

Q4 2015 EDUCATION SECTOR OVERVIEW

April 8, 2016

PARCHMAN, VAUGHAN & COMPANY, LLC

SYMPHONY CENTER, SUITE 120

1040 PARK AVENUE, BALTIMORE, MD 21201

410-244-8971 | www.parchmanvaughan.com

Table of Contents

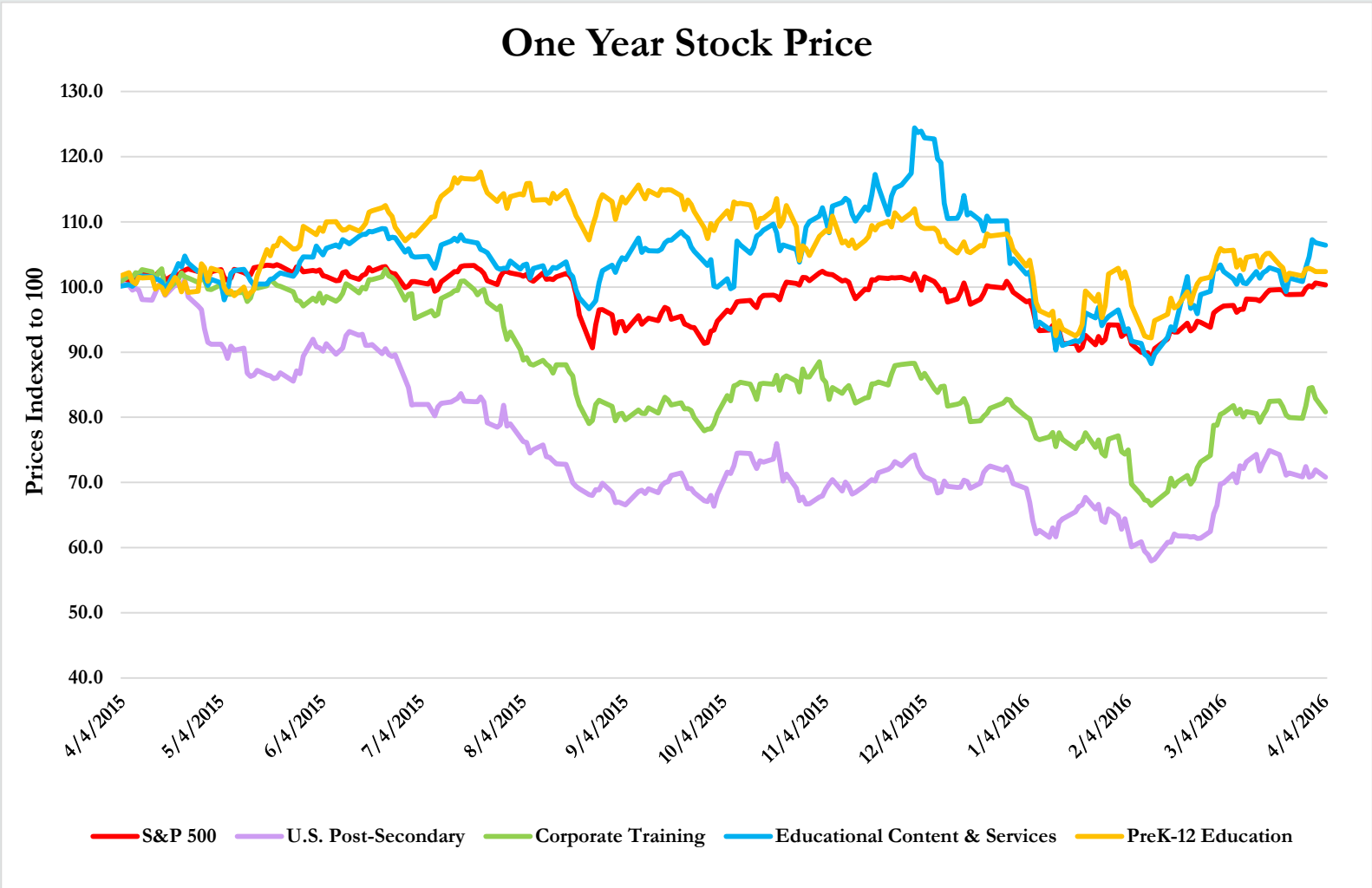
Overview.....	3
Education Stock Price Performance by Sector.....	4
Education Public Company Valuation Data.....	6
Select U.S. Q4 2015 Education Merger, Acquisition, and Divestiture Transactions.....	8

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.

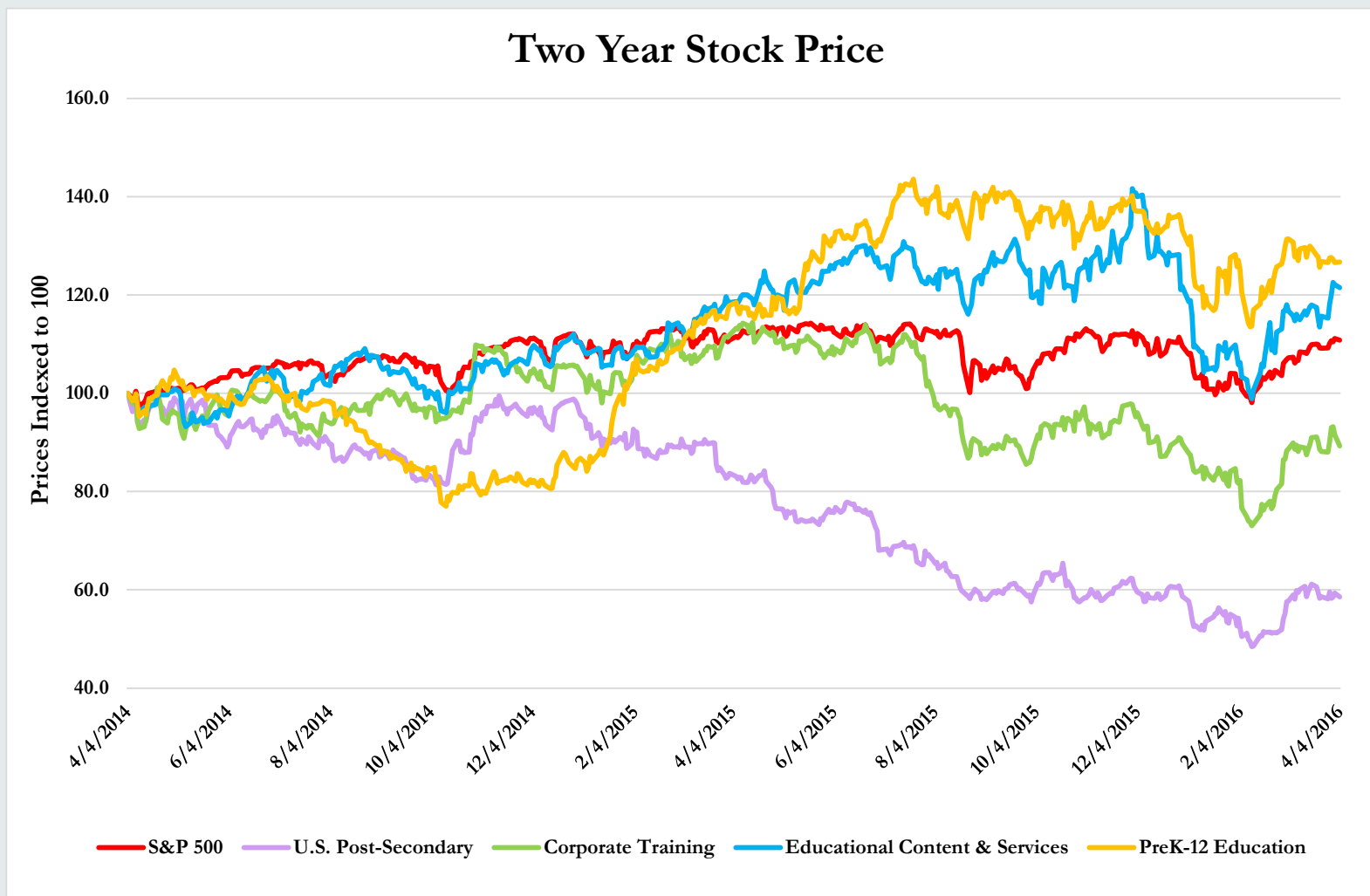
We caution that many factors affect the valuation of firms and these multiples are, at best, a guidepost for how the equity markets view the industry, specifically publicly-traded participants. Growth rates, return on capital invested, visibility of earnings, and a host of other elements influence valuation.

One Year Education Stock Price Performance by Sector



Sources: CapTarget and PVC

Two Year Education Stock Price Performance by Sector



Sources: CapTarget and PVC

Education Public Company Valuation Data

U.S. Post-Secondary											
Company Name	Price (4/4/2016)	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.	\$20.49	\$238.5	\$328.9	(0.2%)	22.2%	0.7x	0.8x	3.3x	3.3x	10.1x	10.6x
Apollo Education Group, Inc.	\$8.03	\$38.1	\$868.6	(16.5%)	11.7%	0.0x	0.0x	0.1x	0.2x	10.2x	15.6x
Bridgepoint Education, Inc.	\$10.16	\$137.7	\$466.9	(14.5%)	8.1%	0.2x	0.3x	3.0x	3.1x	29.2x	27.8x
Capella Education Company	\$51.91	\$523.0	\$608.9	1.7%	20.8%	1.2x	1.2x	5.8x	5.6x	14.7x	14.5x
Career Education Corporation	\$4.42	\$108.4	\$301.0	(10.5%)	neg.	0.2x	0.2x	neg.	neg.	7.7x	NM
DeVry Education Group, Inc.	\$17.22	\$920.5	\$1,087.9	(1.4%)	15.2%	0.5x	0.5x	3.3x	3.2x	7.4x	7.1x
Graham Holdings Company	\$483.33	\$2,039.5	\$2,258.1	(13.9%)	16.2%	0.7x	NM	4.2x	NM	NM	NM
Grand Canyon Education, Inc.	\$42.99	\$1,932.2	\$1,998.4	14.0%	31.6%	2.5x	2.2x	7.9x	6.7x	15.1x	14.0x
ITT Educational Services, Inc.	\$2.83	\$165.5	\$67.0	(11.0%)	15.6%	0.2x	0.2x	1.2x	2.9x	3.2x	7.5x
Lincoln Educational Services Corporation	\$2.49	\$70.1	\$59.2	(25.2%)	4.8%	0.3x	0.4x	5.3x	5.3x	NM	NM
National American University Holdings, Inc.	\$1.64	\$24.8	\$39.6	(4.5%)	5.7%	0.2x	NM	NM	NM	6.1x	NM
Strayer Education, Inc.	\$48.62	\$415.3	\$542.3	(7.1%)	20.1%	1.0x	0.9x	4.7x	4.8x	13.3x	13.4x
Universal Technical Institute, Inc.	\$4.07	\$86.9	\$98.6	(2.3%)	4.6%	0.2x	0.3x	5.3x	16.9x	NM	NM
	Mean	\$515.4	\$671.2	(7.0%)	14.7%	0.6x	0.6x	4.0x	5.2x	11.7x	13.8x
	Median	\$165.5	\$466.9	(7.1%)	15.4%	0.3x	0.4x	4.2x	4.1x	10.1x	13.7x

Corporate Training											
Company Name	Price (4/4/2016)	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.	\$63.25	\$2,577.8	\$2,064.9	6.3%	23.8%	2.8x	2.6x	11.7x	10.3x	16.6x	15.6x
Franklin Covey Co.	\$15.10	\$261.2	\$245.1	4.9%	13.3%	1.3x	1.2x	9.6x	8.0x	23.3x	20.5x
GP Strategies Corporation	\$26.37	\$492.7	\$441.1	6.0%	8.6%	1.0x	0.9x	11.7x	9.2x	20.8x	16.7x
Workday, Inc.	\$78.92	\$13,534.1	\$9,154.7	57.4%	neg.	11.6x	8.3x	neg.	99.5x	NM	NM
	Mean	\$4,216.5	\$2,976.5	18.6%	15.2%	4.2x	3.3x	11.0x	31.7x	20.2x	17.6x
	Median	\$1,535.3	\$1,253.0	6.1%	13.3%	2.0x	1.9x	11.7x	9.8x	20.8x	16.7x

Sources: CapTarget and PVC

Education Public Company Valuation Data

Educational Content & Services											
Company Name	Price (4/4/2016)	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.	\$22.74	\$780.9	\$1,045.2	34.4%	neg.	5.2x	3.6x	neg.	NM	NM	NM
Barnes & Noble Education, Inc.	\$12.06	\$840.0	\$900.8	(5.8%)	4.0%	0.2x	0.2x	4.4x	3.8x	38.1x	20.1x
Chegg, Inc.	\$4.40	\$296.9	\$395.8	8.6%	neg.	1.0x	1.3x	neg.	14.1x	NM	31.2x
Educational Development Corporation	\$13.82	\$49.4	\$56.2	13.0%	neg.	0.9x	NM	neg.	NM	NM	NM
Houghton Mifflin Harcourt Company	\$19.69	\$3,052.8	\$2,432.1	1.3%	13.4%	2.2x	2.0x	16.1x	12.8x	NM	NM
John Wiley & Sons, Inc. A	\$48.15	\$3,231.4	\$2,787.6	1.7%	22.2%	1.9x	1.8x	8.4x	8.8x	17.6x	15.9x
Pearson PLC	\$8.62	\$7,565.6	\$7,082.4	(6.1%)	20.7%	NM	1.7x	NM	10.1x	13.0x	15.3x
Rosetta Stone, Inc.	\$7.10	\$108.4	\$155.4	(9.3%)	neg.	0.5x	0.6x	neg.	17.3x	NM	NM
Scholastic Corporation	\$36.98	\$916.2	\$1,201.3	(4.5%)	8.2%	0.6x	0.5x	7.6x	7.4x	28.0x	22.7x
	Mean	\$1,871.3	\$1,784.1	3.7%	13.7%	1.6x	1.5x	9.1x	10.6x	24.2x	21.1x
	Median	\$840.0	\$1,045.2	1.3%	13.4%	0.9x	1.5x	8.0x	10.1x	22.8x	20.1x

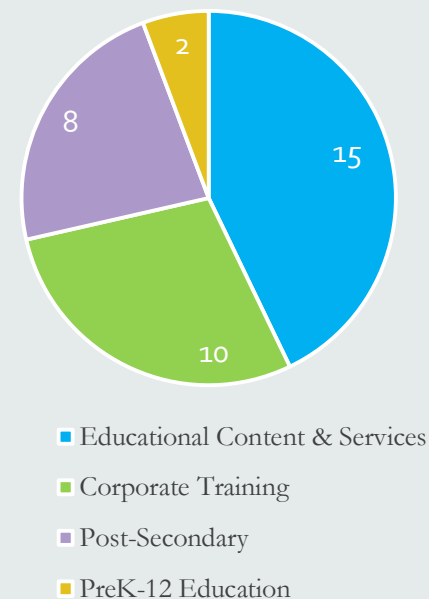
PreK-12 Education											
Company Name	Price (4/4/2016)	Enterprise Value (\$MM)	Market Cap (\$MM)	3-Year Revenue Growth	EBITDA Margin	LTM TEV/Revenue	NTM TEV/Revenue	LTM TEV/EBITDA	NTM TEV/EBITDA	LTM Price/Earnings	NTM Price/Earnings
Bright Horizons Family Solutions, Inc.	\$64.16	\$4,928.7	\$3,870.9	9.4%	17.9%	3.4x	3.0x	18.9x	15.6x	33.1x	28.1x
Cambium Learning Group, Inc.	\$4.18	\$282.2	\$191.2	(1.9%)	25.8%	1.9x	NM	7.5x	NM	NM	NM
K12, Inc.	\$9.95	\$227.9	\$388.1	5.7%	9.9%	0.3x	0.3x	2.5x	2.4x	22.6x	22.6x
Nord Anglia Education, Inc.	\$21.47	\$3,247.6	\$2,235.0	33.5%	19.9%	4.9x	3.5x	24.4x	13.7x	36.2x	27.2x
	Mean	\$2,171.6	\$1,671.3	11.7%	18.4%	2.6x	2.3x	13.3x	10.6x	30.7x	26.0x
	Median	\$1,764.9	\$1,311.6	7.6%	18.9%	2.7x	3.0x	13.2x	13.7x	33.1x	27.2x

Sources: CapTarget and PVC

Select U.S. Q4 2015 Education Merger, Acquisition, and Divestiture Transactions

The education industry experienced an increase in transaction volume in 2015 compared to 2014. While the for-profit post-secondary sector continues to face scrutiny, other sectors, such as educational content and services, continue to experience a healthy level of M&A activity. The announcement of Apollo Education Group's "going-private" transaction in early 2016 is notable given the post-secondary market's turmoil over the past several years. PVC believes this reflects a renewed interest in the sector, albeit at recalibrated valuation levels.

Select U.S. Q4 2015
Education Transactions by
Sector



Select U.S. Q4 2015 Education Merger, Acquisition, and Divestiture Transactions

Announcement Date	Acquirer Company	Target Company	Target Business Type	Acquisition Price (\$MM)
12/23/15	Wicks Group	Little Sprouts	PreK-12	NA
12/17/15	Thomas Jefferson University	Philadelphia University	Post-Secondary	NA
12/16/15	Multi-Health Systems, Inc.	Discovery Learning, Inc.	Educational Content & Services	NA
12/15/15	Devry Educacional do Brasil SA	Grupo IBMEC Educacional SA	Post-Secondary (Int'l)	\$179.8
12/14/15	Kaplan International (Graham Holdings)	Mander Portman Woodward	PreK-12 (Int'l)	NA
12/11/15	Apollo Global Inc.	Career Partner GmbH	Post-Secondary (Int'l)	105.0
12/9/15	Ringling School of Art & Design, Inc.	Lifelong Learning Academy, Inc.	Educational Content & Services	NA
12/9/15	Career360	NoPaperForms.com	Educational Content & Services (Int'l)	NA
12/8/15	Muirlands Capital, KnowledgeShares and Prudenti	EducationDynamics	Educational Content & Services	NA
12/8/15	H.I.G. Capital	Constructice Media	Educational Content & Services	NA
12/7/15	Open English LLC	Next University, Inc.	Post-Secondary	NA
12/2/15	Penn Foster Education Group, Inc.	UniversityNow Inc.	Post-Secondary	NA
12/1/15	Business Training Library, Inc.	AKLearning, Inc.	Corporate Training	NA
12/1/15	Blackboard, Inc.	BlueCanary Data & Analytics LLC	Educational Content & Services	NA
11/30/15	Kaplan, Inc.	CleanEdison, Inc.	Educational Content & Services	NA
11/17/15	Fanshawe College, Endowment Arm	HotZone Training Consultants, Inc.	Corporate Training	NA
11/11/15	WorldStrides Inc.	International Studies Abroad, Inc.	Educational Content & Services	NA
11/9/15	InfoPro Learning, Inc.	Sherwood Learning Solutions LLC	Corporate Training	NA
11/5/15	PowerSchool Group LLC/Vista Equity	InfoSnap, Inc.	Educational Content & Services	NA
11/5/15	Keypath Education, Inc.	GlobalHealth Education and Training	Post-Secondary	NA
11/3/15	T3 Live, LLC	Pristine Capital Holdings	Corporate Training	NA
10/29/15	Tempus Applied Solutions LLC	Proflight Aviation Services LLC	Post-Secondary	NA
10/28/15	Circuit Technology, Inc.	STC, LLC	Corporate Training	NA
10/27/15	Relias Learning LLC	RediLearning Corporation	Corporate Training	NA
10/27/15	Greenwood Hall, Inc.	Uvize, Inc.	Educational Content & Services	NA
10/27/15	Cengage Learning, Inc.	Pathbrite, Inc.'s ePortfolio Solution	Educational Content & Services	NA
10/23/15	TiER1 Performance Solutions, LLC	Sealund & Associates Corporation	Corporate Training	NA
10/22/15	Kaplan, Inc.	SmartPros, Ltd.	Corporate Training	16.4
10/19/15	Leeds Equity Partners	Campus Labs	Educational Content & Services	91.0
10/13/15	Global Knowledge Training LLC	DevelopMentor, Inc.	Corporate Training	NA
10/12/15	Cross Street LLC	Double Line, Inc.	Educational Content & Services	NA
10/6/15	ProQuest	Ex Libris Group	Educational Content & Services	NA
10/5/15	International Institute for Learning, Inc.	AFA Project Management Ltd.	Corporate Training	NA
10/5/15	Blackbaud, Inc.	Smart Tuition	Educational Content & Services	190.0
10/5/15	Werner Enterprises, Inc.	Roadmaster Drivers School, Inc.	Post-Secondary	NA

Sources: CapTarget and PVC

For more information, please visit www.parchmanvaughan.com