEV/EBITDA	NTM TEV/EBITDA	LTM Price/Earnings	NTM Price/Earnings
Bright Horizons Family Solutions, Inc.	\$62.58	\$4,679.2	\$3,757.4	NM	17.7%	3.3x	2.9x	18.5x	15.0x	45.0x	29.3x
Cambium Learning Group, Inc.	\$5.38	\$351.6	\$245.4	(2.2%)	25.0%	2.5x	NM	9.9x	NM	NM	NM
K12, Inc.	\$9.44	\$243.6	\$367.6	26.7%	10.5%	0.3x	0.2x	2.5x	1.8x	72.6x	25.5x
Nord Anglia Education, Inc.	\$18.67	\$2,470.0	\$1,942.3	NM	21.1%	4.5x	3.2x	21.2x	12.5x	66.7x	24.4x
	Min	\$243.6	\$245.4	(2.2%)	10.5%	0.3x	0.2x	2.5x	1.8x	45.0x	24.4x
	Mean	\$1,936.1	\$1,578.2	12.2%	18.6%	2.6x	2.1x	13.0x	9.7x	61.4x	26.4x
	Median	\$1,410.8	\$1,154.9	12.2%	19.4%	2.9x	2.9x	14.2x	12.5x	66.7x	25.5x
	Max	\$4,679.2	\$3,757.4	26.7%	25.0%	4.5x	3.2x	21.2x	15.0x	72.6x	29.3x

Sources: CapTarget and PVC

Select U.S. Q3 2015 Education Merger, Acquisition, and Divestiture Transactions

The economic recovery and regulatory environment in the United States have resulted in a decline in enrollments at for-profit post-secondary institutions. This has led to a decrease in M&A activity in that sector. EdTech, Corporate Training, and service companies continue to experience a healthy level of M&A and investment activity. On November 13, 2015, Instructure, Inc.'s IPO debuted at \$16.00 per share and closed on the following Monday at \$17.70. This appears to support the strong interest by investors in the EdTech sector. We await the outcomes of the IPOs for McGraw-Hill Education and Laureate Education, Inc. in the coming months.

Select Q3 2015 Education Transactions by Sector



Select U.S. Q3 2015 Education Merger, Acquisition, and Divestiture Transactions

Announcement Date	Acquirer Company	Target Company	Target Business Type	Acquisition Price (\$MM)
11/5/2015	PowerSchool Group LLC	InfoSnap, Inc.	Educational Content & Services	NA
10/29/2015	Tempus Applied Solutions LLC	Proflight Aviation Services LLC	Post-Secondary	NA
10/27/2015	Relias Learning LLC	RediLearning Corporation	Corporate Training	NA
10/27/2015	Greenwood Hall, Inc.	Uvize, Inc.	Educational Content & Services	NA (Pending)
10/27/2015	Cengage Learning, Inc.	Pathbrite, Inc.'s ePortfolio Solution	Educational Content & Services	NA
10/23/2015	The Gordian Group	Sightlines, LLC.	Educational Content & Services	NA
10/22/2015	Kaplan, Inc.	SmartPros, Ltd.	Educational Content & Services	\$16.9 (Pending)
10/22/2015	Apollo Education Group, Inc.	Career Partner GmbH	Post-Secondary	\$109.0 (Pending)
10/19/2015	Leeds Equity Partners (Affiliate)	Campus Labs' Data Analytics Business	Educational Content & Services	\$91.0 (Pending)
10/13/2015	Global Knowledge Training LLC	DevelopMentor, Inc.	Corporate Training	NA
10/13/2015	Goodcall, LLC	Schoolsoup.com	Educational Content & Services	NA
10/5/2015	International Institute for Learning, Inc.	AFA Project Management Ltd.	Corporate Training	NA (Pending)
10/5/2015	Blackbaud, Inc.	Smart Tuition LLC	Educational Content & Services	\$190.0
9/30/2015	Workday, Inc.	MediaCore	Educational Content & Services	NA
9/30/2015	WorkPlace Answers, LLC	Click 4 Compliance LLC	Corporate Training	NA
9/30/2015	Private Investors/Management Buyout	Amplify Education, Inc.	Educational Content & Services	NA
9/30/2015	Hack Reactor LLC	Mobile Makers Academy, LLC	Educational Content & Services	NA
9/30/2015	Research Center on National Conservation, Inc.	New York Military Academy	PreK-12	\$15.8
9/25/2015	Principled Technologies, Inc.	WeejeelLearning, LLC	Educational Content & Services	NA
9/22/2015	Cengage Learning, Inc.	Learning Objects, Inc.	Educational Content & Services	NA
9/16/2015	Educational Development Corp.	Demibooks, Inc.	Educational Content & Services	NA
9/8/2015	FABERNOVEL	Rebellionlab LLC	Educational Content & Services	\$2.2
9/4/2015	DCS Certification Pvt Ltd.	Mappr Technologies Solutions Pvt. Ltd.	Educational Content & Services	NA
9/2/2015	Longleaf Solutions LLC	CaseNEX LLC	Educational Content & Services	NA
9/1/2015	Weston Education Group	Missouri College, Inc.	Post-Secondary	NA
8/31/2015	PESI, Inc.	Cross Country Education, LLC	Corporate Training	\$8.5
8/19/2015	iCollege Ltd.	Celtic Training and Consultancy Pty Ltd	Corporate Training	\$1.7 (Pending)
8/19/2015	Percevant LLC	Bearface Instructional Technologies LLC	Educational Content & Services	NA
8/14/2015	TPG Capital/Leonard Green Partners	Ellucian Company L.P.	Educational Content & Services	NA (Pending)
8/13/2015	Blackboard Inc.	Nivel Siete	Educational Content & Services	NA
8/12/2015	i3 Verticals LLC	Local Level LLC	Educational Content & Services	NA

Sources: CapTarget and PVC

Select U.S. Q3 2015 Education Merger, Acquisition, and Divestiture Transactions

Announcement Date	Acquirer Company	Target Company	Target Business Type	Acquisition Price (\$MM)
8/11/2015	Jenzabar, Inc.	RJM Systems, Inc.	Educational Content & Services	NA
8/11/2015	Houghton Mifflin Harcourt Company	MeeGenius' E-Book and Technology Assets	Educational Content & Services	NA
8/10/2015	eResponse Recruitment Ltd.	Options Training Ltd.	Corporate Training	NA
8/10/2015	Branch Metrics, Inc.	ClassOwl, Inc.	Educational Content & Services	NA
8/7/2015	360training.com, Inc.	Ameriteach-UCI, Inc.	Corporate Training	NA
8/7/2015	360training.com, Inc.	TSS Redmond, LLC	Corporate Training	NA
8/6/2015	National Academy of Sports Medicine	Aerobics and Fitness Foundation of America	Corporate Training	NA
8/6/2015	NH Learning Solutions Corporation	CompuWorks Systems, Inc.	Corporate Training	NA
8/4/2015	Premier, Inc.	CECity.com, Inc.	Educational Content & Services	\$400.0
7/31/2015	Callidus Software, Inc.	BridgeFront LLC	Corporate Training	\$5.0
7/31/2015	ESM Group, Inc.	Tutorpedia, Inc.	Educational Content & Services	NA
7/24/2015	PSI Services LLC	Innovative Exams LLC	Educational Content & Services	NA
7/22/2015	ApprenNet, Inc.	Handsfree Learning, Inc.	Educational Content & Services	NA
7/21/2015	Catapult Learning, LLC	Specialized Education Services, Inc.	Educational Content & Services	NA
7/20/2015	Learn4Life Columbus	KidsOhio.org	Educational Content & Services	NA
7/20/2015	Learn4Life Columbus	Learning Circle Education Systems	Educational Content & Services	NA
7/20/2015	Unizin	Courseload, Inc.	Educational Content & Services	NA
7/16/2015	Simba Information, Inc.	Education Market Research Company	Educational Content & Services	NA
7/16/2015	Atomic Learning, Inc.	Versifit Technologies, LLC.	Educational Content & Services	NA
7/14/2015	Jonas Software USA Inc.	InReach	Corporate Training	NA
7/13/2015	Vesey Street Capital Partners L.L.C. (Affiliate)	Imedex, LLC	Corporate Training	NA
7/9/2015	MakeMusic Inc.	Weezic SAS	Educational Content & Services	NA
7/9/2015	Partners Group AG	Knowledge Universe's U.S. Early Childhood Business	PreK-12	NA (Pending)
7/8/2015	TargetX.com LLC	Uversity, Inc.	Educational Content & Services	NA
7/7/2015	360training.com, Inc.	Masterlink Training LLC	Corporate Training	NA
7/6/2015	Relias Learning LLC	US Medical Systems, Inc.	Corporate Training	NA
7/6/2015	Great Circle	Butterfield Youth Services, Inc.	Educational Content & Services	NA
7/2/2015	IMPAQ International, LLC.	Educational Services, Inc.	Educational Content & Services	NA
7/2/2015	Blackboard Inc.	X-Ray Analytics	Educational Content & Services	NA
7/1/2015	Data Recognition Corp.	McGraw-Hill Education's CTB Assessment Business	Educational Content & Services	NA
7/1/2015	Little Sprouts, Inc.	A Place to Grow Childcare (3 Schools)	PreK-12	NA

Sources: CapTarget and PVC

For more information, please visit www.parchmanvaughan.com